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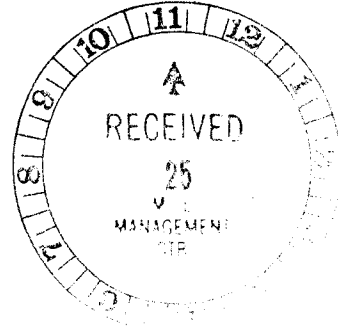
Transtar, Inc.
135 Jamison Lane
P.O. Box 68
Monroeville, PA 15146

Thomas R. Ogoreuc
Attorney and
Assistant Secretary

Writer's Direct Dial: (412) 829-6893
Telefax: (412) 829-6607
E-Mail: togoreuc@tstarinc.com

October 24, 2000

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
Case Control Unit
Attn: STB Ex Parte No. 634
1925 K Street, N.W.
Washington, D.C. 20423-0001



Re: STB Ex Parte No. 634
Comments to STB Proposal to Require Consolidated Financial Reporting by
Commonly Controlled Railroads

Dear Secretary Williams:

Transtar, Inc., pursuant to the Board's decision of September 25, 2000, offers the following comments in opposition to the Proposal to Require Consolidated Financial Reporting by Common Controlled Railroads (STB Ex Parte No. 634).

Transtar, Inc. is a non-carrier holding company which owns the shares of seven Class II and Class III railroad companies: the Bessemer and Lake Erie Railroad Company (B&LE), the Elgin, Joliet and Eastern Railroad Company (EJ&E), the Duluth, Missabe and Iron Range Railway Company (DM&IR), the Birmingham Southern Railroad Company (BSRR), the Lake Terminal Railroad Company (LT), the McKeesport Connecting Railroad Company (MCK), and the Union Railroad Company (URR). Each of the railroads within the Transtar family is a separate and distinct enterprise. The only contiguous carriers are the B&LE, URR and MCK and collectively, they would not reach the Class I reporting threshold. The remaining carriers are geographically separated, serve different customers, perform different railroad operations, and are separately managed.

As Class II and III carriers, the Transtar railroads are not required to comply for Revenue Adequacy Standards nor to maintain expense accounts in conformity with Uniform System of Accounts (USOA) reporting. Consolidated reporting, if enacted, could cause the Transtar family to be reclassified as a Class I carrier. Such a reclassification would place a significant financial

Operating Companies:

Bessemer and Lake Erie Railroad Company • Birmingham Southern Railroad Company • Duluth Missabe and Iron Range Railway Company
Elgin, Joliet and Eastern Railway Company • The Lake Terminal Railroad Company • McKeesport Connecting Railroad Company
The Pittsburgh & Conneaut Dock Company • Union Railroad Company • USS Great Lakes Fleet, Inc. • Warrior & Gulf Navigation Company

burden on Transtar. Specifically, the accounting system of each Transtar railroad would have to be converted to the Uniform System of Accounts reporting. The costs of implementing Uniform Systems of Accounts would have an extreme detrimental effect on the Transtar family. The existing consolidation for Transtar, Inc., performed under GAAP (but not using USOA) includes non-railroad entities, thus the proposed rulemaking would require an additional consolidation with increased expense.

Conversion to Uniform Systems of Accounts reporting is simply not economically practical for the Transtar family and its seven distinct railroads. There would be no financial benefit for Transtar, Inc., but in fact a financial detriment. Transtar, Inc. consolidated rail operations would not equal a major rail system and as such, could tend to skew the more meaningful information that the STB seeks to obtain. Therefore, Transtar, Inc. opposes the proposal to require consolidated financial reporting.

Respectfully submitted,

TRANSTAR, INC.

By its attorney,



Thomas R. Ogoreuc
135 Jamison Lane
Monroeville, PA 15146
Tel: (412) 829-6893

cc: J. W. Schulte
J. A. Yokim
R. N. Gentile