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November 27, 2024

CSXT/PAR-66

VIA E-FILING

Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
Office of Proceedings
395 E Street, SW
Washington, DC 20423

Re: **STB Docket No. FD 36472, CSX Corporation and CSX Transportation, Inc., et al.—
Control and Merger—Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and
Maine Corporation, Maine Central Railroad Company, Northern Railroad, Pan Am
Southern LLC, Portland Terminal Company, Springfield Terminal Railway
Company, Stony Brook Railroad Company, and Vermont & Massachusetts
Railroad Company**

Dear Ms. Brown:

Pursuant to *Decision No. 9* in the above-referenced proceeding, enclosed for e-filing is a public version of CSX's Fifth Biannual Report, with appropriate redactions that the Board can place in its docket. We are concurrently filing a highly confidential version of the Report to be filed under seal.

Respectfully submitted,

/s/ Anthony J. LaRocca

Anthony J. LaRocca
Peter W. Denton
Sally Mordi
*Attorneys for CSX Corporation and
CSX Transportation, Inc.*

Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

OVERSIGHT

CSX'S FIFTH BIENNIAL REPORT

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Dated: November 27, 2024

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
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PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

OVERSIGHT

CSX'S FIFTH BIENNIAL REPORT

In *Decision No. 9* in this proceeding, served on April 14, 2022, the Board¹ approved the application by CSXC and CSXT to acquire control of seven rail carriers owned by Pan Am Systems, Inc. (“Systems”), and Pan Am Railways, Inc., and to merge six of those PAR Railroads into CSXT (the “Merger Transaction”). The Board also approved a number of related transactions, one of which allowed Pittsburg & Shawmut Railroad, LLC d/b/a Berkshire & Eastern Railroad (“B&E”) to replace Springfield Terminal as the operator of Pan Am Southern LLC (“PAS”), a 50/50 joint venture between Boston & Maine (a PAR Railroad now wholly-owned and controlled by CSX) and NSR (the “B&E transaction”). *Decision No. 9* became effective on May 14, 2022. As CSX previously reported to the Board, on June 1, 2022, Applicants consummated the Merger Agreement described in the Revised Application. *See*

¹ The acronyms and defined terms used in this Report are the same as those used in *Decision No. 9* in this proceeding, served by the Board on April 14, 2022, or in the Revised Application filed in this proceeding on July 1, 2021.

CSXT/PAR-56, filed June 1, 2022. On September 1, 2023, B&E replaced Springfield Terminal as the operator of PAS, thereby completing the B&E transaction authorized by the Board. *See* CSXT/PAR-60, FD 36472 (Sub-No. 5), filed Sept. 1, 2023. On March 1, 2024, CSX reported to the Board the protocols and implementation steps that B&E has put in place to prevent the improper sharing of competitive information. *See* CSXT/PAR-62, filed Mar. 1, 2024. On July 16, 2024, CSX submitted to the Board the service metrics that CSX developed along with NSR and B&E for operations at the Ayer yard and the performance metrics for B&E's general operations. *See* CSXT/PAR-65, filed July 16, 2024.

In *Decision No. 9*, the Board ordered that "CSX shall file, starting six months from the closing date of the Merger Transaction and then lasting for two years (after which time the Board will determine if reporting should continue), the following data:

- Traffic volume by carload and ton-miles on the Patriot Corridor (i.e., the Northern Route), broken out by carrier account, haulage partner, and commodity at the 2-digit STCC level.
- Truck-to-rail conversions on the CSX lines subject to this proceeding."

Decision No. 9, slip op. at 53. Pursuant to *Decision No. 9*, CSX submitted its first biannual report on December 1, 2022. *See* CSXT/PAR-58, filed Dec. 1, 2022. CSX submitted its second biannual report on June 1, 2023. *See* CSXT/PAR-59, filed June 1, 2023. CSX submitted its third biannual report on December 1, 2023. *See* CSXT/PAR-61, filed Dec. 1, 2023. CSX submitted its fourth biannual report on May 31, 2024. *See* CSXT/PAR-63, filed May 31, 2024. On June 13, 2024, CSX submitted an Errata correcting certain errors in CSX's first, second, third, and fourth biannual reports. *See* CSXT/PAR-64, filed June 13, 2024. CSX now submits its fifth and final

biannual report. The facts and data presented in this report are verified by Michael Clements, Sr. Manager – Joint Facilities at CSXT.

