



SAN JOSE DISTRIBUTION SERVICES

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OFFICE OF CHAIRMAN

March 3, 2016

Honorable Dan Elliot Chairman
Honorable Deb Miller Vice Chairman
Honorable Ann Begeman Member
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

Dear Honorable Dan Elliot Chairman, Honorable Deb Miller Vice Chairman, Honorable Ann Begeman Member,

In behalf of San Jose Distribution Services Inc., a third party warehousing logistics company that has been in business since 1956, San Jose Distribution Services Inc. strongly opposes the merger of the Canadian Pacific Railroad and the Norfolk Southern Railroad. Besides being an aggressive, unwanted, illogical, take over of the Norfolk Southern Railroad by the Canadian Pacific Railroad, this merger is not in the public's best interest, does not demonstrate enhanced competitiveness, the merger will create competitive harm. Such a merger will cause service disruptions kindred to the Union Pacific Railroad – Southern Pacific Railroads merger in 1996. The Union Pacific – Southern Pacific merger caused the worst yard congestions in history, Colton, California and Houston, Texas, two integral serving areas, to the point the Surface Transportation Board was close to personally intervening in the railroad's operations. It took the Union Pacific Railroad seven years to recover from that merger.

The Canadian Pacific Railroad will cause major, unnecessary, service disruptions to the Norfolk Southern Railroad by cutting costs to finance the merger. This means the Canadian Pacific will furlough employees, force retirements, consolidate operations, cut back yard operations, all of which will result in service disruptions.

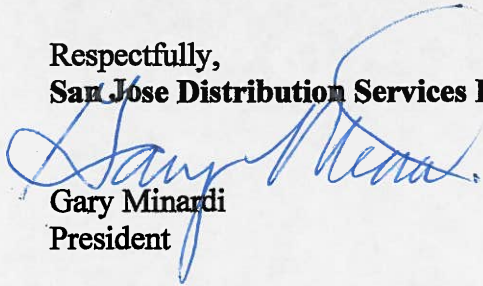
A Canadian Pacific – Norfolk Southern merger will create the only transcontinental railroad in the United States. The Union Pacific Railroad, the Burlington Northern Sante Fe Railroad, the Canadian National Railroad, the Kansas City Southern Railroad, will not be able to compete. The UP, BNSF, CSX, CN, KCS railroads will be relegated to interlining cars, where the Canadian Pacific will be a Shipper – Receiver captive one rail line delivery system. If the CP-NS merger is approved, what would prevent *responsive mergers*, possibly UP-CSX, BN-CN, KCS – Genesee and Wyoming or Watco merging?

It is not in the public's best interest to create further monopolization of the rail system.

Honorable Dan Elliot Chairman
Honorable Deb Miller Vice Chairman
Honorable Ann Begeman Member

The Surface Transportation Board created rules and regulatory guidelines to prevent another merger mishap similar to the Union Pacific – Southern Pacific in 1996. San Jose Distribution Services Inc. has faith that the Board will carefully consider the rules and regulatory guidelines for mergers. But also, the Board should consider that Regional Class One rail operations work and have become more efficient, more competitive, more profitable after Staggers Act. San Jose Distribution Services Inc. urges the Surface Transportation Board to not approve this merger.

Respectfully,
San Jose Distribution Services Inc.



Gary Minardi
President

Warehousing and Distribution Services Since 1956

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