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205869

July 17, 2002



Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20036-0001

Re: STB Finance Docket No. 33388 (Sub-No. 91)
CSX CORPORATION AND CSX TRANSPORTATION, INC.
NORFOLK SOUTHERN CORPORATION AND NORFOLK
SOUTHERN RAILWAY COMPANY - CONTROL AND
OPERATING LEASES/AGREEMENTS - CONRAIL, INC.
AND CONSOLIDATED RAIL CORPORATION

Dear Secretary Williams:

Enclosed for filing and appropriate consideration in the above matter is original
and 25 copies of the Verified Statement of Jeffery K. Stover, Executive Director of
SEDA-COG Joint Rail Authority.

Respectfully submitted,

Keith G. O'Brien
Counsel for SEDA-COG Joint Rail Authority

ENTERED
Office of Proceedings

JUL 17 2002

Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD



STB FINANCE DOCKET NO. 33388 (SUB-N0. 91)
CSX CORPORATION AND CSX TRANSPORTATION, INC.
NORFOLK SOUTHERN CORPORATION AND NORFOLK
SOUTHERN RAILWAY COMPANY - CONTROL AND
OPERATING LEASES/AGREEMENTS - CONRAIL, INC.
AND CONSOLIDATED RAIL CORPORATION

205869

ENTERED
Office of Proceedings

(GENERAL OVERSIGHT)

JUL 17 2002

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VERIFIED STATEMENT OF JEFFERY K. STOVER

My name is Jeffery K. Stover. I am Executive Director of the SEDA-COG Joint Rail Authority ("JRA") which is affiliated with the SEDA-Council of Governments. JRA is a Pennsylvania municipal authority formed in 1983 by seven central Pennsylvania counties to acquire rail lines and preserve rail service on lines slated for abandonment or other disposition.¹ Commencing with acquisition of two lines in 1984, the JRA now owns five rail lines that handle approximately 30,000 carloads of traffic annually. The preservation and ready availability of rail service on the JRA lines has been instrumental in economic development activity and expansion of employment in Central Pennsylvania over the last eighteen years. Our lines are operated by North Shore Railroad Company, Juniata Valley Railroad Company, Nittany & Bald Eagle Railroad Company, Lycoming Valley Railroad Company and Shamokin Valley Railroad Company. All of these Class III railroads pursuant to contracts with JRA are managed by Mr. Richard D. Robey. In

¹ The counties which comprise SEDA-COG JRA include Centre, Clinton, Lycoming, Northumberland, Montour, Columbia and Union Counties.

ORIGINAL

accordance with the Operating Agreements Mr. Robey and his staff provide monthly reports concerning operation and maintenance of the lines.

JRA is mindful that it has a residual common carrier service obligation. For this and other important reasons we are endeavoring to foster an effective working relationship with Norfolk Southern Corporation ("NS") as all our former Conrail lines now connect with NS. In addition we coordinate closely with our member counties and the short line operator on economic and industrial development projects. We have achieved a most effective public/private rail partnership over the years.

In the first oversight proceeding JRA expressed serious concerns arising out of transition problems and in regard to unresolved interchange commitments that had been made by NS in connection with the acquisition proceeding. At this juncture the transition problems have been resolved or they are being managed to the extent that they no longer present serious problems for JRA. For this reason JRA would support discontinuance of further oversight reporting requirements for NS.

Not all of our previously expressed concerns relating to service expectations arising out of pre-acquisition commitments by NS have been resolved at this point². Nevertheless, based on NS's positive response to JRA's recent initiatives, we are hopeful that on-going efforts will produce long term solutions and results that will prove to be both satisfactory and beneficial to all interested parties including NS, JRA and the rail dependant shippers in the region we serve. We believe such results to be very important to continued economic development and vitality in the counties served by JRA lines. In

² Certain of the rail shippers have expressed concerns about the service relationships that have been established with respect to the JRA and related rail lines. Their separate supporting views are attached hereto. The separate supporting views of two other rail owners whose lines are operated by another railroad controlled by Mr. Robey are also attached hereto.

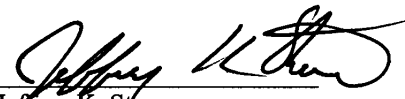
this regard we are mindful of the Board's conviction that well motivated private efforts are most likely to produce results that will best meet the needs of all concerned.

We appreciate the Board's continuing interest and oversight of post acquisition progress that is continuing to evolve. While, as noted above, JRA does not believe that continued regular reporting by NS needs to be required, JRA respectfully urges the Board to continue its oversight jurisdiction of the Conrail transaction for at least one more year to ensure that the transaction continues to be implemented in the interest of all concerned parties.

VERIFICATION

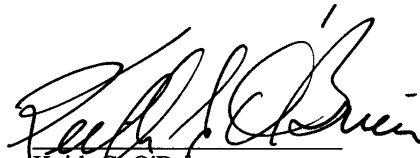
I, Jeffrey K. Stover, declare under penalty of perjury, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on July 17, 2002.


