

BEFORE THE
INTERSTATE COMMERCE COMMISSION

DOCKET NO. AB 167 (SUB-NO. 1088X)

VERIFIED STATEMENT

OF

JOHN F. DUINK

My name is John F. Duink. I am Assistant Director Coal Source Development in the Marketing Department of Consolidated Rail Corporation ("Conrail"). My office is located at 1126 One Liberty Place, Philadelphia, PA 19103.

I am familiar with Conrail's proposal to abandon a portion of the Weirton Industrial Track between Cadiz Junction in Harrison County, Ohio and Dennison in Tuscarawas County, Ohio, a distance of approximately 24 miles. This proposal is the subject of a pending proceeding of the Interstate Commerce Commission at Docket No. AB 167 (Sub-No. 1088X). I have read the statements that have been filed in opposition to the proposed abandonment by the Commissioners of Tuscarawas County, the Ohio Department of Transportation ("ODOT"), and others. This verified statement is submitted in response to the purported impact of the proposed abandonment on the economic development of coal in the southeastern region of Ohio.

EXHIBIT B

A. General Comments

Overall, the impact of the abandonment of this 24 mile segment on the industrial development of coal in southeastern Ohio is negligible. ODOT as well as the Commissioners spend a good deal of time in their comments speculating about hypothetical, future developments affecting the coal industry in southeastern Ohio. It should be noted that I spend a good deal of my time analyzing the very developments that have been addressed by these opponents of the proposed abandonment. Indeed, it is my job to work with coal suppliers to help develop their markets. Conrail's very success and existence is inextricably linked to the economic health of the regions it serves. It is therefore illogical to think that Conrail would abandon a track segment which has a high probability of being profitable. To the contrary, it is Conrail's analysis that this track will not be profitable.

There are certain intrinsic characteristics of the coal mined in this region which necessarily diminish the impact of the removal of this small section of track. Coal that is mined west of the abandonment limits of the Weirton Track is high in sulfur content, and therefore not marketable in the eastern United States where strict pollution guidelines prevail. Coal that is mined east of the abandonment limits is already marketed in the east, and can easily move northwest by way of truck, by alternative Conrail lines, or

by way of rail carriers other than Conrail already in operation. Present coal suppliers served by Conrail in this region have expressed no opposition to, or concern with, the proposed abandonment.

Certain general hypotheticals are raised by ODOT -- in particular by Mr. Hurst (Tab. 1 to ODOT's comments) -- which allegedly will increase the flow of Ohio coal. The first concerns acid rain legislation. The impact of such legislation, which has been under consideration for many, many years, is far too speculative to determine at this time. Even if such legislation is passed, it is impossible to predict what its impact will be on high sulfur coal -- and even more difficult to predict the impact on high sulfur coal originating from mines along the area of the Weirton Track.

The second piece of speculation mentioned by Mr. Hurst (Tab. 1, at 5-6) concerns development of clean coal technology. (ODOT Statement, at 11-12). This technology has been researched for many years with very limited success. In fact, the only area of success is with fluidized bed combustion. Scio Pottery appears to be pursuing this technology. However, the coal demand for its Cogen Facility is so limited that non-rail competition is clearly relevant. Indeed, it is apparent that such coal would only move short distances, probably by truck.

B. Response to Comments by Specific Shippers.

Several coal shippers have submitted letters opposing the proposed abandonments. Further, ODOT has alleged that the proposed abandonment will have a negative impact on certain other coal facilities that have not submitted comments. I will respond to each situation separately.

