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Theodore J. Narozanick, Chairman
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July 14, 2003

VIA HAND DELIVERY

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

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**Re: Finance Docket No. 33388 (Sub-No. 91), CSX Corporation
and CSX Transportation, Inc., Norfolk Southern Corporation
and Norfolk Southern Railway Company—Control and
Operation Leases/Agreements—Conrail Inc. and Consolidated
Rail Corporation [General Oversight]**

Dear Secretary Williams:

We are officers of the North Jersey Transportation Planning Authority (NJTPA), which is the Metropolitan Planning Organization for the northern thirteen counties of the State of New Jersey. The NJTPA is the fourth largest MPO in the U.S. encompassing the most densely populated area of the most densely populated state in the country. The NJTPA is responsible for planning and allocating federal transportation funds for the maintenance and upgrade of transportation infrastructure within our region. Our jurisdiction covers the entire area of the northern zone of the New Jersey Conrail Shared Assets Operator (NJ-CSAO) in New Jersey, which is owned and operated by CSX Transportation and Norfolk Southern Railway, Inc.

Northern New Jersey has some of the largest and most complex rail infrastructure east of Chicago. This infrastructure includes 20 rail yards, including some of the largest intermodal yards on the Atlantic seaboard, and 189 route miles of track. It has the largest port facilities on the Atlantic Coast of the U.S.—the Port of New York and New Jersey. These facilities guarantee that northern New Jersey is the distribution platform for the New York/New Jersey/Connecticut metro market of 18 million people as well as the entry point for overseas cargo destined to nearly all consumer markets in North America.

The Metropolitan Planning Organization for Northern New Jersey

We write to inform the Board that the Board of Trustees of the NJTPA concurs with the views and concerns expressed in a July 14, 2003 letter conveyed to the Surface Transportation Board by the Commissioner of the New Jersey Department of Transportation (NJDOT), John F. Lettiere. These concerns relate to the apparent lack of progress by CSX Transportation and Norfolk Southern Railway in living up to promises made in respect to the operations of the CSAO as part of the Conrail merger agreement (Finance Docket 33388).

In particular, our concerns include the following:

- Northern New Jersey is an air quality non-attainment zone, as is the entire state. Commitments made by CSX and NS to divert truck traffic to rail, as cited by Commissioner Lettiere, have not been fulfilled, resulting in increased pollution in the State of New Jersey and the NJTPA region. One factor adding to this pollution is the apparent operational decision and policy by NS to encourage rail customers to off-load New Jersey-bound traffic outside of the NJCSAO area in Pennsylvania and possibly other locations. The result has been a significant increase of goods trucked into and out of the state.
- The increased truck traffic resulting from this off-loading traffic before it reaches the state by rail as well as other policies to encourage New Jersey rail business to relocate to areas outside of the NJCSAO area have added to already severe congestion levels on key highway facilities in northern New Jersey. In addition, this increasingly heavy truck traffic resulting from diversions of New Jersey bound rail traffic results in deteriorated roadways, bridges and other important infrastructure in New Jersey, and raises safety concerns when this diverted truck traffic uses local roads and highways.
- Neither CSX nor NS railroads have developed an adequate economic development plan as promised pursuant to an agreement under the Conrail transaction with the Port Authority of New York and New Jersey within the Port District, which includes most the CSAO area. This limits the jobs and economic benefits for the region that were expected as a result of the Conrail merger.
- Freight traffic in northern New Jersey is expected to experience huge growth in coming years. Port container volume will double in ten to twenty years and then double again within forty to sixty years (reference.: Port Authority of New York and New Jersey Port Master Plan; Comprehensive Port Improvement Plan; U.S. Army Corps of Engineers Harbor Navigation Study; NJDOT's Portway Extensions Concept Development Study). Mini-landbridge rail traffic from the West Coast destined to the major consumer markets of our service region is also expected to grow. Given these growth projections, the region will experience choking congestion on its transportation systems and will suffer serious economic and environmental injury without a strong effort by CSX, NS and CSAO to increase rail's share of the traffic.
- CSAO's corporate structure does not allow it to market services, quote rates, engage in economic development, or operate as a profit center. A

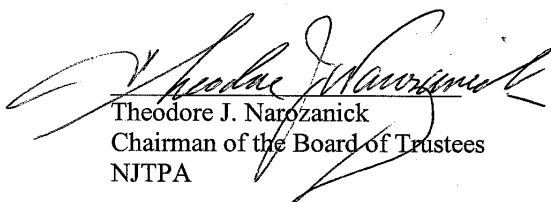
reorganization of the CSAO's corporate structure could aid in fulfilling some of the promises held out by the Conrail/CSX/NS merger. Providing these services, which are not allowed today by the shared ownership, could aid the NJTPA region and the State of New Jersey to move more traffic by rail, and lessening congestion on its highways.

- The current operational structure of CSAO is such that each railroad has veto power over investments to improve or provide new rail infrastructure to serve rail customers.

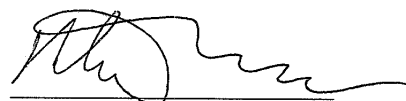
We want to see the Conrail Shared Assets Operator prosper as an operating entity, which will only accrue to the benefit of its owners—CSX and NS.

We urge the Board to continue its oversight over the CSAO and other relevant New Jersey Conrail merger agreements over the next year. This will allow a period of time for the Commissioner of NJDOT and CSX, NS and CSAO railroads to conduct negotiations to resolve serious outstanding issues related to operations of CSAO following the Conrail merger. Should these negotiations fail to produce acceptable changes in the current operations and policies of CSX, NS and CSAO, the NJTPA respectfully reserves the right to seek Board intervention to change the conditions under which CSAO operates in our region and in the State of New Jersey under Finance Docket 33388.

Respectfully,



Theodore J. Narozanick
Chairman of the Board of Trustees
NJTPA



Peter Palmer
Vice Chairman, NJTPA;
Chairman, NJTPA Freight
Initiatives Committee