I. Traffic Volume on the Patriot Corridor

Attachment A to this report contains “[t]raffic volume by carload and ton-miles on the Patriot Corridor (i.e., the Northern Route), broken out by carrier account, haulage partner, and commodity at the 2-digit STCC level.” *Decision No. 9*, slip op. at 53. The traffic volume totals listed in Attachment A consist of PAS movements from May 16, 2024 to November 15, 2024, over the Patriot Corridor (between milepost 467.4 at Mechanicville, NY, and milepost 311.97 near Willows, Mass.) and the Rotterdam Branch (between milepost 12.16 at Rotterdam Junction, NY and milepost 0.0 (CPF 477) near Burnt Hills, NY).

As shown by the data, {{ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] }} The specific data and traffic volume totals are designated as highly confidential, pursuant to the protective order in place in this proceeding.

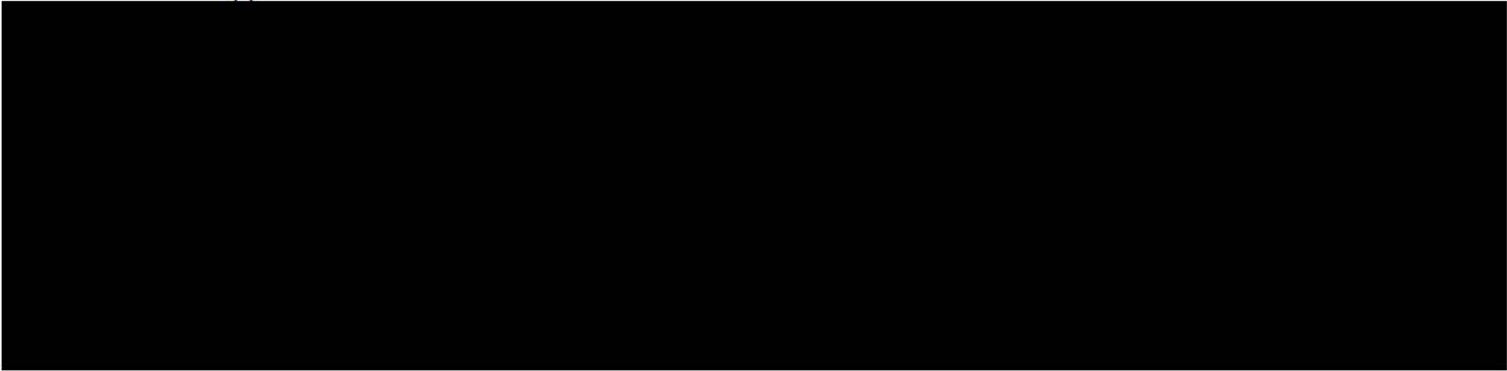
II. Truck-to-Rail Conversions on the CSX Lines Subject to this Proceeding

The Board also seeks data showing “[t]ruck-to-rail conversions on the CSX lines subject to this proceeding.” *Decision No. 9*, slip op. at 53. In CSX’s first biannual report, CSX explained that there is no existing source of precise data on truck-to-rail conversions, since the decisions to choose rail over truck are made by individual shippers in particular circumstances and the commercial sensitivity of such shipper-specific decisions makes the collection of such data impractical. However, CSX developed an approach to identify the requested data by examining changes over time in the rail volumes of certain types of long-haul traffic that are particularly

In the first, second, third, and fourth biannual reports, CSX looked at changes in traffic volume of these commodities handled in “longer-haul” movements to identify possible truck-to-rail conversions. Mr. Wallace defined “longer-haul” shipments where rail could compete best with trucks as movements beyond locations within New England or between New England and New York, New Jersey, or Pennsylvania, where trucks have an inherent advantage. *See id.* at 11 n.39. Thus, CSX assumed that “longer-haul” shipments handled by PAR exclude all shipments on the PAR System within New England states (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, and Vermont), and all shipments on the PAR System between those New England states and New York, New Jersey, Pennsylvania, Nova Scotia, New Brunswick, and Quebec.

The following table updates the data in the first, second, third, and fourth biannual reports to show carload volume on longer-haul movements of the specific commodities prior to the transaction (December 2021 to May 2022) compared to longer-haul movements of those same commodities in the first, second, third, fourth, and fifth six-month periods after the transaction.

}}



}}

A few observations can be made based on the data in this table. First, in the first, second, and third biannual reports, CSX explained that traffic changes in {{ [REDACTED] }} appeared to reflect significant truck-to-rail diversions. CSX previously explained that the

{{ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] }} See

² The carload figures in this column differ slightly from the carloads set out in the fourth biannual report for this six-month period because, as noted in footnote no. 3 to the fourth biannual report, the carload data for December 2023 to May 2024 were based in part on projections for the last month of the period, whereas the data in the table above are actuals. See CSXT/PAR-63 at 5 n.3.

