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December 7, 2023

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

Re. STB Docket Number FD 36472, CSX Corporation and CSX Transportation Inc.
Control and
Merger- Pan Am Systems, 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
the Vermont and Massachusetts Railroad Company.

Request for Comments- CSX Third Biennial Report.

Dear Ms. Brown:

The reason for this letter is to request to add comment(s) about this recently released report. I have specific comments and/or concerns to this highly, if not completely redacted report and the content that appears in this report and its relation to the strategy and direction(s) of CSX Corporation and CSX Transportation Inc.

My specific comments are all under the following:

II. Truck to Rail Conversions on CSX line. Subject to this proceeding it states: *“These are movements where improvements in the efficiency of rail transportation are likely to result in shifts in traffic from trucks to rail. Commodities were identified.”* **REDACTED.**

The attached diagrams I think clearly demonstrate the marked decline in freight spot rates and how difficult it will be for any railroad not just CSX Transportation to divert traffic from trucks to rail. I believe some of these rates -41.7% are dangerously high. I’m questioning with existing capacity, cost structure and declining spot rates how it can even begin to be possible for CSX to even begin to be in a competitive position to shift truck freight to rail. The limited data that is supplied doesn’t say anything of substance about the market area for these potential shifts, assuming this freight exists and exactly how over the long-term these shifts from truck to rail will advance long-term capital growth. Northern New England has lost most of its industrial base such as textiles, light gauge manufacturing and more recently, paper production. I’m also questioning whether there can be any real substance from export trade with the Canadian Maritimes into New England. There is no data in this report to support even this concept and it’s been attempted before.

Included in this filing CSX states a definition of *“longer-haul”* movements of rail-based traffic outside of New England. Again, whether it’s redacted or intentional there is no data or even an idea that these markets or potential traffic sources of these *“longer-haul”* even exist.

Numerous strategies have also been attempted before especially attempts to directly link New England with the Midwest region(s). With low spot rates I’m questioning whether this can even begin to be feasible. One of the footnotes #5 on this same content states exclusion from *“seasonality of movements.”* I question what exactly this means perhaps distillates and highway road salt might qualify, but it’s my understanding that most rail-based commodity moves aren’t seasonal anymore, because of long-term contracts for delivery with rates that are set substantially in advance.

Finally, in several places in this finance docket CSX Transportation Inc. has made the statement(s) that it believes it’s potential and traffic levels will improve once infrastructure improvements on the Pan Am System are completed. For example, better operating metrics with higher track speeds. I think these statements need further clarification and analysis as to exactly how it will accomplish this and especially so if taxpayer provided capital is and likely will be used to finance these structural improvements across the Pan Am System.

Ms. Cynthia T. Brown
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The attached Work Plan prepared by the Maine Department of Transportation lists Competitive Discretionary Grants of **\$35.5 million**- Gray to Waterville, Rail Line Upgrades (2018 Crisi Grant), **\$42.5 million** from Waterville to Mattawamkeag, Rail Line Upgrades (2021 Crisi Grant).

On the basis of this taxpayer provided capital spending I question whether it is effective transportation policy to be improving these railroad lines for a truck to rail conversion in direct competition with the more cost-effective Interstate 95 and declining spot freight rates, market potential all across New England.

All of these economic realities have existed for some time.

Sincerely,

Steven Connolly

Attached

November 2023 Freight Spot Markets

Maine DOT Work Plan 2023

Certification

I, Steven Connolly certify that a copy of this has been sent to Mr. Michael Clements, Director of Short Line Development at CSX Transportation Inc. located at 500 Water Street, Jacksonville, Florida 32202.

cc. Parties of Record.

These special federal competitive funds have become a critical component of the fiscal foundation that supports transportation needs in Maine. It is the increase in these federal funding types, plus related state matching funds, that has been a game-changer for transportation funding for Maine in the recent past and is the biggest reason for the dollar growth of this Work Plan from previous plans. The awarded grants/CDS and future successful applications are an assumed portion of the funding of many other projects in this plan.

Projects supported by special federal competitive funding include the following. (Costs shown are total project costs, not the special federal competitive funding amount.)

Congressionally Directed Spending

- \$15.7 million – Searsport, U.S. Route 1 Reconstruction
- \$10.7 million – Dover-Foxcroft, Dover Bridge Replacement
- \$11.8 million – Edgecomb to Boothbay Harbor, Route 27 Rehabilitation
- \$16.8 million – Milbridge to Cherryfield, U.S. Route 1 Reconstruction
- \$20.6 million – Abbot to Greenville, Route 6/15 Highway Rehabilitation
- \$15.6 million – Van Buren, U.S. Route 1 Reconstruction
- \$22.8 million – Ashland to Eagle Lake, Route 11 Rehabilitation

Competitive Discretionary Grants

- \$35.5 million – Gray to Waterville, Rail Line Upgrades (2018 CRISI grant)
- \$42.5 million – Waterville to Mattawamkeag, Rail Line Upgrades (2021 CRISI grant)
- \$29.1 million – Lubec, Breakwater Upgrades (BUILD grant)
- \$58.1 million – Freight Reliability Bridge Replacements (2020 INFRA grant)
- \$80 million – Statewide Bridge Deck Replacements (2021 INFRA grant)
- \$60.1 million – Downeast U.S. Route 1 Rehabilitation (2022 INFRA grant)
- \$84.3 million – Presque Isle Freight and Mobility Priority Corridor (2022 INFRA grant)
- \$33.6 million – Sanford Downtown Improvements (2022 RAISE grant)
- \$34.9 million – Bangor, Interstate 95 at Hogan Road (2022 RAISE grant)

3. General Fund Support

In a trend consistent with experience at the federal level, as the amount of dedicated Highway Fund revenues has stalled, General Fund support has become a key component of funding for transportation. In Maine, Governor Mills and the Legislature recently provided unprecedented levels of General Fund support in the form of one-time transfers, bond proceeds, and cascade language. In total, that support averaged almost \$200 million per year in the current FY22-FY23 biennium. This support has allowed MaineDOT to match federal BIL funds and continue the low-cost preservation and maintenance of Maine's vast multimodal transportation system, including highways ineligible for federal funding. A significant portion of these funds will be used to support the first calendar year of this Work Plan.

November 14, 2023 – Courtesy of DAT Trendlines

November 2023 Freight Rates

	Nov 06 – Nov 12 vs. Oct 30 – Nov 05	Oct 2023 vs. Sep 2023	Oct 2023 vs. Oct 2022
Spot Market Loads	-14.5%	-7.1%	-41.6%
Spot Market Capacity	+0.5%	+14.1%	-8.6%
Van Load-To-Truck	-17.9%	-24.2%	-27.6%
Van Rates (Spot)	-0.7%	-1.1%	-13.5%
Flatbed Load-To- Truck	-18.8%	-8.3%	-48.9%
Flatbed Rates (Spot)	-0.9%	-0.9%	-13.0%
Reefer Load-To- Truck	-6.9%	-14.0%	-42.3%
Reefer Rates (Spot)	-0.6%	-2.2%	-11.7%
Fuel Prices	-2.0%	-1.2%	-13.5%

Van Freight Rates – November 14, 2023