



**NORFOLK SOUTHERN CORPORATION
THREE COMMERCIAL PLACE
NORFOLK, VA 23510**

Office of
Public Record
MAR 30 2006

**James R. Paschall
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FILED

March 29, 2006

via DHL Express

Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

RECEIVED

STB BOARD

Re: STB Docket No. AB-290 (Sub-No. 254X), Norfolk Southern Railway Company - Petition for Exemption - Discontinuance of Service - Between Halls Ferry Junction, NC and Badin, NC, in Stanly County, North Carolina; STB Docket No. AB-290 (Sub-No. 274X), Yadkin Railroad Company - Petition for Exemption - Abandonment of Operating Rights Under Lease - Between Halls Ferry Junction, NC and Badin, NC, in Stanly County, North Carolina; STB Docket No. AB-149 (Sub-No. 2X) Winston-Salem Southbound Railway Company - Petition for Exemption - Abandonment of Operating Rights Under Lease - Between Whitney, NC and Badin, NC, in Stanly County, North Carolina

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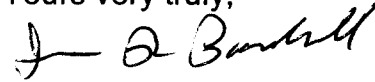
Dear Mr. Williams:

Enclosed for filing with the Board in the subject dockets are an original and ten copies of Norfolk Southern Railway Company's, Yadkin Railroad Company's and Winston-Salem Southbound Railway Company's combined Petitions for Exemptions to abandon a railroad line in the subject proceeding. Also, enclosed is a check in the amount of \$15,600 for the three filing fees for the three dockets and three discs with copies of the petition in a format that is compatible with the Board's word processing programs.

Mr. Vernon A. Williams
Re: AB-290, Sub-No. 254X
AB-290, Sub-No. 274X
AB-149, Sub-No. 2X
Page 2 of 3
March 29, 2006

Please acknowledge receipt of this filing on the enclosed copy of this letter and return it to me in the self-addressed, stamped envelope.

Yours very truly,



James R. Paschall

Enclosures

cc w/ encl.:
Ms. Sue Koessler
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Knoxville, TN 37902

Via DHL Express
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Mr. Patrick B. Simmons
Director - Rail Division
North Carolina Department of Transportation
1533 Mail Service Center
Raleigh, NC 27699-1533

Ms. JoAnne Sanford, Chair
North Carolina Utilities Commission
P. O. Box 29510
Raleigh, NC 27626

Mr. Vernon A. Williams
Re: AB-290, Sub-No. 254X
AB-290, Sub-No. 274X
AB-149, Sub-No. 2X
Page 3 of 3
March 29, 2006

United States Department of Defense
Military Traffic Management Command (MTMCTEA)
Transportation Engineering Agency
Railroads for National Defense Program
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Newport News, VA 23606-2574

Mr. Tom Ross, Chief of National Recreation and Trails
U. S. Department of the Interior - National Park Service
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U. S. Department of Agriculture,
Chief of the Forest Service
4th Floor N.W., Auditors' Building
14th Street and Independence Avenue, S.W.
Washington, D.C. 20250

BEFORE THE
SURFACE TRANSPORTATION BOARD



STB DOCKET NO. AB-290 (SUB-NO. 254X)

NORFOLK SOUTHERN RAILWAY COMPANY -
PETITION FOR EXEMPTION - DISCONTINUANCE OF SERVICE - MAR 30 2006
IN STANLY COUNTY, NORTH CAROLINA

FILED

SURFACE
TRANSPORTATION BOARD

STB DOCKET NO. AB-290 (SUB-NO. 274X)

YADKIN RAILROAD COMPANY -
PETITION FOR EXEMPTION - ABANDONMENT OF OPERATING RIGHTS
UNDER LEASE - IN STANLY COUNTY, NORTH CAROLINA

STB DOCKET NO. AB-149 (SUB-NO. 2)X

WINSTON-SALEM SOUTHBOUND RAILWAY COMPANY -
PETITION FOR EXEMPTION - ABANDONMENT OF OPERATING RIGHTS
UNDER LEASE - IN STANLY COUNTY, NORTH CAROLINA

FEE RECEIVED

MAR 30 2006

SURFACE
TRANSPORTATION BOARD

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Attorney for Petitioners Norfolk Southern
Railway Company, Yadkin Railroad
Company, Winston-Salem Southbound
Railway Company

Dated: March 29, 2006

ENTERED
Office of Proceedings

MAR 30 2006

Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Docket No. AB-290 (Sub-No. 254X)

