



Bucks County Economic Development Corporation

February 5, 2016

The Honorable Daniel R. Elliott III
Chairman
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Ann D. Begeman
Vice Chairman
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Debra Miller
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

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OFFICE OF CHAIRMAN

Dear Chairman Elliott and Surface Transportation Board Members:

As Pennsylvania's Certified Economic Development Agency for Bucks County, Pennsylvania; the Bucks County Economic Development Corporation (BCEDC) a private not for profit 501C4 is writing on behalf of BCEDC membership of business and industry in Bucks County in opposition to the proposal offered by Canadian Pacific Railway (CP) to acquire Norfolk Southern (NS). I read CP's proposal dated November 9, 2015 and listened to comments made by CP's CEO Hunter Harrison and venture capitalist Bill Ackman and, honestly, I have concerns that it would negatively impact the economy of 8th Congressional District of Pennsylvania in which Bucks County is located. Should CP be allowed to acquire NS via a hostile take-over, it would have significantly negative consequences on our local and regional economy, such as the redevelopment of the county's largest brown field sites USX's Keystone Industrial Port Complex. NS provides critical services to the existing business partners, USX and Kinder Morgan which support the local and regional economies. The CP acquisition would have a negative impact on the regions interstate commerce and Bucks County's transportation infrastructure.

The BCEDC supported the passage through our local Chambers of Commerce and enactment of PA Act 89 of 2013, a long term, comprehensive transportation funding bill; and most recently applauded the congress for passing of a five-year federal transportation funding plan that will provide about 40 percent of our state's transportation funding plan that will provide about 40 percent of PA transportation needs.

NS been an outstanding partner of the BCEDC, its footprint extends throughout the Commonwealth as is evidenced by nearly 2,300 miles of track, 12 rail yards, 10 terminals, three ports, and three locomotive shops. To put its impact in context in 2014, NS was responsible for:

- Enabling the location or expansion of 16 industries that resulted in \$2 billion in customer investment and 1,170 new jobs;
- \$151 million of investments made in its tracks and facilities;
- Handling more than 1.7 million shipments of freight originating or terminating in the Commonwealth;
- Connecting 48 short line railroads to domestic and global markets;
- \$1 billion in purchases and payments;
- \$340 million in wages and benefits paid to 5,200 employees and 2,240 retirees; and
- \$34.4 million in state and local taxes.

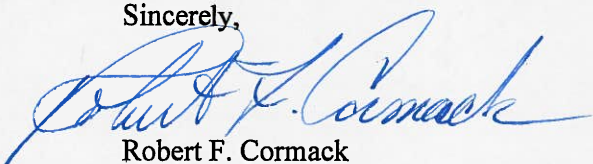
The best example of NS's commitment to not only Pennsylvania, but to the entire Northeast, is its recent acquisition of the southern portion of the Delaware & Hudson between Sunbury, PA and Schenectady, NY from CP. Under CP's ownership, this 283-mile line segment was allowed to deteriorate through lack of maintenance, resulting in poor service to existing customers on the line and discouraging new rail-served business. NS's \$217 million purchase of the D&H South from CP strengthens transportation options for Pennsylvania businesses. In addition, the emergence just a few years ago of the rail service carrying crude oil from the Bakken region of North Dakota to the Philadelphia refineries has breathed new life into an area that was struggling from the high prices of oil imported from foreign countries. The continuation of this service is essential in the long term viability of the refineries. Of this service is essential in the long term viability of the refineries.

Of equal concern is the possible harm the proposed CP acquisition of NS could have on Pennsylvania's short line railroads. Pennsylvania has more short lines than any other state in the U.S. These small railroads, in partnership with NS, are connecting businesses in rural areas with domestic and international markets. If CP's lack of investment in the D&H is to be used as an indication, Pennsylvania's rail infrastructure could be in serious jeopardy under CP control. Of equal concern is the possible harm the proposed CP acquisition of NS could have on Pennsylvania's short line railroads. Pennsylvania has more short lines than any other state in the U.S. These small railroads, in partnership with NS, are connecting businesses in rural areas with domestic and international markets. If CP's lack of investment in the D&H is to be used as an indication, Pennsylvania's rail infrastructure could be in serious jeopardy under CP control.

In closing, BCEDC is concerned that any merger could potentially lead to detrimental impacts on freight rail service here in Bucks County, Pennsylvania, throughout the Northeast United States and the mid-Atlantic region. Therefore, it is imperative that an acquisition of NS by CP not put additional pressure on local or regional carriers, or reduce shipping options for Pennsylvania products.

Thank you for your careful consideration of this important matter.

Sincerely,



Robert F. Cormack
Executive Director