

**SURFACE TRANSPORTATION BOARD SEEKS COMMENT IN 6 CONSTRUCTION
PROJECTS RELATED TO PROPOSED "CSX-NS-CONRAIL" RAILROAD CONTROL
TRANSACTION**

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PUBLIC & MEDIA ADVISORY:
**SURFACE TRANSPORTATION BOARD
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RELATED TO PROPOSED "CSX-NS-CONRAIL"
RAILROAD CONTROL TRANSACTION**

Surface Transportation Board (Board) Chairman Linda J.

Morgan announced today that the Board has issued notices inviting public comment on non-environmental matters in six construction projects Notice of the following exemption proceedings was published on July 23, 1997: *CSX Transportation, Inc.-- Construction and Operation Exemption--Connection Track at Willow Creek, IN*, STB Finance Docket No. 33388 (Sub-No. 2); *CSX Transportation, Inc.-- Construction and Operation Exemption--Connection Tracks at Greenwich, OH*, STB Finance Docket No. 33388 (Sub-No. 3); *CSX Transportation, Inc.-- Construction and Operation Exemption--Connection Track at Sidney Junction, OH*, STB Finance Docket No. 33388 (Sub-No. 4); *Norfolk and Western Railway Company--Construction and Operation Exemption--Connecting Track with Union Pacific Railroad Company at Sidney, IL*, STB Finance Docket No. 33388 (Sub-No. 5); *Norfolk and Western Railway Company--Construction and Operation Exemption--Connecting Track with Consolidated Rail Corporation at Alexandria, IN*, STB Finance Docket No. 33388 (Sub-No. 6); and *Norfolk and Western Railway Company--Construction and Operation Exemption--Connecting Track with Consolidated Rail Corporation at Bucyrus, OH*, STB Finance Docket No. 33388 (Sub-No. 7). related to the proposed "CSX-NS-Conrail" primary railroad control transaction submitted to the Board 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 (*CSX-NS-Conrail*) on June 23, 1997, by the CSX Corporation and CSX Transportation, Inc. (CSXT); Collectively referred to as "CSX". the Norfolk Southern Corporation and the Norfolk Southern Railway Company; Collectively referred to as "NS". and Conrail Inc. and the Consolidated Rail Corporation Collectively referred to as "Conrail". (collectively referred to as "applicants"). The railroad control application seeks Board approval for the acquisition by CSX and NS of control of Conrail and the division of Conrail's

assets by and between CSX and NS.

In Decision No. 9 in *CSX-NS-Conrail*, the Board granted requests, with respect to four CSX construction projects and three NS construction projects, for waivers of the Board's otherwise applicable railroad merger rules. The waivers would allow consideration of CSX and NS's requests to permit them to begin physical construction, with the attendant risk that the Board may deny the primary control transaction, may approve but apply conditions to it, or may approve but deny authority for operations over such connection tracks. Such construction would follow completion of the Board's environmental review of the projects, and a Board decision authorizing the specific projects, prior to the time the Board issues its decision on the primary application.

In accordance with Section 10502 of Title 49, United States Code (49 U.S.C. 10502), CSX and NS have filed a total of six petitions (CSX and NS each filed three) for exemption from the Board's prior-approval provisions of 49 U.S.C. 10901 to construct and operate connection tracks at Willow Creek and Alexandria, Indiana; Greenwich, Sidney Junction, and Bucyrus, Ohio; and Sidney, Illinois. CSX also filed a notice of exemption in *CSX Transportation, Inc.--Construction and Operation Exemption--Connection Track at Crestline, OH*, STB Finance Docket No. 33388 (Sub-No. 1), which was issued to the public and published in the *Federal Register* on July 11, 1997 (62 FR 37331). Petitions for the Board's reconsideration with respect to physical construction of the Crestline connection track, as proposed in STB Finance Docket No. 33388 (Sub-No. 1) embraced docket, and/or operation over the track by CSXT, are due by **July 31, 1997**. CSX and NS contend that exemptions of the proposed construction projects, and the railroads' respective operations over the proposed connection tracks, would be consistent with the national rail transportation policy. The applicants stated that the exemptions would promote effective competition among rail carriers and with other transportation modes, and meet the needs of the shipping public. As indicated in the *Federal Register* notices published on July 23, 1997, non-environmental comments relative to the physical construction of connection tracks at Willow Creek and Alexandria, IN; Greenwich, Sidney Junction, and Bucyrus, OH; and at Sidney, IL, as proposed in STB Finance Docket No. 33388 (Sub-Nos. 2, 3, 4, 5, 6 and 7) embraced dockets, respectively, and/or operation over such track by the applicants, are due by **August 22, 1997**.

The railroads' environmental reports covering the proposed connection tracks are contained in the Environmental Reports filed with the Board in STB Finance Docket No. 33388. The applicants also must submit, no later than **September 5, 1997**, preliminary draft environmental assessments (PDEAs) for each proposed construction project. Each PDEA must comply with all of the requirements for environmental reports contained in the Board's environmental rules at Section 1105.7 of Title 49, Code of Federal Regulations (49 CFR 1105.7). Additionally, the PDEAs must be based on consultations with the Board's Section of Environmental Analysis (SEA) and the federal, state, and local agencies set forth in 49 CFR 1105.7(b), as well as other appropriate parties. If a PDEA is found to be insufficient, the Board may require additional environmental information or it may reject the PDEA.

As part of the Board's environmental review process, SEA will independently verify the information contained in each PDEA; conduct further independent analysis, as necessary; and develop appropriate environmental mitigation measures. For each project, SEA plans to prepare an Environmental Assessment (EA), which will be issued to the public for its review and comment. The public will have 20 days to comment on the EA, including any proposed environmental mitigation measures. After the close of the public comment period, SEA will prepare Post Environmental Assessments (Post EAs) containing SEA's final recommendations, including appropriate environmental mitigation. Thus, in deciding whether to grant CSX and NS's exemption requests, the Board will consider the entire environmental record,

including all public comments; the EA; and the Post EA. Should the Board determine that a construction project could potentially cause, or contribute to, significant environmental impacts, then that project would be incorporated into the Environmental Impact Statement for the proposed control transaction in STB Finance Docket No. 33388.

As in two prior decisions in *CSX-NS-Conrail*, Decision No. 5, issued to the public on May 13, 1997, at page 3; and Decision No. 9, issued to the public on June 12, 1997, at page 6. the Board again emphasized that its consideration of these construction projects does not, and will not in any way, constitute approval of, or even indicate any consideration on the part of the Board relative to approval of, the primary control application in STB Finance Docket No. 33388. Rather, the applicants have willingly assumed the risk that the Board may deny the primary control application, or approve it subject to conditions unacceptable to the applicants, or approve the primary control application but deny an applicant's request to operate over any or all of the seven connections.

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