Norfolk Southern Railway Company -
Petition for Exemption - Discontinuance of Service -
Between Halls Ferry Junction, NC and Badin, NC, in Stanly County, North Carolina

STB Docket No. AB-290 (Sub-No. 274X)

Yadkin Railroad Company -
Petition for Exemption - Abandonment of Operating Rights Under Lease -
Between Halls Ferry Junction, NC and Badin, NC, in Stanly County, North Carolina

STB Docket No. AB-149 (Sub-No. 2)

Winston-Salem Southbound Railway Company -
Petition for Exemption - Abandonment of Operating Rights Under Lease -
Between Whitney, NC and Badin, NC, in Stanly County, North Carolina

Petitions for Exemption

Norfolk Southern Railway Company ("NSR"), Yadkin Railroad Company ("YRC"), a wholly-owned subsidiary of NSR,¹ and the Winston-Salem Southbound Railway Company ("WSSB"), a Class III switching carrier in which NSR and CSX

¹Pursuant to a notice of exemption in *Norfolk Southern Railway Company - Corporate Family Transaction Exemption - Yadkin Railroad Company*, (STB Finance Docket No. 33951) (STB served December 12, 2000), NSR renewed its lease of the approximately 30 miles of rail line owned by YRC, then a Class III rail carrier and a non-wholly owned subsidiary of NSR, for a period of 25 years. In 2004, NSR acquired the 9.6 per cent of the YRC stock that it did not own from Roane County, NC. Thus, YRC only recently became a wholly-owned subsidiary of NSR.

Transportation Inc. ("CSXT") each hold fifty (50) per cent of the common stock² ("Petitioners"), hereby petition³ the Surface Transportation Board (the "Board" or "STB"), pursuant to the provisions of 49 U.S.C. 10502, as amended, and the Board's regulations at 49 CFR 1152 Subpart F - *Exempt Abandonments and Discontinuances of Service* for exemption from the prior approval requirements of 49 U.S.C. 10903:

(1) in Docket No. AB-290 (Sub-No. 254X) for NSR to discontinue rail service over a line of railroad between Milepost WF-0.00 at Halls Ferry Junction, NC and Milepost WF-11.11 at Badin, NC, in Stanly County, NC (the "Line"), which NSR operates under NSR's lease of YRC's property;

(2) in Docket No. AB-290 (Sub-No. 274X) for YRC to abandon its operating rights

²The Executive Committee of the WSSB has authorized NSR to file the petition in STB Docket No. AB-149 (Sub-No. 2) on behalf of WSSB. NSR and CSXT each own 50 per cent of WSSB's common stock. WSSB is operated independently from NSR and CSXT with represented employees under standard rail labor agreements with standard rates and coverage under national benefit plans. A 1995 operating agreement between NSR and CSXT provides for the operation of WSSB as a switching carrier, which handles traffic in the account of its owners, which compensate WSSB on the basis of a schedule of rates that is updated periodically. NSR and CSXT provide certain administrative and support services to WSSB, such as furnishing it with locomotives.

³The three petitions are filed jointly in one document because they all concern the same Line of railroad or a segment of it. NSR requests an exemption to discontinue service over the entire Line; YRC requests an exemption to abandon its operating rights and common carrier obligation with respect to the entire Line under two leases from Alcoa; WSSB requests an exemption to abandon its operating rights with respect to the Whitney-Badin Segment of the Line under a joint lease from Alcoa to YRC and WSSB. YRC is a wholly-owned subsidiary of NSR and WSSB is a 50 per cent owned affiliate of NSR. NSR is the only railroad currently providing service over the Line. Therefore, reference often will be made to "NSR" rather than "petitioners" generally when discussing certain actions with respect to the Line or dealings with Alcoa.

under its two leases of the same Line from the Line's owner, Alcoa, Inc. ("Alcoa")⁴, which on March 28, 1916 leased (a) the segment of the Line between Milepost WF-0.00

⁴Alcoa, a large and valued customer of NSR, is the world's leading producer of primary aluminum, fabricated aluminum, and alumina and is also a leading producer of various other consumer and industrial products, including aluminum foil. Alcoa has about 129,000 employees in 42 countries according to recent information on its web site. According to a January 12, 2004 Associated Press news report, approximately 130 of these employees were working at Alcoa's Badin Works on the production of anodes and specialty aluminum at that time. According to the same AP report, as confirmed by Exhibit 9, Alcoa gave layoff notices to 377 employees at its Badin Works when Alcoa shut down its aluminum smelting operations at Badin in August 2002. Officially, Alcoa's Badin smelting operation was "curtailed" at that time, but all signs point to it remaining shut down, as explained in more detail below and in footnote 10. As a result of Alcoa's cessation of production of primary aluminum products at Badin, which was the source of most of the railroad traffic to or from Badin, the railroad traffic over the Line in 2005 was down over 90 per cent from its 2001 level.

