

Congress of the United States
Washington, DC 20510

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The Honorable Martin J. Oberman
The Honorable Robert E. Primus
The Honorable Patrick J. Fuchs
The Honorable Ann D. Begeman
The Honorable Michelle A. Schultz
Surface Transportation Board
395 E Street SW
Washington, DC 20423

Re: Docket No. FD 36472, CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.

Dear Chairman Oberman, Vice Chair Primus, Member Fuchs, Member Begeman, and Member Schultz:

We write today regarding CSX Transportation's application to the Surface Transportation Board for authority to acquire Pan Am Systems, Inc. ("Pan Am") and its railroad subsidiaries. We ask that you as you consider the merger, you examine the environmental impacts that the merger would have on a proposed commuter rail project or other possible passenger expansion projects in New Hampshire and consider imposing conditions on the merger to minimize any negative impacts.

The State of New Hampshire is exploring commuter rail options that will run along lines currently owned by Pan Am. The Capitol Corridor passenger rail project would extend commuter rail from Massachusetts into New Hampshire. The state has invested considerable resources in developing the project and has completed a detailed environmental review process. In addition, the Federal Transit Administration and the Federal Railroad Administration found considerable need and invested considerable resources and time to complete Phase 1 Environmental Assessments on the proposed project. The project is currently undergoing engineering and preliminary design as well as further environmental assessment and financial planning under a \$5.4 million contract from the New Hampshire Department of Transportation. The impact of this merger on these significant investments and this project must be considered by the board.

We anticipate that the engineering and preliminary design process will include updated dollar figures on the project's economic benefits. However, a 2014 study by the New Hampshire Department of Transportation found that commuter rail serving Nashua and Manchester would generate more than 3,600 new residential units and nearly two million square feet of new commercial office space. The project would support more than 5,600 new jobs by the year 2030. Over a ten-year period, the study estimated the project would add \$1.2 billion to the Granite State's economic output, and those earnings would add \$220 million per year in investment

earnings in the following years. In addition, this project would reduce overall emissions and help enhance New Hampshire's ability to meet federal air quality standards.

The significant environmental and project development work already completed to advance this project when combined with economic benefits and ongoing investments must be considered as the Board examines the environmental and other impacts of this merger.

We understand that Pan Am may have had prior agreements with possible commuter rail partners to provide access to this line for commuter rail. However, to the extent these agreements continue in force and survive the merger, many details remained to be ironed out. Many remaining questions about these agreements and the negative impacts from the merger could be adequately mitigated by requiring as a condition of the merger that CSX engage in good faith negotiations over the terms of access over the right of way currently owned by Pan Am. This commuter rail project will require extensive negotiations over upgrading track for commuter rail, access to the right of way, procedures to balance commuter rail operations with freight traffic, and insurance and liability issues. For these to be fairly resolved, there must be assurances CSX will negotiate in good faith.

Freight traffic will always be the source of profit for a company like CSX, and acting as a host railroad involves giving up at least some degree of control over the track you own. There is already reason for concern about CSX's record as a host railroad, since according to the Congressional Research Service, Amtrak trains running over Pan Am tracks "have historically had better on-time performance than those using CSX tracks."

Again, the commuter rail project planned in New Hampshire will have considerable economic and environmental benefits to the region and the state and federal governments have invested considerable time and resources into the project. In addition, other partners like Amtrak have proposed routes that might take advantage of these rights of way. As you consider the merger of CSX and Pan Am, we respectfully urge you to consider these benefits and impose a good faith negotiation requirement as an environmental condition of this merger. Thank you for your consideration of this request.

Sincerely,



Chris Pappas
Member of Congress



Ann McLane Kuster
Member of Congress