

Tyner Terminal Railway Company

4119 Cromwell Rd
Chattanooga, TN 37421

February 8, 2016

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

VIA USPS and Electronic Mail

Dear Chairman Elliott:

The Tyner Terminal Railway Company is a contract switching carrier located at the former Volunteer Army Ammunition Plant in Chattanooga, Tennessee. In 2015 we handled over 8,300 carloads for Volkswagen, Archer-Daniels-Midland, and the Tennessee Valley Authority. Our customers rely on the Class I railroads for safe and timely delivery of their products. We are opposed to the proposed merger of Canadian Pacific and Norfolk Southern because it will threaten that service. The threat stems from multiple factors that will result from the proposed merger.

First, the disruption of the merger will have an effect on service levels as the partners move to integrate their operations. In spite of the best efforts by the parties, past mergers have created severe service disruptions of extended duration. Such disruptions, if not promptly resolved, can threaten the solvency of small carriers such as the Tyner Terminal Railway.

Second, in order to fund the merger, the parties are likely to resort to under investing in their infrastructure. The railroad industry is heavily capital intensive for good reason: the safe and efficient delivery of goods by rail requires maintaining rolling stock and track infrastructure at a high level. Any attempt to reduce necessary investment in favor of debt payments will jeopardize that service. Also, rapidly changing traffic patterns sometimes require new capacity investments, something that a merged company, struggling to pay down its debt, will postpone as long as possible.

Third, we are concerned that this merger will lead other Class I railroads to merge to protect their interests. This will leave customers with fewer options for service while prolonging the disruptions that come with merger integration. In our view, the entire national rail network would face a period of dysfunction of indeterminate length.

Fourth, the Tyner Terminal worries that disruption to the rail network will force its customers to seek alternative distribution strategies on a permanent basis. Chattanooga is extremely well served by the Interstate highway system, and the shipments we handle can be diverted to truck. We have seen this phenomenon occur in the past when our Class I connections have experienced temporary congestion resulting in unreliable transit times.

Lastly, we do not believe that this merger would be in the best interest of the United States or our community. Ownership of a major United States transportation resource by one based in another country has the potential to place the United States at risk in any conflict. Further, we have seen the support that the Norfolk Southern gives the communities in which it operates. The shift to a more distant owner will prevent those relationships from developing, or flourishing.

For all of the above reasons, we respectfully ask that the Surface Transportation Board to reject any proposed merger request of a Class I rail carrier with another Class I carrier.

Sincerely,



Tim Andrews, President

cc:

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