In a January 9, 2006 press release, attached in relevant part as Exhibit 10, Alcoa announced that in 2005 the company had gross revenues of \$26.2 billion, the highest in Alcoa's history. Despite larger than anticipated raw material, energy, and other costs, including lowered production at refineries in Jamaica and Texas due to the Gulf Coast hurricanes and unusual problems at several overseas facilities, Alcoa had 2005 income from continuing operations of \$1.23 billion. Alcoa noted in that press release that to meet the challenge of significant cost pressures, Alcoa "took aggressive action, passing through significant price increases to downstream customers, improving our mix of value-added products, continuing productivity gains...." which helped Alcoa reduce the impact of the cost pressures, which the company did not foresee being repeated this year.

Alcoa's January 9, 2006 press release stated that Alcoa's "debt to capital ratio" was 30.8 percent, within the company's target range. This ratio compares favorably with NS's debt to capitalization ratio of 42.7 per cent as shown on Norfolk Southern's 2005 Annual Report to shareholders, page 3, available on the NS website.

Alcoa's January 9, 2006 press release, which can be viewed in its entirety on Alcoa's web site, also contains several pages of financial results and other detail not material to this proceeding. The entire press release also contains the standard descriptions of Alcoa and the standard SEC disclaimer concerning forward looking statements that, while omitted in Exhibit 10, are shown in Exhibit 9 to this petition.

at Halls Ferry Junction, NC and Milepost WF-5.90 at Whitney, NC (the "Halls Ferry-Whitney Segment") solely to YRC and (b) the segment of the Line between Milepost WF-5.90 at Whitney, NC and Milepost WF-11.11 at Badin, NC, in Stanly County, NC (the "Whitney-Badin Segment") jointly to YRC and WSSB; and

(3) in Docket No. AB-149 (Sub-No. 2) for WSSB to abandon its operating rights over the Whitney-Badin Segment under the joint lease of that segment from Alcoa to WSSB and YRC.

Upon the Board's grant of the exemptions, the consummation of the abandonments of the YRC and WSSB operating rights and the discontinuance of service over the Line by NSR, the Line will be abandoned as a line of railroad subject to 49 U.S.C. Subtitle IV, Part A and STB jurisdiction and no railroad will have a common carrier obligation to provide rail service over the Line or any segment of it.

Alcoa owns the Line. YRC and WSSB are responsible for its maintenance (except for "extraordinary" maintenance and capital improvements)⁵ under their YRC's lease of the Halls Ferry-Whitney Segment and YRC's and WSSB's lease of the Whitney-Badin Segment from Alcoa.⁶ Alcoa is the sole shipper on the Line.

⁵Section 2 of the 1916 leases from Alcoa to YRC and WSSB provides in pertinent part "...that all betterments of said line of railroad, as well as all extraordinary maintenance thereof, such as damage to roadway, embankments, tracks, culverts, building or other structures, caused by or resulting from ponding of water, landslides, fire, Acts of Providence or similar causes, shall be made, and all taxes and assessments levied thereon shall be paid, by and at the sole cost and expense of Lessor..."

⁶Alcoa declines to pay for any of the currently required rehabilitation or maintenance of the Line regardless of whether or not the maintenance may be characterized as extraordinary. Since Alcoa does not know whether it ever will require

Traffic moving over the entire 11.11-mile Line and over the 5.21-mile Whitney-Badin Segment, separately, has declined in excess of 90 per cent since 2001 to a level of about two carloads per week over the Halls Ferry-Whitney Segment and six carloads per week over the Whitney-Badin Segment. (VS Kirchner and Exhibit 2) Alcoa's primary aluminum smelting operation at Badin, NC, the operation which produced most of the traffic that moved over the Line, already had been reduced to 75 per cent of capacity in September 2000 so the 2001 traffic level was already in decline. (Exhibit 9)