(a) Valley Mining. Valley Mining has submitted comments opposing the proposed abandonment. First, it must be noted that Valley Mining has originated no coal traffic on the segment of Conrail under consideration. Moreover, there is no high sulfur coal originating west of the abandonment limits which moves eastbound. Accordingly, what relevance Valley Mining's purported desire to use unit train movements of high sulfur coal mined in the west to locations in eastern Ohio is inexplicable. The best market for Valley Mining's coal is in Ohio itself. Given the short hauls involved, trucks handle that market now and are likely to do so in the future. The allegations concerning potential use of unit train movements are questionable since Valley Mining presently only has a 15 car siding. Moreover, to the extent Valley Mining would like to have a rail option, it can move its traffic via the Ohio Central Railroad, CSX, or N&W; all of which operate in this area. Nonetheless, in attempting to pursue potential coal development, Conrail has agreed to help Valley Mining pursue a Load-In-Motion facility along the line at Dennison. Thus, Valley Mining's comments make

little sense. Finally, contrary to Mr. Hurst's assertion, Valley Mining has a switch west of the abandonment limits which can be used by Conrail to provide service after implementation of the proposed abandonment.

(b) Empire Coal. Empire Coal's comments are directed totally at speculation. There is no specific complaint about how abandonment would presently injure Empire. It has no facility on Conrail. Empire Coal has never shipped by rail. Trucks presently handle all short haul movements to the AEP Conesville plant (mentioned at p. 11 of ODOT's comments). Finally, it is high-sulfur coal that is mined by Empire, a type of coal which is not competitive in eastern markets.

(c) Consolidation Coal - Georgetown Mine. Consolidated Coal (referred to at p. 5 of ODOT's comments), another coal operator in the region, has not expressed any concern regarding the abandonment. Its Georgetown Mine does not serve markets requiring direct western movement. The traffic it does generate moves eastward toward Mingo Junction and then north via another Conrail line. Georgetown is jointly served by Conrail and the Norfolk & Western. Abandonment will not prevent Consolidation from moving coal north via the Norfolk & Western. Consolidation, further, has other mines serving points south and west.

(d) Brilliant. Mr. Hurst refers to the American Electric Power (AEP) plant at Brilliant, Ohio. This facility is served by the N&W and also by Conrail through a reciprocal switching arrangement with the N&W. It is not on the Weirton Line, but rather on Conrail's Powhatan Secondary Track. Brilliant has not raised any concerns regarding this abandonment, and despite the removal of these 24 miles, will continue to be able to source coal from eastern points.

(e) Conesville (AEP). AEP has expressed no concern regarding this abandonment. This facility presently has no rail siding which is in adequate condition for use by Conrail. Moreover, this facility is located on the Ohio Central Line and not Conrail. Accordingly, the recent award by AEP of over \$185 million to assist in the financing of its power plant is irrelevant with respect to this particular 24 mile discontinuance.

C. Conclusion.

In conclusion, virtually all of the comments directed at potential coal development in this region are purely speculative and hypothetical. It is not possible to ascertain what effect any of these purported developments may have. As those who have commented concede, this area of Ohio has unfortunately been the recipient of hard economic times. Conrail should be under no obligation to subsidize

failing concerns. Conversely, Conrail clearly would have no interest in seeking to impede probable and realistic coal development given the fact that its own financial health is dependent upon how the regions it serves prosper. Given the lack of success in recent years in developing this area, the lack of any real concern expressed by most of the purportedly affected business concerns, and the markets available for the type of coal actually mined in this area, my conclusion is that the removal of the 24 mile segment of track will have no impact on the future development of coal, nor the present development of coal, in this region of Ohio.

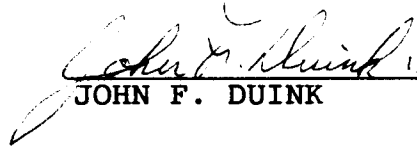
VERIFICATION

COMMONWEALTH OF PENNSYLVANIA :

: SS

COUNTY OF PHILADELPHIA :

I, JOHN F. DUINK, hereby verify that I have read the foregoing verified statement and that the information set forth therein is true and correct to the best of my knowledge, information and belief.



JOHN F. DUINK

Sworn to and subscribed

before me this 13th day

of December, 1988.



Notary Public

LORETTA DANFORD
Notary Public, Phila. Notary Co.
My Commission Expires Aug. 27, 1990