³ As noted in footnote no. 2 above, these carload data are based in part on extrapolations. In particular, we used actual carload volumes from June 1, 2024 to November 18, 2024, and projected carload volumes from November 19 to November 30, 2024. We used a similar method in the first, second, third and fourth biannual reports.

⁴ As noted in footnote no. 4 to the third biannual report, {{ [REDACTED] }} See CSXT/PAR-61 at 5 n.4. In the fourth biannual report, CSX explained that {{ [REDACTED] }} shipments had increased. CSXT/PAR-63 at 5 n.4, 8. In the most recent six-month period, {{ [REDACTED] }} shipments continued to increase, as discussed further below.

⁵ The first biannual report excluded traffic volume figures related to {{ [REDACTED] }} because of the seasonality of {{ [REDACTED] }} movements. Now that we have full-year volume figures for that commodity, we have presented the figures in the second, third, fourth, and fifth biannual reports.

CSXT/PAR-58 at 6. In the second and third biannual reports, CSX explained that the increase in long-haul rail movements had continued to grow. CSXT/PAR-59 at 5; CSXT/PAR-61 at 5-6. In the fourth biannual report, CSX explained that {{ [REDACTED] }} CSXT/PAR-63 at 6. As reflected in the table above, in the most recent six-month period, {{ [REDACTED] }}

Second, in the third biannual report, CSX stated that increases in long-haul movements of {{ [REDACTED] }} reflected the continued strength of rail competition for movement of this commodity, along with {{ [REDACTED] }}.

CSXT/PAR-61 at 6. In the fourth biannual report, CSX stated that movements of {{ [REDACTED] }} had been stable as compared to the prior six-month period. However, movements of {{ [REDACTED] }} had increased significantly, {{ [REDACTED] }} CSXT/PAR-63 at 6. As reflected in the table above, in the most

recent six-month period, movements of {{ [REDACTED] }} decreased, driven by {{ [REDACTED] }}

As to {{ [REDACTED] }} makes it difficult to draw conclusions from a comparison of back-to-back six-month periods. In the third biannual report, CSX stated that if the June to November 2022 period is compared to the June to November 2023 period, increases can be seen. CSX explained that the increase can largely be attributed to {{ [REDACTED] }}

[REDACTED]

[REDACTED] CSXT/PAR-61 at 6. In the six-month period prior to the filing of the fourth biannual report (December 2023 to May 2024), shipments increased [REDACTED] over the prior six-month period (June to November 2023) and increased [REDACTED] over the December 2022 to May 2023 period. In the fourth biannual report, CSX explained that the increase can largely be attributed to [REDACTED] [REDACTED]}}

CSXT/PAR-63 at 7. The table above shows that shipments of this commodity have continued to increase in the most recent six-month period (June 2024 to November 2024). The increase can largely be attributed to [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]}} The increase in shipments of [REDACTED] can also be attributed to [REDACTED]

[REDACTED]

[REDACTED]}}

The table above also shows changes in carload volumes of long-haul rail movements in [REDACTED] [REDACTED]}}. In the third biannual report, CSX explained that declines in long-haul movements of [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] }} CSXT/PAR-63 at 8. In the most recent six-month period,

movements of {{ [REDACTED]

[REDACTED] }}

Most of the growth in the most recent six-month period is the result of {{ [REDACTED]

[REDACTED] }}

In addition to the data analysis set out in the above table showing possible truck-to-rail conversions in certain commodities, we have also identified certain truck-to-rail conversions in other commodities on the PAR System during the most recent six-month period. For example,

{{ [REDACTED]

[REDACTED] }}

As CSX has previously explained, CSX expects that the conversion of truck traffic to rail will increase as improvements are made to the PAR System and shippers see that they can rely on an upgraded and more efficient PAR rail network for their transportation needs. The key to this beneficial trend toward increased use of rail will be improvements to PAR physical

infrastructure. And physical improvements on the PAR System have accelerated in the last six months and will continue over the next year. CSX has devoted substantial resources in the past six months to upgrading the PAR infrastructure.

In the fourth biannual report, CSX explained that it had, in the last year, made certain infrastructure improvements on the PAR System and it anticipated completing various capital improvement projects by the end of 2024. In the most recent six-month period, CSX has made significant progress on completing the capital improvement projects, as described below.