The decline in traffic over the Line since 2001, the calendar year after Alcoa had cut back production at Badin, NC to 75 per cent of capacity, is shown in the Verified Statement of Marcellus C. Kirchner, Exhibit 2 and the following table:

	NSR Carloads of Alcoa Traffic Over Entire Line	NSR Haulage of CSXT Carloads of Alcoa Traffic Over Whitney-Badin Segment
2001	1,811	495
2002	1,394	440
2003	549	220
2004	290	244
Base Year	112	173
2005	88	129

any significant amount of rail service over the Line, NSR can not take issue with Alcoa taking the same position NSR takes with respect to the economic reasonableness of re-investing in and maintaining the Line. The characterization of the rehabilitation expenditures for the Halls Ferry-Whitney Segment, in whole or in part, is not in issue under the circumstances. The important point is that Alcoa will not make the substantial expenditures that are required to keep the Line in service and Petitioners can not do so without fully absorbing them as a complete avoidable loss.

NSR includes the revenue from CSXT for its movement of the CSXT haulage traffic over the Whitney-Badin Segment in its Base Year (\$9,541.00) and Forecast Year (\$9,897.00) income statements.

Of the 88 carloads of traffic handled by NSR over the Line for Alcoa in 2005, 86 were carloads of aluminum billets. The other 2 carloads contained iron or steel ingots. The 88 carloads of NSR traffic moving over the Line in 2005, less than 2 carloads per week, and the additional 129 carloads of CSXT haulage traffic moving over the Whitney-Badin Segment in 2005, just over 2 carloads per week, show a continuation of the decline in traffic over the Line even from quarter to quarter since slightly higher traffic levels are shown for the Base Year ending September 2005.

Alcoa ceased smelting operations at Badin altogether in August 2002.⁷ Alcoa continues to describe the status of operations at the Badin plant as a "curtailment."⁸ After nearly four years, however, Alcoa has made no definite statement concerning when, if ever, primary aluminum smelting operations at Badin, NC will resume. About a year ago an Alcoa representative stated to an NSR representative in an e-mail that

⁷Alcoa's July 31, 2002 press release announcing the cessation of aluminum production at Badin is attached as Exhibit 9. Note that Alcoa states that the Badin plant, which had the capacity to produce 120,000 metric tons of aluminum per year, already had been operating at the reduced level of 90,000 metric tons of production per year since September 2000. Alcoa cited escalating energy and labor costs that have made smelters less globally competitive and its need to manage assets carefully during weak economic conditions for its actions. Of course, economic conditions have improved dramatically since that date, as Exhibit 10 shows, but the smelting and production of primary aluminum at Badin has not resumed.

⁸See Exhibit 11, a page concerning Alcoa Power Generating, Inc., Yadkin Division and the Badin Works from the Alcoa web site.

recommendations and plans for the facility would be forthcoming from Alcoa within about two months, but Alcoa has made no definite statement about resuming operations at Badin and the smelter at Badin remains shut down.⁹

Alcoa's actions in building and adding to smelting capacity at other locations, including overseas, during a period of economic growth and record revenues for Alcoa, however, as detailed in the following footnote, suggest that the future resumption of smelting operations and aluminum production at Badin is unlikely and must be deemed speculative, at best.¹⁰ Indeed, Alcoa can not even guarantee that the minimal operation

⁹The Alcoa representative, Robert G. Uffelman, wrote an e-mail to NSR's Sarah B. Corey on March 17, 2005, in which he stated that Alcoa had a high level team working on making recommendations to Alcoa's executive management concerning the options for the Badin Works, which he expected in April or early May 2005. Nonetheless, Alcoa has released no specific information concerning when, if ever, production of aluminum at Badin and increased rail traffic to and from Alcoa's Badin facility may resume.

