

# WESTERN CAROLINA RAILWAY SERVICE

C O R P O R A T I O N

Post Office Box 1729, Taylors, South Carolina 29687-0036

February 10, 2016

United States Surface Transportation Board  
The Honorable Daniel R. Elliott III, Chairman  
395 E Street, S.W.  
Washington, DC 20423-0012

2016 FEB 22 AM 9:22  
OFFICE OF CHAIRMAN

Re: Opposition to Canadian Pacific Railway acquisition and merger with Norfolk Southern Railway

Chairman Elliott:

Western Carolina Railway Service Corporation owns two Class III rail lines in South Carolina:

- Greenville & Western Railway Company, LLC (GRLW) – a 12.74-mile operation entirely within Anderson County. GRLW handles ethanol, biodiesel, kerosene, plastics, wood pulp, paper, scrap metals, fertilizer, seed, limestone, dolomite, sand, carbon black, new construction machinery and various dimensional materials and equipment.
- Aiken Railway Company, LLC (AIKR) – an 18.90-mile operation entirely within Aiken County. AIKR handles chlorobenzene, fertilizer, seed, kaolin clay, limestone, borate, and sand.

Both roads are served by Norfolk Southern Railway (NS); while GRLW has the option of directing traffic to and from Class I interchanges with both CSX Transportation and NS, AIKR's interchange relationship is exclusively with NS. Thus, Canadian Pacific Railway (CP)'s ongoing effort to acquire control and potentially merge operations with NS are of great interest and concern to our companies.

As a short line operator, the importance of local management and marketing, competitive rates, reliable service and a long-term commitment to re-invest in infrastructure are key to maintaining and growing business... and can be the critical difference between one railcar of freight moving over the nation's privately-funded rail network or three to four truck loads of freight moving over the nation's rapidly deteriorating taxpayer-funded highway network.

These key factors go beyond the local "neighborhood" road GRLW and AIKR serve... they extend to our interchange partners and to their interchange partners. I believe that through the completed mergers of the preceding decades, Class I operators have realized the "maximum" obtainable benefit to be gained through 1) the consolidation or elimination of redundant terminals, 2) elimination of duplicate or overlapping operations, and 3) synergies through management consolidation and personnel reduction. I believe today's Class I rail network, barring significant economic or regulatory changes or the occasional localized exception, is optimized as it stands.

In our opinion, today's NS is a Class I rail carrier that 1) understands the importance of local management and marketing by maintaining regional offices that are proximate to operations, 2) positions sales and economic development personnel proximate to markets, 3) offers competitive rates through continually-optimized operations that minimize costs without the sacrifice of service consistency or safety, 4) consistently re-invests in the maintenance and improvement of their physical plant, and 5) maintains a

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management team that keeps up with the pulse of the industry by continually striving to set the bar higher at every level.

We believe that CP's goal of bringing a better "shareholder return" through a combined CP-NS network is only obtainable through 1) unwise reductions in management and operations personnel (potentially jeopardizing operational safety), 2) an inevitable reduction in established service quality and frequency (which directly impacts the quality of our service product), 3) through deferral or absolute elimination of necessary maintenance (also potentially jeopardizing operational safety), and 4) the elimination of all infrastructure expansion projects, both industrial development-based or operational.

Western Carolina Railway Service Corporation values Norfolk Southern Railway as an interchange partner and opposes any attempt by Canadian Pacific Railway to gain control thereof. Should a Docket be brought before the Board for its consideration on this matter, we ask that the Board stand opposed to any attempt by CP to gain control of NS.

Thank you for your most valuable time and ongoing consideration.

Sincerest regards,



Steven C. Hawkins,  
Chief Executive Officer



Cheryl R. Hawkins,  
Chief Financial Officer