

JACK QUINN
30TH DISTRICT, NEW YORK

TRANSPORTATION AND
INFRASTRUCTURE

SUBCOMMITTEES:

AVIATION
GROUND TRANSPORTATION
WATER RESOURCES AND ENVIRONMENT

VETERANS' AFFAIRS'

SUBCOMMITTEE CHAIRMAN:

BENEFITS



Congress of the United States

House of Representatives
Washington, D.C. 20515-3230

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May 16, 2000

The Honorable Vernon Williams
Secretary
Surface Transportation Board
Case Control Unit
Attn.: STB Ex Parte No. 582 (Sub-No. 1)
1925 K Street, NW
Washington, DC 20423-0001

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Office of the Secretary

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CONGRESSMAN JACK QUINN
RESPONDS TO REQUEST FOR COMMENTS
FROM THE SURFACE TRANSPORTATION BOARD

STB Ex Parte No. 582 (Sub-1)

Major Rail Consolidation Procedures

I greatly appreciate the Surface Transportation Board's efforts to evaluate how its regulations governing proposals for major rail consolidations can be modified. I am personally interested in discussing ways to modify the regulations that would allow for increased competition in the rail industry. I commend the Board for creating an open and unbiased process to solicit comments from all facets of the railroad industry.

As a Member of the Transportation and Infrastructure Committee of the U.S. House of Representatives, I value the discussion generated by the Board review. I anticipate that this attention to rail mergers and their effect on the railroad industry will provide an opportunity for the Board to clarify its regulatory oversight functions in light of the current operating environment. I look forward to these issues being brought before the Transportation and Infrastructure Committee and given the appropriate review by the entire House.

The Surface Transportation Board's current priority standard for merger review is to maintain consistency with the public interest. I believe that acting in the public interest should remain the Board's main objective, however, changes in the rail industry mandate that the Board re-evaluate how it determines public interest. In doing so, the Surface Transportation Board's well-established and court-approved practice is to balance the gains in operating efficiency and marketing capability to be realized through a particular railroad consolidation against any consequent reduction in competition.

I cite as examples current situations in which my Congressional District has experienced direct impact from the Board's present implementation of the public interest standard.

The CSX and Norfolk and Southern Acquisition of Conrail:

My Congressional District located in Erie County in Western New York State has a long and storied rail history. Its recent history is highlighted by the STB approval of the CSX and Norfolk Southern takeover and division of Conrail on July 23, 1998. The "split" of Conrail assets for separate operation by CSX and NS occurred on June 1, 1999.

This "split" ended for most regions of the Northeast the debate over the conditions imposed by the Surface Transportation Board. Unfortunately, this is not the case in Erie and Niagara County. Western New York shippers continue to debate the conditions imposed by the surface Transportation Board in Court. These rail shippers and economic development agencies in the region are represented by The Erie Niagara Rail Steering Committee as Petitioner in the United States Court of Appeals for the Second Circuit.

The Erie Niagara Rail Steering Committee petition asks that the Court set aside the Surface Transportation Board's July 23, 1998 decision approving the proposed acquisition of Conrail by CSX and Norfolk Southern insofar as it failed to adopt conditions necessary to protect and enhance rail competition in the Niagara Frontier region of western New York.

House Legislation H.R. 2784:

I have introduced legislation to require the Surface Transportation Board to accord greater weight to increased rail competition; to eliminate unreasonable barriers to competition; ensure reasonable rates in the absence of competition; and remove unnecessary regulatory barriers that impede the ability of rail shippers to obtain rate relief.

Consolidation in the railroad industry has diminished competition, thwarting the intended objectives of deregulation to allow competition to lower rates and improve service.

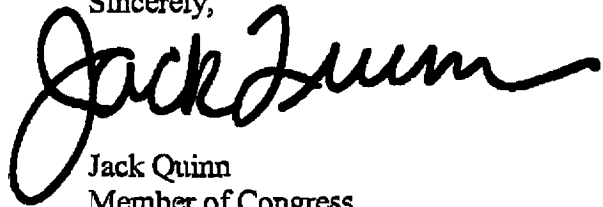
The Proposed Burlington Northern and Sante Fe Railway Consolidation With The Union Pacific Railroad Company:

I testified before the Surface Transportation Board on March 8, 2000 in response to the solicitation for public views on major rail consolidations. In summary, I believe that the Surface Transportation Board should not approve such a watershed transaction unless and until it understands fully the potential effects and implication of such a transaction on competition and service.

It is essential to the economy of my Congressional District that any further railroad consolidation does not result in additional congestion and disruption of rail service into and through the Buffalo area.

In conclusion, I applaud the Surface Transportation Board's decision to consider modifications to its merger review process and I welcome the opportunity to express my concerns on behalf of the residents of Western New York. It is imperative that the Board emphasizes increasing competition when debating the merits of a proposed rail consolidation. By fostering competition, the Board will help to improve the health and viability of the North American railroad industry.

Sincerely,

A handwritten signature in black ink, reading "Jack Quinn". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jack Quinn
Member of Congress