¹⁰See Exhibit 12, a September 25, 2003 Alcoa press release concerning a feasibility study for the location of a smelter in Brunei; Exhibit 13, an excerpt for Alcoa's 2003 Annual Report on Alcoa smelter capacity and opportunities for construction and expansion at several locations, not including Badin, NC; Exhibit 14, an August 4, 2005 Alcoa press release concerning an agreement to restart an aluminum smelter in Tema, Ghana; Exhibit 15, a March 1, 2006 Alcoa press release concerning a feasibility study for Alcoa to build a smelter in Iceland; Exhibit 16, a March 7, 2006 Alcoa press release concerning the completion of and start of production at an expanded smelter in Brazil; and Exhibits 17 and 18, Alcoa press releases of February 16, 2006 and March 13, 2006 concerning the construction of a proposed aluminum smelter in Trinidad. During this same period of time, Alcoa has reopened its Wenatchee, WA smelter that had been shut down in part because Alcoa found it more profitable to sell electricity from the companion hydroelectric facilities during recent energy shortages in the Pacific Northwest than to operate the smelter; has expanded its principal facility at Warrick (Newburgh), IN; and has expanded a facility in Quebec, Canada, all of which can be confirmed from information on the Alcoa web site. In the midst of all this growth and expansion, Alcoa has made no move to resume its smelting operations and primary aluminum production at its Badin, NC facility. It has not even mentioned the possibility in its public statements about additions to capacity. General descriptions of Alcoa and a

remaining at Badin will continue for any significant period of time.¹¹

NSR incurred an avoidable loss from maintenance and operation of the Line of \$358,881.00 in the Base Year ending September 2005 and calculates an avoidable loss from operations of \$369,466.00 in the Forecast Year ending February 2007. (VS Kirchner and Exhibit 3) Since the Halls Ferry-Whitney Segment requires immediate rehabilitation to FRA Class I standards at an estimated expenditure of \$516,602.00 (VS Morell and Exhibit 3, Page 1, Line 11), NSR's avoidable loss from maintaining and operating the Line, including the subsidization cost of rehabilitating the Halls Ferry-Whitney Segment and return on value, actually would be \$888,693 in the Forecast Year. (VS Kirchner and Exhibit 3, Line 19)

Under a hypothetical, and very conservative, calculation of WSSB revenues and costs for WSSB to maintain the Line and provide service to Alcoa over the Whitney-Badin Segment only, as detailed below and in the Verified Statement of Marcellus C. Kirchner and Exhibit 6, WSSB would have incurred an avoidable loss from operations

standard SEC disclaimer about forward looking statements have been omitted from most of these exhibits to keep them to one page. These paragraphs are shown in Exhibit 9, however.

¹¹An Associated Press report of January 12, 2004, available on the Lexis/Nexis service, stated that Alcoa Inc.'s Badin Works had been awarded a two-year contract to supply 31,000 metric tons of anodes per year to Venco Coke Co. The report noted that the Badin plant employed about 130 people and that the contract might save about 34 jobs. NSR has seen no report that the Alcoa-Venco contract has been renewed, although admittedly this may not definitely show it has not been. If, however, the contract has not been renewed, the already small production from the Badin Works apparently will be further reduced. If the anodes have not been shipped by rail as "aluminum billets," they have been moving by truck in any event. In either case, if the contract has not been renewed, Alcoa presumably has even less use for the Badin facility.

over that Segment of \$229,485.00 in the Base Year and would incur an avoidable loss from operations over the Whitney-Badin Segment of \$238,991.00 in the Forecast Year.¹²

For the small amount of remaining aluminum billet or iron and steel ingot traffic to and from Badin, NC, Alcoa has the option of using direct motor carrier service from the several haulers of large or extra-heavy commodities as well as large, general commodity motor carriers that serve the area where it is located, almost directly between the Piedmont Triad cities of Winston-Salem, NC, Greensboro, NC and High Point, NC, on the one hand, and Charlotte, NC, on the other hand. Several of these motor carriers are identified below.

Aluminum billets also can be transported in rail-motor transload service,¹³ which NSR provides or can provide at Winston-Salem, NC, Greensboro, NC and Charlotte, NC and CSXT provides such service at Charlotte, NC. Any argument that such commodities can not be moved in transload service is belied by the information in the footnote.

¹²The Whitney-Badin Segment does not need extraordinary rehabilitation or maintenance in the Forecast Year.

¹³While not located in North Carolina, as an example of the feasibility of such transload service for aluminum billets, see the web site of Transfer Services, Inc., based in Cedar Rapids, Iowa, which provides rail-to-truck transload services to eastern Iowa industries. With lift capabilities up to 25 tons, products handled by Transfer Services, Inc. include appliances, copper cakes, metal coils, rebar, aluminum billets, paper, newsprint, lumber shingles and wallboard. See <http://www.alliantenergy.com>.