Jeffrey K. Stover

CERTIFICATE OF SERVICE

I hereby certify that I have, this 17th day of July, 2002, served copies of the foregoing by first class mail, postage prepaid, upon all parties of record.


Keith G. O'Brien

DATED: July 17, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD
STB FINANCE DOCKET NO. 33388 (Sub-No. 91)

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

(General Oversight)

JOINT STATEMENT OF SHIPPERS

Each of the undersigned is a shipper located on lines of railroad operated by North Shore Railroad Company and its affiliates (collectively, "NSHR")¹, and owned by either the SEDA-COG Joint Rail Authority ("SEDA-COG"), West Shore Railroad, or Lewisburg and Buffalo Creek Railroad.

One of the major selling points of the Conrail transaction was that many shippers (and the shortlines that serve them) were going to have access to two Class I carriers instead of just Conrail. In June, 1997, Norfolk Southern Railway Company ("NS") and NSHR entered into a settlement under which NSHR would, among other rights, be given direct access to the Canadian Pacific ("CP") system at Sunbury, Pennsylvania, to interchange traffic moving to CP local points and points on railroads interchanging only with CP.² In return NSHR agreed to support the proposed split of Conrail. Based on the settlement, SEDA-COG and various shippers also supported the transaction. NS's compliance with the settlement became a condition of the approval of the transaction. See Decision No. 89, p. 105 and ordering paragraph no. 19.

On June 1, 1999 ("Split Date"), Conrail was split between NS and CSX. NSHR and NS entered into temporary interim arrangements that allowed traffic to begin moving directly between the

¹ For the purposes of this statement, NSHR refers to the following Class III railroads: North Shore Railroad Company, Juniata Valley Railroad Company, Nittany & Bald Eagle Railroad Company, Lycoming Valley Railroad Company, Shamokin Valley Railroad Company and Union County Industrial Railroad Company. All of the railroads are under the common control of Richard Robey.

² Later in the proceeding, NS entered into a separate settlement with CP which granted indirect access to CP - the access to CP is only through Harrisburg, Pennsylvania, with NS handling the traffic between Harrisburg and Sunbury for a fixed handling charge.

CP system and NSHR at Sunbury. The undersigned shippers began to take advantage of the interchange and to move traffic to and from the CP system that they understood was covered under the settlement. (The shippers understood that they could ship to and from the CP system with CP system being broadly defined in the same way that CP was defined in the CP/NS settlement agreement).³ Traffic continued to move in this manner, for over two years.

In the interim, after Split Date, NSHR continued to try to negotiate a formal agreement with NS. However, they were unable to do so because of restrictions that NS insisted on including in the agreement. In the first round of this Oversight Proceeding, both NSHR and SEDA-COG filed comments detailing their frustrations over NS's attempts to limit the points on CP that could be origin or destination points of the traffic, the types of traffic that could be handled, and the time period of the agreement.

In July, 2001, SEDA-COG and the shippers first learned that NSHR had reached a tentative agreement with NS; however, the specific terms of the trackage rights agreement that would implement the settlement were not disclosed. Nor was it initially disclosed to SEDA-COG or the shippers that the negotiated terms were far different than those NSHR and SEDA-COG were seeking only a year before. Despite objections to the proposed trackage rights agreement raised by both SEDA-COG and the shippers, on August 21, 2001, without any changes apparently having been made, NSHR notified the Board that they had reached a final agreement with NS over the terms of an agreement to implement the settlement.

The undersigned shippers object to the terms of the trackage rights agreement that has purportedly been reached between NSHR and NS on the basis that they are inconsistent with the original settlement which was made a condition of the transaction. Based upon the description of the terms of the settlement,⁴ the shippers object to the proposed trackage rights settlement because it fails to include the following terms:

³ As the shippers understand it, under the CP/NS settlement agreement, the CP system is defined broadly to include local points on CP, railroads that are later spun off from CP, and railroads that had been spun off from CP over the previous ten years. Railroads spun off over the last ten years include I&M Rail Line ("IMRL"), New Brunswick Southern, CDAC, Ottawa Valley, Quebec & Gastineau, and Twin City & Western. Although not spinoffs of the CP system, the CP/NS agreement also provides access to points on Ontario Northern and Bangor and Aroostook Railroad.

⁴ Despite repeated requests by the shippers, NSHR has refused to provide a copy of the trackage rights agreement. The shippers understand that NSHR and NS have recently provided a copy of the agreement to SEDA-COG under terms of a strict confidentiality agreement does not permit the agreement to be shared with the shippers.

- (1) Either SEDA-COG, as the owner of the rail line should be a party to the settlement agreement, or the agreement should be assignable to SEDA-COG or any successor operators of its lines in the event NSHR are no longer the operators;
- (2) The term should be unlimited, or should be renewable at the option of SEDA-COG and its operator(s); early termination provisions must be eliminated;
- (3) The definition of traffic that can be interchanged with CP under the settlement agreement should cover all traffic similar to the traffic that was interchanged at Sunbury between NSHR and CP between June 1, 1999 and June 30, 2001; and
- (4) The definition of traffic that can be interchanged with CP under the settlement agreement should be consistent with the traffic that is covered under the CP/NS settlement agreement.

