

Anthony J. LaRocca
202 429 8119
alarocca@steptoe.com

1330 Connecticut Avenue, NW
Washington, DC 20036-1795
202 429 3000 main
www.steptoe.com



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CSXT/PAR-52

VIA E-FILING

Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
Office of Proceedings
395 E Street, SW
Washington, DC 20423

**Re: STB Docket No. FD 36472, CSX Corporation and CSX Transportation, Inc., et al.—
Control and Merger—Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and
Maine Corporation, Maine Central Railroad Company, Northern Railroad, Pan Am
Southern LLC, Portland Terminal Company, Springfield Terminal Railway
Company, Stony Brook Railroad Company, and Vermont & Massachusetts
Railroad Company**

Dear Ms. Brown:

Enclosed please find an op-ed piece supporting the Application filed in the above-referenced matter, written by Joseph C. Szabo, former Federal Railroad Administrator, published in Railway Age on January 12, 2022.

Respectfully submitted,

/s/ Anthony J. LaRocca

Anthony J. LaRocca
Peter W. Denton
Sally Mordi
*Attorneys for CSX Corporation and
CSX Transportation, Inc.*

Cynthia T. Brown
January 12, 2022
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Enclosures

cc: Louis E. Gitomer
All parties of record

<https://www.railwayage.com/freight/class-i/csx-pan-am-bringing-new-england-into-the-class-i-railroad-network/#>

January 12, 2022 | Class I, Commuter/Regional, Freight, Freight Forecasting, Intercity, Intermodal, News, Passenger, Regulatory, Short Lines & Regionals, Switching & Terminal

CSX/Pan Am: Bringing New England Into the Class I Railroad Network

Written by **Joseph C. Szabo**



Currently pending before the Surface Transportation Board are an application by CSX to acquire Pan Am Railways (PAR) and a related petition regarding operation of Pan Am Southern (PAS) by the Berkshire & Eastern Railroad (B&E), a subsidiary of Genesee & Wyoming. These transactions will bring strong transportation and safety benefits to New England.

I am a life-long railroader. In my six-year tenure as Federal Railroad Administrator, I saw the importance of safety and infrastructure investment in our national rail network. I am a strong supporter of our short line railroads, with their entrepreneurial focus on serving local transportation needs. Meanwhile, Class I

railroads bring the financial resources to make necessary capital investments that strengthen the safety and efficiency of the rail network. This transaction draws on the strengths of both and offers exceptional benefits.

This acquisition extends the nationwide Class I railroad network into New England, a region that is critical to our nation's economy, and that is today primarily served by regional and short line railroads. CSX's acquisition of PAR will ensure first-class rail service in New England locations served by PAR and will allow for a seamless single-line connection to the Class I rail network and the global economy.



CSX has the ability, and indeed has committed, to make capital investments in infrastructure and to upgrade the existing PAR network, which historically has not seen Class I capital investment levels. With these investments, New England shippers will have an attractive alternative to trucks, creating the prospect of taking trucks off of congested highways.

CSX will also obtain a 50% ownership interest in PAS. Norfolk Southern owns the other 50% of PAS. As a result of the transaction, PAS will have two Class I railroad owners, both with the financial resources to ensure the funding of adequate PAS infrastructure over the long term.

The acquisition will improve operation of PAS, which is operated today by Springfield Terminal, an affiliate of PAR. CSX and Norfolk Southern will retain B&E, a subsidiary of Genesee & Wyoming, to operate PAS. B&E is a member of an established Genesee & Wyoming corporate family of regional and short line railroads with a track record of running safe and efficient railroads throughout the country. Genesee & Wyoming's affiliated railroads in New England have an FRA-reportable injury ratio of 0.54 per every 200,000 working hours between 2018 and 2020—less than half that of the Springfield Terminal injury ratio (1.22 over the same period). And Genesee & Wyoming affiliates in the New England region also have a strong record of working with Amtrak and commuter railroads.



CSX has agreed to help plan and design a PTC system to be installed on the lines used by Amtrak's Downeaster between Boston and Maine.

B&E's operation of PAS will bring other benefits. PAS's current operator, Springfield Terminal, also operates PAR's lines, creating conflicting demands for the attention and resources needed to operate and maintain PAS. As an independent operator of PAS, B&E will be able to focus exclusively on the needs of PAS, its shippers and its passenger rail users. For example, PAS maintains the Knowledge Corridor between East Northfield, Mass. and Springfield, Mass. that allows Amtrak to maintain 79 mph speeds. With two Class I owners in CSX and Norfolk Southern and a competent and singularly focused operator in B&E, PAS will be better able to meet those and other maintenance obligations.

Other passenger service in New England will benefit from the improvements in rail infrastructure and rail safety that CSX will bring to New England freight rail service. Notably, CSX and B&E have assured Amtrak and New England passenger rail authorities that they will step into the shoes of Springfield Terminal's existing commitments to support passenger service on the PAR and PAS lines.



Joseph C. Szabo

As an advocate for the safety benefits of Positive Train Control (PTC), I am also encouraged that CSX has agreed to help plan and design a PTC system to be installed on the lines used by Amtrak's *Downeaster* between Boston and Maine. For good reason, CSX has gained support for this transaction from several regional passenger rail stakeholders—including the state sponsor of the *Downeaster* service and the state departments of transportation in Connecticut, Maine and New Hampshire.

It is not often that a railroad merger can promise such broad-based public benefits as those seen here. The Pan Am transaction will benefit all users of the New England rail network. It well serve the public interest.

The author, Joseph C. Szabo, served as the Federal Railroad Administrator from 2009 to 2015. He has served in local and regional government for more than 25 years.

CERTIFICATE OF SERVICE

I hereby certify that I have caused this Letter in Docket No. FD-36472, *CSX Corporation and CSX Transportation, Inc.—Control and Merger—Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Pan Am Southern LLC, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company, and Vermont & Massachusetts Railroad Company*, to be served electronically or by first class mail, postage pre-paid, on all parties of record in this proceeding.

/s/ Sally Mordi

Sally Mordi
*Attorney for CSX Corporation and
CSX Transportation, Inc.*

January 12, 2022