

Surface Transportation Board Orders Enhanced Protection for Employees if "Norfolk Southern" Closes Its Hollidaysburg, PA Rail Car Shops

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has issued a decision that, while not requiring the Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively, "NS") to keep open the Hollidaysburg Car Shops ("Car Shops"), located in Hollidaysburg, Pennsylvania, near Altoona, beyond October 1, 2001, does provide, among other things, that closure would be subject to enhanced labor protection for the shops' employees.

In approving the 1998 joint acquisition of control by NS and CSX Corporation and CSX Transportation, Inc. (collectively, "CSX") of the Consolidated Rail Corporation ("Conrail"), and the division by CSX and NS of Conrail's assets ("Conrail merger"), the Board imposed a condition requiring CSX and NS to adhere to all of the representations they made during the course of the Conrail merger proceeding. In a decision issued to the public on May 21, 2001 (discussed in Surface Transportation Board "News" release No. 01-23 issued that date), the Board directed NS to show why the agency should not order NS to cancel its planned shutdown of the Car Shops and to keep them open for a period of time beyond the scheduled closing date (originally September 1, 2001, then extended to October 1, 2001).

After considering the responses it received from NS and others, the Board determined in the decision issued today that, during the course of the Conrail merger proceeding, NS had made a general commitment to the future economic well-being of the Altoona/Hollidaysburg area and to the well-being of the employees of the Car Shops and the nearby Juniata Locomotive Shop (JLS) that NS would make these shops an important part of its post-merger operations. The Board found that, for more than two years following the division of Conrail's assets, NS operated the Car Shops and the JLS, continued to devote resources to the JLS and to make that shop an integral part of NS' operations, and continued to work with the Altoona/Hollidaysburg community, in light of its planned shutdown of the Car Shops, on economic development. During this period, NS' economic circumstances worsened as part of the declining National economy, forcing the railroad to make numerous operational and financial adjustments. Accordingly, the Board ruled that it would not require NS to invest previously promised funds in the Car Shops or keep them open after October 1, 2001. The Board explained that there appears little basis to expect that there will be sufficient work--whether NS-generated or "insourced"--for the Car Shops to operate at the capacity levels needed to make them viable. The Board also noted that, particularly in view of current economic conditions, protecting the Car Shops and their employees by requiring NS to continue operations there for some time could adversely affect other NS shops and other NS employees, causing the idling or shutdown of those shops instead.

The Board expressed concern, however, that, in view of the unique circumstances presented by this matter--including the generally perceived commitment made by NS to the Altoona/Hollidaysburg area and to Car Shops employees made largely to gain important local and statewide support for the Conrail merger from business, labor, and political interests in Pennsylvania, Conrail's "home" state, a commitment upon which those interests reasonably relied--the normal procedures of the *New York Dock* labor protective conditions imposed by the Board in its approval of the Conrail merger might not adequately protect the Car Shops' employees. Accordingly, the Board today supplemented those original conditions by requiring NS, should it proceed to close the Car Shops, to extend to all Car Shops employees transferred to other NS facilities the "automatic certification" for *New York Dock* benefits that NS had previously negotiated with certain Car Shops employees, with remaining details to be worked out through negotiation between NS and the involved unions.

The Board also stated that it expects NS to honor its promise that every Car Shops' employee will have the opportunity for continued NS employment. But, to assure the equitable treatment of those employees not afforded the opportunity to transfer to new NS employment elsewhere (or of those unable to exercise their seniority to obtain such a position), the Board further supplemented its previous conditions by deeming such employees to be eligible, upon their dismissal, for dismissal allowances pursuant to the *New York Dock* conditions. Finally, the Board required NS to report, on a quarterly

basis beginning on January 2, 2002, on its efforts to keep open the nearby JLS, and on its efforts to work with the Altoona/Hollidaysburg area on alternative economic development projects.

The Board issued its decision today in Decision No. 198 in the case entitled *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*, STB Finance Docket No. 33388. Vice Chairman Clyburn commented with a separate expression. A printed copy of the decision is available for a fee by contacting **D~ 2 D~ Legal, Room 405, 1925 K Street, NW, Washington, DC 20006, telephone (202) 293-7776**, or via [http://Da_To_Da@Hotmail.com](mailto:Da_To_Da@Hotmail.com). The decision also is available for viewing and downloading via the Board's website at <http://www.stb.dot.gov>.

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