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JUL 14 2003

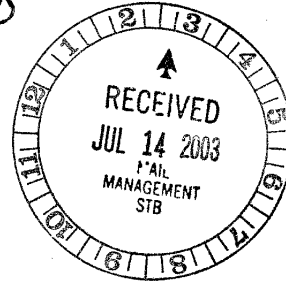
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DONALD E. CROSS (1923-1986)

208370

July 14, 2003

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
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 Corp.,
[General Oversight]

Dear Secretary Williams:

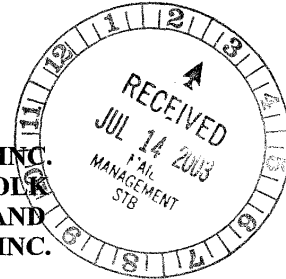
Enclosed for filing and appropriate consideration in the above matter is the original and 25 copies of the Verified Statement of Jeffery K. Stover, Executive Director of SEDA-COG Joint Rail Authority.

Respectfully submitted,

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

**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]

VERIFIED STATEMENT OF JEFFERY K. STOVER

FILED
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JUL 14 2003
Part of
Public Record

Keith G. O'Brien
Rea, Cross & Auchincloss
1707 L Street, NW
Suite 570
Washington, DC 20036
(202) 785-3700

Counsel for: SEDA-COG Joint
Rail Authority

DATED: July 14, 2003

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)

VERIFIED STATEMENT OF JEFFERY K. STOVER

My name is Jeffery K. Stover and I am Executive Director of the SEDA-COG Joint Rail Authority ("JRA") that is affiliated with the SEDA-Council of Governments. JRA is a municipal authority formed in 1983 and currently consists of eight county members. The Authority owns lands; rights-of-way and railroad tracks and contracts with short line rail operator(s) which in turn provide responsive rail service to shippers within our region. JRA's mission is to preserve and foster rail service in Central Pennsylvania and to further economic development through retention, improvement and expansion of the infrastructure and the rail service it supports.

Commencing with acquisition of two lines in 1984, the JRA now owns five rail lines that handle about 30,000 carloads of traffic a year. By preserving these lines and fostering ready availability of responsive rail service JRA has been in the forefront of

economic development actively and expansion of employment in Central Pennsylvania over the past two decades.

Our rail 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 operate pursuant to contracts with JRA and are managed by Mr. Richard D. Robey. Because of the vital importance of responsive rail service throughout the region served by JRA we maintain a close working relationship with our operator. This relationship includes regular reports from Mr. Robey and his staff concerning service and maintenance of our lines.

In addition to our primary commitment to fostering responsive rail service for our region, JRA does have a residual common carrier service obligation for all our lines. For these reasons we are resolved to continue an effective working relationship with Norfolk Southern Corporation ("NS") since all of our lines connect with NS. We work closely with our member counties, the short line operator and NS on economic and industrial development projects that are important to our region. We also endeavor to be aware of near and long-term rail service requirements of our shipper constituents. In so doing we believe that we have achieved an effective public/private rail service partnership that will continue to demonstrate the ability to meet the changing needs of our region.

In our verified statement submitted last year JRA noted that transition problems have been resolved or they are being managed to the extent that they no longer present service problems for JRA. In recognition of significant progress JRA supported discontinuance of any further oversight reporting requirements for NS.

We also noted that our previously expressed concerns arising out of pre-acquisition service commitments by NS had not been resolved. Because of the complexity of service arrangements related to pre-acquisition commitments those issues continue to be a serious concern.¹

Although discussions with NS have not progressed to a meaningful resolution we will continue to exert our best efforts to foster meaningful commitment to long term solutions and results that will be beneficial to all interested parties including NS, JRA and its rail operators and the rail dependent shippers in the region we serve. JRA believes that such results will be a key factor in continued economic development and vitality in the counties served by JRA lines.

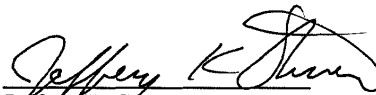
JRA appreciates the Board's interest and oversight of acquisition related developments.

¹ JRA understands that constituent shippers are now endeavoring to determine the effect of acquisition related service arrangements on individual shipper traffic movements and service expectations. At the same time several of these rail shippers have expressed continuing concerns about the extent of acquisition based service relationships that have been established with respect to the JRA and related rail lines. Their separate supporting statements are attached. The separate supporting statements of another rail owner whose lines are operated by another railroad controlled by Mr. Robey is also attached.

VERIFICATION

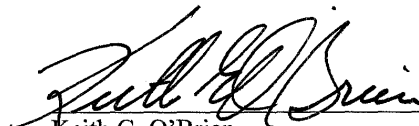
I, Jeffery K. Stover, declare under penalty of perjury, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed On July 10, 2003.