The undersigned shippers are the parties most affected by the settlement and the proposed trackage rights agreement. The shippers understand that SEDA-COG is continuing to negotiate with both NS and NSHR to address these issues. The shippers support the negotiations and are hopeful that the results will be beneficial for all of the concerned parties.

Although negotiations are continuing, the affected shippers believe that it is imperative that the Board make clear that it retains jurisdiction to review any agreements that purport to implement settlements that were a condition of approval of the Conrail transaction (including the agreement between NSHR and NS), whether or not the formal oversight proceeding is continued.

Based on the foregoing, the undersigned shippers support the comments of SEDA-COG to which this statement is attached.

JOINDER

Shipper: BRANDT Mills Inc

The above referenced shipper joins in the foregoing statement.

I, Rick Brandt of BMI verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on 7/12, 2002.


Name: RICHARD A BRANDT JR

JOINDER

Shipper: Agway Agricultural Products

The above referenced shipper joins in the foregoing statement.

I, Peter DeGobbo of Agway verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on July 10, 2002.


Name: Peter DeGobbo
Director of Bulk Transportation

JOINDER

Shipper: Ay Resources, Inc

The above referenced shipper joins in the foregoing statement.

I, Sharon Miller of Ay Resources verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on 7/16/02, 2002.

Sharon Miller
Name: SM

JOINDER

Shipper: Clark's Feed Mill, Inc

The above referenced shipper joins in the foregoing statement.

I, Robert Clark of Clark's verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on 7/10/, 2002.

Robert W. Clark
Name: Robert W. Clark Sec/Treasurer

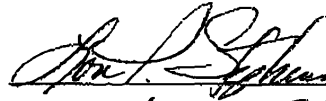
JOINDER

Shipper: Co-Operative Feed Dealers

The above referenced shipper joins in the foregoing statement.

I, Lon P. Stephens, General Manager of Co-Operative Feed Dealers verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on July 11, 2002.


Name: Lon P. Stephens

JOINDER

Shipper: CORNING INCORPORATED

The above referenced shipper joins in the foregoing statement.

I, JOHN ARMSTRONG of CORNING verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on 7/10, 2002.

Name: _____

John A. Armstrong

SR. TRANSPORTATION SPECIALIST

JOINDER

Shipper: PA Distribution

The above referenced shipper joins in the foregoing statement.

I, Dennis E. Shaffer of PA Distribution verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on 7/10, 2002.


Name: DENNIS E. SHAFER
General Manager

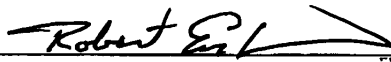
JOINDER

Shipper: Raisio Chemicals U.S., Inc.

The above referenced shipper joins in the foregoing statement.

I, Robert Eveland of Raisio verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on 15 July, 2002.


Name: Robert Eveland
Manufacturing Manager
Raisio Chemicals U.S., Inc.

BEFORE THE
SURFACE TRANSPORTATION BOARD
STB FINANCE DOCKET NO. 33388 (Sub-No. 91)

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

(General Oversight)

JOINT STATEMENT OF RAIL LINE OWNERS

Like the SEDA-COG Joint Rail Authority ("SEDA-COG"), West Shore Railroad and Lewisburg and Buffalo Creek Railroad (collectively "Rail Owners") each own rail lines operated by Union County Industrial Railroad, one of the affiliates of North Shore Railroad Company (collectively, "NSHR")¹. The Rail Owners thus have the same concerns as SEDA-COG about the proposed settlement entered into between NSHR and Norfolk Southern Railway ("NS"), and join in the comments being filed by SEDA-COG.

Further, to the extent the shippers on the lines of the Rail Owners have expressed concerns about the terms of the settlement in their Joint Statement, the Rail Owners express their support for the changes the shippers believe are necessary to fulfill the terms of the original settlement between NSHR and NS.

The Rail Owners support the ongoing negotiations with NS, and hope that they will result in arrangements that benefit all concerned parties.

¹ For the purposes of this statement, NSHR refers to the following Class III railroads: North Shore Railroad Company, Juniata Valley Railroad Company, Nittany & Bald Eagle Railroad Company, Lycoming Valley Railroad Company, Shamokin Valley Railroad Company and Union County Industrial Railroad Company. All of the railroads are under the common control of Richard Robey.

I, Noah Brubaker of West Shore Railroad verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on 7-12-, 2002.

Noah M. Brubaker

Noah Brubaker

Title: Track supervisor, director

I, Julia Sanders of Lewisburg and Buffalo Creek Railroad verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on 7-16, 2002.

Julia E. Sanders
Julia Sanders
Title: Owner