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Office of the President Pro Tempore



Senate of Pennsylvania

✓ 30TH DISTRICT
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July 13, 2001

ENTERED
Office of the Secretary

JUL 17 2001

Part of
Public Record



The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Suite 700
Washington, DC 20423-0001

Re: Finance Docket No. 33388
CSX Corporation et al., Norfolk Southern Corp., et al. -
Control and Operating Leases/Agreements-Conrail, Inc.
and Consolidated Rail Corp.

Dear Secretary Williams:

We enclose herewith for filing in the above-referenced docket the original and 25 copies of the Reply Of Pennsylvania Senator Robert C. Jubelirer and Pennsylvania Representative Jerry A. Stern.

A 3-1/2" computer disk containing the text of this Reply in Word 2000 format, which is capable of being read by Wordperfect for Windows 7.0, is also enclosed.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature of Robert C. Jubelirer.
Senator Robert C. Jubelirer
Senator, 30th District

A handwritten signature of Jerry A. Stern.
Representative Jerry A. Stern
Representative, 80th District

cc: All parties of record in Finance Docket No. 33388

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET No. 33388

**CSX TRANSPORTATION, INC.,
NORFOLK SOUTHERN CORPORATION AND
NORFOLK SOUTHERN RAILWAY COMPANY
--CONTROL AND OPERATING LEASES/AGREEMENTS—
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION**

**REPLY OF PENNSYLVANIA SENATOR ROBERT C. JUBELIRER AND
PENNSYLVANIA REPRESENTATIVE JERRY A. STERN
TO NORFOLK SOUTHERN'S RESPONSE TO DECISION NO. 186 REGARDING THE
HOLLIDAYSBURG CAR SHOPS**



We hereby reply to Norfolk Southern Corporation's and Norfolk Southern Railway Company's (collectively referred to as "NS") Response to Decision No. 186 Regarding the Hollidaysburg Car Shops. We represent the constituents residing in the Commonwealth of Pennsylvania's Senate District 30 and Representative District 80, the districts where the Hollidaysburg Car Shops (the "Shops") are located. We are very disturbed by NS's attempt to renege on its commitment to keep open the Shops.

NS made numerous statements in its Application and during the course of the Conrail merger proceedings clearly indicating that it would keep the Shops open and invest substantial capital to rehabilitate the Shops. Many interested parties, including Shop employees and unions representing Shop employees, supported the merger because NS promised to keep the Shops open.

As we understand it, applicants in a major railroad merger must provide the STB with certain information about the merger, including an operating plan. STB approval of a major railroad merger is based, in part, on facts contained in the operating plan. In this merger section 7.1.7 of the NS Operating Plan stated that NS would invest \$4 million on material handling

improvements at the Shops. NS Operating Plan p. 220 App. Vol. 3B at 288. Obviously, if NS planned on investing \$4 million in rehabilitating the Shops, interested parties could reasonably assume NS intended to keep the Shops open.

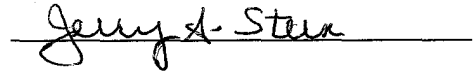
The NS Operating Plan also described how the Shops would be used to support NS's operations. Section 11.6 of the NS Operating Plan stated that "Hollidaysburg will absorb most car program work..." NS Operating Plan p. 258 App. Vol. 3B at 326. In addition, the Verified Statement of NS CEO David Goode stated that "Conrail has excellent...facilities at Altoona/Hollidaysburg...[and] 'insourcing' provides another opportunity to maximize utilization of the system shop at Altoona/Hollidaysburg..." Verified Statement of David Goode p. 16 App. Vol. 1 at 338. The Verified Statement of NS witness D. Michael Mohan said the Conrail merger offered "substantial opportunities to improve efficiency and fully utilize the excellent facilities of Conrail and NS in the Altoona/Hollidaysburg, PA" area. Verified Statement of D. Michael Mohan p. 50 App. Vol. 3B at 62. These statements show NS's clear commitment to invest in and retain the Shops.

Many interested parties, including members of the Pennsylvania Senate Republican Caucus, members of the U.S. Congress, officials of the Commonwealth of Pennsylvania, and various labor unions based decisions to support the Conrail merger on NS's promise to keep the Shops open. The interests of these parties were made known to NS, and in responding to such interests, NS confirmed that it intended to keep the Shops open. For NS to now assert that there was no "expressed or implied agreement, obligation or undertaking to continue operating the Shops for any period of time after Split Date," NS Response at 16, is simply not credible.

For the foregoing reasons, we respectfully request that the STB order NS to (i) cancel its proposed shutdown of the Hollidaysburg Car Shops and (ii) keep the Shops operating at present capacity for a significant period of time beyond September 1, 2001.

A handwritten signature in dark ink, appearing to read "R. C. Jubelirer", written over a horizontal line.

Senator Robert C. Jubelirer
Senator, 30th District
Commonwealth of Pennsylvania

A handwritten signature in dark ink, appearing to read "Jerry A. Stern", written over a horizontal line.

Representative Jerry A. Stern
Representative, 80th District
Commonwealth of Pennsylvania