CSX has completed trackwork (including tie, rail, and ballast replacement and surfacing) and signal work on the line between Lincoln, ME (WAT 16.0) and Enfield, ME (WAT 28.0), allowing for increasing the maximum speed limit to 40 mph. CSX has replaced approximately 9,700 ties and 12 track miles of rail over this segment.

Additionally, the PAR System was awarded a CRISI grant for the Waterville Subdivision. CSX has completed trackwork on the main line between Waterville, ME (WAT 113.0) and Royal Jct., ME (WAT 184.7). CSX has replaced approximately 35 track miles of rail, replaced 26 switches, and installed 36 new track panels at road crossings over this segment. CSX is also completing signal work on this segment. These improvements will increase the maximum speed limit to 40 mph.

CSX will upgrade the Hinkley Branch between Waterville, ME (WVL 0.0) and Shawmut, ME (WVL 9.0), increasing the maximum speed limit to 25 mph. CSX has completed staging new rail on this segment. CSX anticipates that it will complete this project in 2025.

On the Portland Subdivision, CSX has completed trackwork and crossing rehabilitations on the main line between Andover, MA (Lowell Jct.) (PLD 106.0) and Ayer, MA (Willows) (PLD 126.7). CSX has replaced approximately 25,000 ties and four track miles of rail over this

segment. CSX is also completing signal work on this segment. These improvements will increase the maximum speed limit to 40 mph.

Within the Portland terminal district, CSX has completed 95% of trackwork and signal work on the second track, with the aid of funds from NNEPRA. CSX has replaced approximately two track miles of rail over this segment. These improvements have allowed a maximum speed of 30 mph on 70% of this segment, with the speed on the remaining portion to be increased in 2025.

CSX will also upgrade the Portsmouth Branch between Rockingham Jct., NH (PMT 0.0) and Portsmouth, NH (PMT 13.0). CSX has begun new rail installation and expects to complete the installation by the end of this year. CSX expects to complete crossing and signal work on this segment in 2025. These improvements will increase the maximum speed limit to 25 mph.

At Wells, ME, with the aid of a CRISI grant, CSX has completed construction of a six-mile long second main track which should be placed into service next week. CSX has replaced approximately six track miles of rail and installed two new crossovers, one new switch, and two new control points over this segment.

On the Nashua Subdivision, CSX will upgrade the line between North Chelmsford, MA and Nashua Yard. CSX expects to complete a tie replacement and crossing rehabilitation project on this segment by the end of this year. CSX has replaced approximately 23,000 ties over this segment. CSX will also be completing signal work on this segment in the future. These improvements will increase the maximum speed limit to 25 mph.

Furthermore, the Pine Tree CRISI grant will result in upgrades to the line between Mattawamkeag, ME (WAT 0.4) and Waterville, ME (WAT 113.0), which will increase the maximum speed limit to 40 mph. CSX has already completed significant work on this line,

including laying new continuous welded rail, installing ties, and resurfacing the entire line, which increased the maximum speed limit to 25 mph, as discussed in the fourth biannual report. *See CSXT/PAR-63 at 9-10.* While awaiting final approval of a revised scope of work for this grant, CSX, on its own, has installed nearly 50 track miles of continuous welded rail and replaced approximately 47,000 ties, increasing the maximum speed limit on the entire line to 25 mph. Once the revised scope of work is approved, CSX expects to complete additional work on the line using grant funds, which will increase the maximum speed limit on the entire line to 40 mph.

Additionally, the PAR System was awarded a federal grant for ties on the Downeaster route between Brunswick, ME and the New Hampshire and Massachusetts state line. CSX expects to replace approximately 125,000 ties on this segment in 2025.

CSX has completed additional capital improvement projects in the most recent six-month period. For instance, in CSX's Lawrence, MA yard, CSX has replaced approximately 1,000 ties and installed eight new switches, bringing the entire yard to FRA Class I standards. CSX has also completed its portion of the work on six of the seven bridges that will need to have improved clearances to allow for double stack clearance on the Worcester Main Line. CSX expects that work on the seventh bridge will be completed soon. This project will be complete once work on these bridges, and three additional bridges, is completed. CSX is also installing 1,800 bridge ties on 10 bridges in Maine.

CSX anticipates that the increased reliability resulting from these projects will continue to encourage new customers to ship via rail rather than truck.