Jeffery K. Stover

CERTIFICATE OF SERVICE

I hereby certify that I have, this 14th day of July, 2003, served copies of the foregoing by first class mail, postage prepaid, upon all parties of record.


Keith G. O'Brien

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.

The undersigned shippers participated in last year's oversight proceeding to raise concerns about a trackage rights agreement that had been entered into between NSHR and Norfolk Southern Railway Company ("NS"), and to share their view that the agreement was not consistent with the original settlement made between NS and NSHR that was a condition of the approval of the transaction.

At the time of last year's oversight proceeding, there were ongoing negotiations and the parties were hopeful that a mutually agreeable resolution could be reached. Unfortunately, no changes were made, and there are no currently scheduled negotiations. Instead, NS and NSHR have agreed to provisions that will attempt to implement the terms and restrictions of the trackage rights agreement. The undersigned shippers have not yet been advised of the affects this will have on the traffic they have developed since the Split Date. However, they object to NS and NHR taking any steps to implement an agreement that is not consistent with the original settlement.

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.

For the Board's convenience, the shippers restate the background and substance of the position they set forth last year as follows:

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 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

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.

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.

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:

- (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.

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 that does not permit the agreement to be shared with the shippers.

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.

The undersigned shippers are concerned that this matter has yet to be satisfactorily resolved. They hope that NS will commit to meet with SEDA-COG, the other rail owners and the shippers for meaningful discussions to try to reach a mutually agreeable solution to the concerns that have been raised about the interchange restrictions that have been imposed. Subject to the foregoing, the undersigned shippers support the comments of SEDA-COG to which this statement is attached.

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CLARK

NO. 223 PAGE 26
P. 6/8

JOINDER

Shipper AG - Resources Inc

The above referenced shipper joins in the foregoing statement

I, Lamar Eby of AG 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 July 11, 2003.

[Signature]
Name: LAMAR EBY

2003/11/18 10:46:46 5705407210 3:08PM

07/11/2003 FRI 15:07 [TX/RX NO 5359] 007

JOINDER

Shipper: AGWAY, INC

The above referenced shipper joins in the foregoing statement.

I, Peter DEL Gobbo of AGWAY, INC 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, 2003.

Peter DEL Gobbo
Name: Peter DEL Gobbo

~~AGWAY, INC. 10000 AGWAY RD. AGWAY, NJ 07001~~

JUL 12 2003 5:02PM

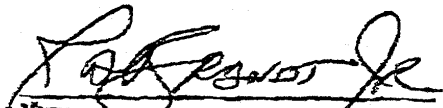
~~JOINDER~~

Shipper: BRANDT Mills Inc

The above referenced shipper joins in the foregoing statement.

I, RICHARD BRANDT of BRANDT Mills 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 7/11, 2003.


Name: RICHARD A BRANDT JR
Pres

Mr. Richard A. Brandt, Jr., President, Brandt Mills Inc.

JOINDER

Shipper: Clark's Feed Mills, Inc.

The above referenced shipper joins in the foregoing statement.

I, Dennis Reitz of Clark's Feed Mills, Inc. 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, 2003.

Dennis Reitz
Name: Dennis Reitz

JOINDER

Shipper: Cooperative Feed Dealers, Inc.

The above referenced shipper joins in the foregoing statement.

I, Don P. Stephens of Cooperative 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, 2003.

Don P. Stephens
Name: Don P. Stephens

2003/07/11 15:07 FAX: 607-6519363

Jul 11 2003 13:30 P.01

CO-OP FEED DEALERS Fax: 607-6519363

07/11/2003 FRI 15:07 [TX/RX NO 5359] 005

JOINDER
Shipper: PA Distribution

The above referenced shipper joins in the foregoing statement.

The above referenced shipper joins in the foregoing statement.

I, Dennis 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 7-11 2003.

Name: DENNIS E. SHAFER

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)

STATEMENT OF RAIL LINE OWNER

As stated in last year's proceeding, West Shore Railroad ("Rail Owner"), like the SEDA-COG Joint Rail Authority ("SEDA-COG"), owns rail lines operated by Union County Industrial Railroad, one of the affiliates of North Shore Railroad Company (collectively, "NSHR")¹. Rail Owner thus has the same concerns as SEDA-COG about the proposed settlement entered into between NSHR and Norfolk Southern Railway ("NS"), and the lack of satisfaction of the concerns raised with NS.

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

Rail Owner understands that there are not currently any negotiations scheduled between NS and either the rail line owners or the shippers. Rail Owner would support additional negotiations with NS in the hope that changes would be made in the settlement that would benefit all of the 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 11 July, 2003.

Noah M. Brubaker
Noah Brubaker
Title: Track supervisor

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