

Commonwealth of Kentucky

HOUSE OF REPRESENTATIVES
Frankfort, Kentucky 40601



HUBERT COLLINS
State Representative
97th District
Johnson, Martin, Floyd
and Pike Counties

COMMITTEES
Transportation, Chairman
Transportation Budget Review
Natural Resources and Environment
Education

January 27, 2016

Mr. Daniel R. Elliot, Chairman
Ms. Ann D. Begeman, Vice Chairman
Ms. Debra Miller
United State Surface Transportation Board
395 E W Street, SW
Washington, DC 20423-0001

2016 FEB - 8 AM 9:18
OFFICE OF CHAIRMAN

Dear Chairman Elliot and Surface Board Members:

I am writing to you regarding Canadian Pacific Railway's proposal to acquire Norfolk Southern Corporation. As Chairman of the House Transportation Committee in Kentucky, I am concerned about the impact the proposed merger may have on the state's economy.

Norfolk Southern has long been an important part of the Kentucky economy. Historically, the company has supported the movement of coal. More recently, NS has assisted in the diversification of the state's economy, servicing Toyota production facilities in Georgetown and an intermodal terminal in Louisville to name a few ways. The continued investment in rail infrastructure and dedication to quality service has allowed for the development of these industries. The merger being proposed by CP has the ability to upset the long-standing relationship NS has enjoyed with this state and its business community.

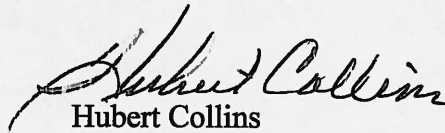
Recent news reports have revealed that CP expects to realize up to \$1.8 billion in "synergies" from a merger with NS. I am concerned that much of this saving could result from deferred investment in infrastructure, inadequate train crew staffing, and other methods designed to achieve a lower operating ratio and increasing profits. I believe that such methods will only result in less efficient service and perhaps even be detrimental to safety.

As you are well aware, the Surface Transportation Board's current rules set a high bar for further consolidation, recognizing that such consolidation inevitably would lead to massive service disruptions for shippers, reduced competition between carriers, and momentum for further consolidation among remaining railroads. It goes without saying that any or all of these circumstances would be contrary to the greater good of the economy which relies on freight rail service.

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Given these facts and the current economic pressures on the entire industry, I believe the Board should be focused on public policy solutions that boost economic growth, support sustainable rail competition, and protect the recent service gains that are helping our shippers and communities. I encourage the Surface Transportation Board to review any proposal by Canadian Pacific very closely in light of the potential significant harm to public interest.

Sincerely,

A handwritten signature in black ink, appearing to read "Hubert Collins". The signature is written in a cursive style with a large initial "H".

Hubert Collins
State Representative
97th District

HC/tar