Respectfully submitted,

/s/ Anthony J. LaRocca

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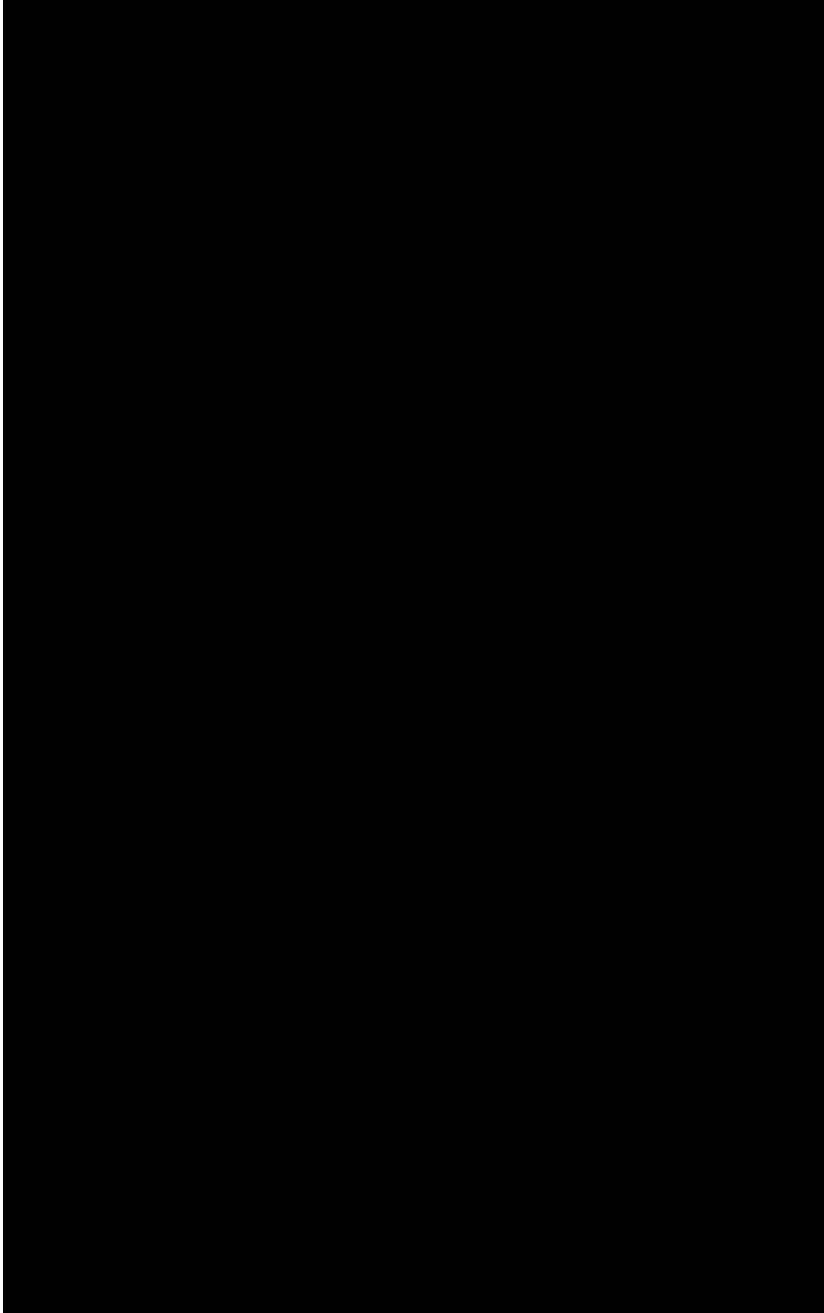
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Attorneys for CSX Corporation and CSX Transportation, Inc.

Dated: November 27, 2024

ATTACHMENT A

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VERIFICATION

I, Michael Clements, Sr. Manager – Joint Facilities of CSX Transportation, Inc., declare under penalty of perjury that the forgoing is true and correct. Further, I certify that I am qualified and authorized to file this Verification.

/s/ Michael Clements

Michael Clements

Executed on November 27, 2024.

CERTIFICATE OF SERVICE

I hereby certify that I have caused this Report in Docket No. FD-36472, *CSX Corporation and CSX Transportation, Inc.—Control and Merger—Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Pan Am Southern LLC, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company, and Vermont & Massachusetts Railroad Company*, to be served electronically or by first class mail, postage pre-paid, on all parties of record in this proceeding.

/s/ Sally Mordi

Sally Mordi
*Attorney for CSX Corporation and
CSX Transportation, Inc.*

November 27, 2024