

James I. Newsome, III
President and Chief Executive Officer



176 Concord Street
P.O. Box 22287
Charleston, SC 29413 USA
(843) 577-8608

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Chairman Daniel R. Elliott, III
Vice Chairman Deb Miller
Member Ann D. Begeman
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-000

Dear Surface Transportation Board Members:

I am the CEO of the South Carolina Ports Authority in Charleston and am writing to express my sincere concern regarding the efforts by CP Rail to acquire one of the two Eastern Class 1 railroads. My reasoning for this concern is as follows:

- Ports and other international logistics interests on the East Coast are dependent on reliable and consistent rail service to move freight through our facilities. We are investing over \$1 billion over the next five years in facilities to handle the new fleet of large container ships. Much of this investment is predicated on the reliance that we have two service-oriented rail carriers able to invest to support this growth.
- We have a very competitive situation today between the two Class 1 railroads serving our port which provides substantial and reliable capability.
- Equally, we are skeptical as to what benefit any end-to-end combination between CP Rail and an eastern Class 1 railroad would generate. There seems to be relatively little potential for network or service enhancement. We think both entities are well-managed strategically and operationally today given service requirements in the supply chain. Acquisitions typically lead to efforts to dramatically reduce costs to monetize their effectiveness, with an often predictable deterioration of service and capability.

In short, we have significant strategic partnerships with the Eastern Class 1 railroads serving our state and cannot afford disruption of these. Our state is investing over \$200 million in a dual-served intermodal container transfer facility which will be served by both Class 1 railroads and can only work financially if this is the case.



I am happy to answer any questions that you may have.

Sincerely,

A handwritten signature in blue ink, appearing to read "James I. Newsome, III". The signature is stylized and fluid.

James I. Newsome, III