

Argeo Paul Cellucci
Governor

Jane Swift
Lieutenant Governor

Kevin J. Sullivan
Secretary and MBTA Chairman

The Commonwealth of Massachusetts
Executive Office of Transportation and Construction
Ten Park Plaza, Boston MA 02116-3969

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February 29, 2000



Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street
Washington DC 20423-0001

RE: STB *Ex Parte* No. 582

Dear Secretary Williams:

Enclosed please find for filing ten copies and one computer disk of the Written Statement of the Commonwealth of Massachusetts Executive Office of Transportation and Construction.

Please call me if you have any questions or concerns on the enclosed.

Very truly yours,

David Bain, Esquire
Assistant General Counsel

Enclosure

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SURFACE TRANSPORTATION BOARD



STB Ex Parte
No. 582

**WRITTEN STATEMENT of MASSACHUSETTS EXECUTIVE
OFFICE OF TRANSPORTATION and CONSTRUCTION**

In response to Chairman Morgan's thought-provoking "Open Letter to the Public" Of January 31, 2000, the following general comments and observations are offered to make known to the Surface Transportation Board the views of the Commonwealth of Massachusetts with respect to major rail consolidation and the present and future structure of the North American railroad industry. By way of context, the Commonwealth of Massachusetts currently hosts ten freight railroads operating on 949 miles of track and moving 18 million tons of freight annually. Both passenger and freight rail service have increased substantially in the past decade:

1.

Rail corridors are important to regions other than those that they traverse. The success or failure of a major rail merger will affect the competitive rail market that Massachusetts requires to support its commerce. While Massachusetts is a relatively minor market with few large shippers or receivers, the efficient and environmentally sound transit of that cargo offers significant benefits to the Commonwealth.

2.

The rail system in the United States has already been stressed by the sale of Conrail to Norfolk Southern and CSX. Despite extensive planning by all participants, serious difficulties have arisen as a sequel to that transaction and rail customer confidence has been compromised. Particularly in smaller markets such as Massachusetts, further uncertainties will discourage new customers and those that have little market leverage. Time for adjustment and thoughtful planning are necessary so that existing mergers may be digested and those contemplated may be beneficial to all facets of the industry.

3.

The negative impact of reduced rail competition will redound to other modes. The Port of Boston, which is located midway between Halifax and New York, would be adversely affected by a transcontinental link such as that which is now proposed. Although the Port of Boston's principal commodity is fuel, the Port depends on general cargo that will, in all probability, be diverted if competitive rail connections are not available. The potential future growth of the Port would suffer, which would have an adverse impact upon the region.

4.

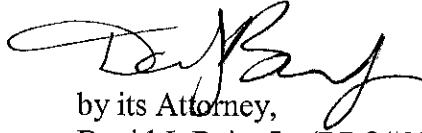
If not evaluated as part of a larger plan calculated to assure viable rail service to all regions of the country, a reduction in the number of railroads would foreseeably decrease competition between railroads and reduce the mode choices available to freight customers. In a state such as Massachusetts, those customers include individuals and small businesses that are often unaware of the benefits of competitive rail freight, but who would pay higher prices if that system was compromised.

5.

In order to evaluate the impact of the proposed merger on all regions, the Commonwealth recommends that the Board commission a study to determine the effect of major rail consolidation on intermodal freight patterns and the crossmodal impact of such combination on a regional basis.

For the above reasons, the Massachusetts Executive Office of Transportation and Construction respectfully asks that the Surface Transportation Board carefully consider all the effects of the proposed merger, including effects in areas not directly served by the merging railroads, and conduct a thorough evaluation of multimodal impacts as part of the Board's review of this and any major rail merger.

Respectfully submitted
Massachusetts Executive Office
of Transportation and Construction

A handwritten signature in black ink, appearing to read "David J. Bain, Jr.", written in a cursive style.

by its Attorney,
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Date: February 28, 2000