

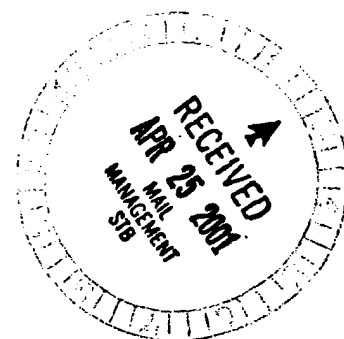
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April 25, 2001

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

CSX Corporation and CSX Transportation, Inc.,
Norfolk Southern Corp. and Norfolk
Southern Ry. Co.—Control and Operating
Leases/Agreements—Conrail Inc.
and Consolidated Rail Corporation
Transfer of Railroad Line by Norfolk
Southern Railway Company to CSX Transportation, Inc.



**RESPONSE OF SENATOR ARLEN SPECTER TO
JOINT PETITION OF VARIOUS UNIONS
AND THE COMMONWEALTH OF PENNSYLVANIA
FOR ENFORCEMENT OF ORDER, OR ALTERNATIVELY TO REOPEN FOR
ORDER DIRECTING COMPLIANCE WITH COMMITMENTS,
OR ALTERNATIVELY FOR RELIEF NOT OTHERWISE PROVIDED FOR**

I am deeply troubled by Norfolk Southern's decision to close its Hollidaysburg car shops in Altoona, Pennsylvania, and transfer work from that facility to other states, despite prior commitments that the railroad would consolidate its heavy repair work at the Hollidaysburg shops. I therefore urge the Board to grant the joint petition filed by the Commonwealth of Pennsylvania and several unions for enforcement and/or reopening of its Decision No. 89 which authorized Norfolk Southern Corp. and CSX Corp. to acquire control of Conrail Inc. I further support the joint petition that the Board should order Norfolk Southern to comply with its commitments regarding the shops — specifically that it would retain and keep the shops open, and invest \$4 million in those shops. I submit that the Board can and should enforce Norfolk Southern's commitments based on the Board's statement in Decision No. 89 that "Applicants must adhere to all of the representations they made during the course of this proceeding, whether

or not such representations are specifically referenced in this decision." *Id.* at 176.

The application and supporting documents Norfolk Southern filed with the Board clearly stated that the railroad would retain the Hollidaysburg shops, consolidate work there, and absorb most car "program work" from shops in other states. Norfolk Southern's Operating Plan expressly committed the railroad to investing \$4 million in the Hollidaysburg shops and stated that "Hollidaysburg will absorb most car program work with Roanoke Shop-Car concentrating on new car construction and rebodying." Norfolk Southern Operating Plan p. 219, 326. I submit that it was clear that Norfolk Southern made representations in this proceeding that it would retain and invest in the Hollidaysburg shops and that the Board should therefore direct Norfolk Southern to comply with those representations in accordance with its Order in Decision No. 89.

I would also note that Norfolk Southern's representations about the Shops came not only in the application and supporting papers, but also in statements to Pennsylvania elected officials, Pennsylvania communities, and Conrail workers. These representations were designed to elicit support and diminish opposition to the acquisition of Conrail.

Norfolk Southern CEO David Goode testified on March 20, 1997, before a Senate Transportation Appropriations Subcommittee which I chaired on the joint Norfolk Southern/CSX acquisition of Conrail. I specifically asked Mr. Goode about the Hollidaysburg shops and employment in Altoona. Mr. Goode stated:

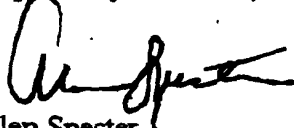
Well, we have looked, as you know, earlier this week at those shops, we had some knowledge of them earlier than that. John and I had a very good tour of the shops, they are excellent facilities.

Since Norfolk Southern will be the likely beneficiary of the lines and of those shops, we do not have nearby shop facilities, as CSX did in Cumberland, so we are in a position of not only being able to give assurances that we will keep those shops and keep them operating, we are going to need them.

I responded that his answer would be well-received in Blair County. Norfolk Southern's current plans to close the Hollidaysburg shops are directly contrary to the assurances Mr. Goode gave me in sworn testimony before the Subcommittee.

The Board's decision approving the Norfolk Southern and CSX acquisition of Conrail came after representations made by Norfolk Southern in the Board proceedings. It was against this background that the Board bound Norfolk Southern to these representations in Decision No. 89. I submit that it is clear that Norfolk Southern is now preparing to renege on its commitments. Accordingly, I urge the Board to enforce and/or reopen its Decision No. 89 and order Norfolk Southern to comply with its commitments to retain and keep the Hollidaysburg shops open, as well as invest \$4 million in those shops.

Respectfully submitted,



Arlen Specter