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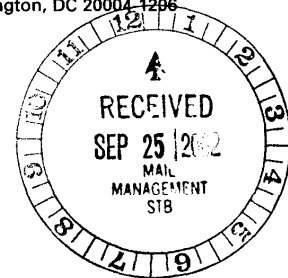
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September 25, 2002

BY HAND

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



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 (General Oversight)

Dear Secretary Williams:

Enclosed are an original and twenty-five (25) copies of CSX-11, the “Response of Applicants CSX Corporation and CSX Transportation, Inc., to Comments of Cargill, Incorporated” for filing in the above-referenced docket.

Please note that a 3.5-inch diskette containing a WordPerfect 5.1 formatted copy of this filing is also enclosed.

Kindly date-stamp the additional copy of this letter and the “Response” at the time of filing and return them to our messenger.

Thank you for your assistance in this matter. Please contact the undersigned at (202) 942-5858 if you have any questions.

Respectfully yours,

Dennis G. Lyons
Counsel for CSX Corporation and
CSX Transportation, Inc.

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Office of Proceedings

SEP 25 2002

Part of
Public Record

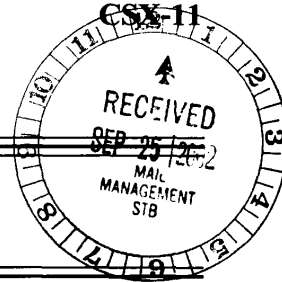
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Enclosures

Washington, DC New York Los Angeles Century City Denver London Northern Virginia

206267

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)

RESPONSE OF APPLICANTS
CSX CORPORATION AND CSX TRANSPORTATION, INC.,
TO COMMENTS OF CARGILL, INCORPORATED

ENTERED
Office of Proceedings

Of Counsel:

SEP 25 2002

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Part of
Public Record

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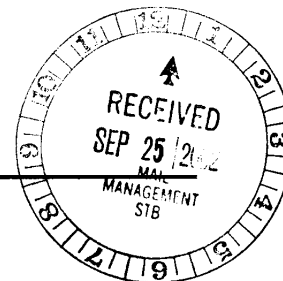
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Counsel for Applicants
CSX Corporation and
CSX Transportation, Inc.

Dated: September 25, 2002

ORIGINAL

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)

RESPONSE OF APPLICANTS
CSX CORPORATION AND CSX TRANSPORTATION, INC.,
TO COMMENTS OF CARGILL, INCORPORATED

CSX Corporation and CSX Transportation, Inc. (collectively "CSX") submit this as their initial response to the comments of Cargill, Incorporated ("Cargill") filed on August 5, 2002 (CARG-5). They propose to supplement this response, as set forth below.

BACKGROUND

Cargill's soybean processing and milling facility at Sidney, Ohio was an acknowledged "two-to-one" point in the Transaction in which CSX and Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively "NS") acquired control of Consolidated Rail Corporation ("Conrail") and divided the operations of its routes and other assets between them (the "Conrail Transaction").

See McClellan V.S., CSX/NS-18, Vol. 1 at 546, 549.¹ The proposal to deal with this “two to one” situation, which was presented to and approved by the Board, involved the formula used to deal with a number of two-to-one issues: The carrier which would not otherwise have had access to the shipper in question (here, NS) was granted trackage rights over the other carrier at 29 cents a car mile, subject to RCAF(U) escalation. 3 S.T.B. 196, 231 (1998). So in this case, the proposal submitted to the Board and approved by it involved NS being afforded trackage rights from Lima, OH to Sidney, OH on the basis just mentioned. *See* CSX/NS-25, Vol. 8B at 543-50 (trackage rights) and CSX/NS-25, Vol. 8C at 616-39 (switching to get in to the facility), for the documentation.

When the Split Date came, instead of providing this remedy to Cargill, with Cargill’s consent CSX and NS provided an alternative method of providing access to NS for the Cargill facility at Sidney. An arrangement was worked out under which CSX would move the outgoing cars from Sidney to Indianapolis, where they would be classified and then delivered to NS at Marion, OH. A temporary charge for compensation to CSX was established between NS and CSX, to be revised after a cost study. The cost study was over two years in the making and it, quite naturally, reflected the inefficiency of the CSX movement (hauling the cars westward to Indianapolis and then eastward to Marion). The cost study indicated a cost of \$646 per car. Cargill does not appear to dispute the validity of the cost

¹ Citations not otherwise indicated are to the record in the primary docket, Finance Docket No. 33388.

study, but argues that the change in cost required NS to raise its charges to Cargill by \$450 (per railroads-owned car) and by \$480 (per private car). CARG-5 at 2. Cargill made this matter the subject of its comments in CARG-5.²

THE CSX PROPOSAL

CSX is committed to providing a method whereby Cargill will receive an appropriate remedy for the facility at Sidney, so that it may serve destinations on NS on an economical basis to the extent that CSX can itself appropriately do so. In implementation of this, CSX on September 24, 2002, made a written proposal to Cargill (with a copy to NS) offering to restore the provisions contemplated in the CSX/NS Application in the Conrail Transaction, that is, by performing switching at Sidney for NS movements on NS's trackage rights between Lima and Sidney. As contemplated by the Application, cost-based switching at Sidney is to be provided by CSX, and, moreover, the proposal includes an attractive flat rate for it.

In addition to that proposal, which would restore the parties to the provisions originally made for Cargill in the Conrail Transaction Application, CSX also offered a number of other alternatives, which Cargill could elect without prejudice to Cargill's right to insist on the original arrangement contemplated in the Conrail Transaction Application.

These alternatives include the provision of favorable proportional rates from Sidney to Anderson, OH (near Marion), for use in connection with movements beyond Anderson over NS; the provision of a set of proportional rates to various

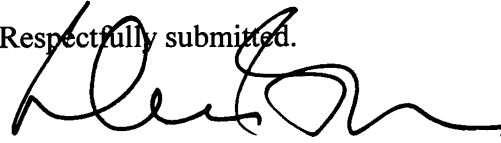
² CSX has no objection to Cargill's having filed its Comments out of time.

locations in the Midwest and Pennsylvania connecting to NS for use in movements on NS (including Muncie, IN; Marion, OH; Cincinnati, OH; Columbus, OH; and Pittsburgh, PA); and, if Cargill elects, a version of the current operation over Marion, for which a proportional rate would be established, with a somewhat more favorable rate than the \$646 rate if private equipment is used.

Cargill has not yet responded to these proposals. CSX believes, assuming satisfactory arrangements can be made with NS by Cargill (which we assume will be the case and in connection with which CSX will cooperate), that these proposals will have the effect of giving Cargill the full access to NS destinations that the original two-to-one solution proposed in the Application contemplated. While the CSX proposals are subject to specified terms and conditions, CSX's proposal to maintain the original solution – cost-based switching at Sidney in connection with NS's use of its trackage rights from Lima – is unconditional and will remain a safety net for Cargill.

As is evident, this response is an interim response, filed in order to bring the Board up to date as to the status of this matter. CSX will supplement it as appropriate as developments take place, and in any event will file a status report with the Board in two weeks' time if no solution satisfactory to Cargill has been arrived at by then.

Respectfully submitted.



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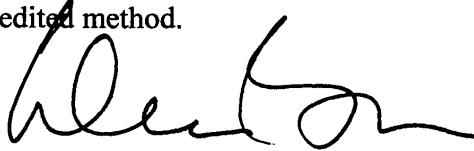
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Jacksonville, FL 32202

Counsel for Applicants
CSX Corporation and
CSX Transportation, Inc.

Dated: September 25, 2002

CERTIFICATE OF SERVICE

The undersigned counsel for CSX Corporation and CSX Transportation, Inc. hereby certifies that on this 25th day of September, 2002, a copy of the foregoing "Response of Applicants CSX Corporation and CSX Transportation, Inc., to Comments of Cargill, Incorporated" were served on all parties of record by first-class mail, postage prepaid, or more expedited method.



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