Alcoa owns the Line,¹⁴ including the right-of way and track, material and fixtures.¹⁵ Thus, Alcoa does not even need to acquire the Line to preserve it or provide other options for its use. Alcoa can rehabilitate the Line, set up an alternate operation or railbank it if it believes it may have a future, or even a current, need for continued or expanded rail service over the Line to and from the Badin facility.

The Line was built prior to March 28, 1916 by Alcoa's hydroelectric power generation subsidiary, Tallassee Power Company, now known as Alcoa Power Generating Inc., Yadkin Division ("APGI-Yadkin").¹⁶ On March 28, 1916, Tallassee Power (Alcoa) leased the Halls Ferry-Whitney Segment to YRC and the Whitney-Badin Segment to YRC and WSSB jointly. Section 4 of the 1916 lease of the Halls Ferry-Whitney Segment to YRC and Section 8 of the 1916 lease of the Whitney-Badin Segment to YRC and WSSB, jointly, provide that the lessee or lessees can discontinue

¹⁴In ICC Finance Docket No. 30432, *Yadkin Railroad Company - Exemption - Rail Line Acquisition in Stanly County, NC*, decided May 2, 1984, the ICC granted YRC an exemption for the acquisition of the Halls Ferry-Whitney Segment from Alcoa but the parties did not close the transaction.

¹⁵Therefore, petitioners will not salvage the fixtures, track or materials or convey or use the real estate after consummation of the abandonment of their operating rights and NSR's formal discontinuance of service.

¹⁶The transmission assets that connect the four APGI-Yadkin hydroelectric plants to Alcoa's Badin, NC smelter were originally installed as feeder lines that supplied self-generated hydroelectric power directly to Alcoa's industrial load. For many years the Alcoa - Yadkin system was operated for that purpose with minimal interconnection to a larger transmission network. With aluminum smelting operations at the Badin Works suspended, Alcoa uses the electricity from this system for other operations or sells it on the open market. Alcoa's 10-K filing with the U. S. Securities and Exchange Commission, dated February 17, 2006, states on page 10 that power generated from APGI's Yadkin system is largely being sold to an affiliate, Alcoa Power Marketing, Inc.

operation of the railroad line, surrender it to the lessor and terminate the lease upon sixty (60) days' written notice to the lessor.¹⁷ Since 1996, only NSR has provided service over the Line and switching for Alcoa at Badin.

WSSB has not provided service over the Whitney-Badin Segment pursuant to its operating rights under the 1916 joint lease of that Segment since 1996 because in that year, NSR and CSXT entered into a haulage agreement under which NSR handles cars in CSXT's account¹⁸ over the Whitney-Badin Segment in lieu of WSSB's switching of those cars over that Segment. Under this haulage arrangement, NSR interchanges cars in CSXT's account moving to or from Badin with WSSB at Whitney, NC (Milepost WF-5.90; WSSB Milepost 48.9). WSSB in turn interchanges those cars with CSXT at Wadesboro, NC (WSSB Milepost 87.5). CSXT and NSR decided the haulage arrangement would be more efficient than the previous two-carrier operation over the Whitney-Badin Segment and the two carriers switching at Alcoa's Badin Works. NSR and CSXT also considered it more economical for NSR to pick up or drop off the CSXT traffic at Whitney and handle it over the Whitney-Badin Segment for a small fee rather than for NSR and CSXT, as joint owners of WSSB, to subsidize WSSB's losses, including use of a crew mostly or entirely for this service, from handling the Alcoa traffic

¹⁷Because the ICC had not yet been given jurisdiction over the lease and operation of rail lines in 1916, neither the leases nor the railroads' operations over the Line were subject to regulatory agency review and approval when they were executed. Congress did not grant the ICC jurisdiction over the construction, lease, operation or abandonment of railroad lines until the enactment of the Transportation Act of 1920.

¹⁸CSXT has no line that reaches either the Line to be abandoned or to Badin and has no lease or other operating rights that would permit it to reach Badin directly.

over the Segment and performing switching at Badin.¹⁹

Petitioners show in specific and conclusive detail in this petition that NSR clearly can not maintain and provide service over the entire Line and WSSB can not maintain and provide service over the Whitney-Badin Segment under current or reasonably forecast future revenues from traffic moving over the Line or the Whitney-Badin Segment without incurring such substantial and unrecoverable losses. NSR and WSSB used conservative costing assumptions and calculated revenues and costs according to the specifications and requirements in the Board's abandonment regulations. They have also submitted workpapers to support their accounting and calculations. No more information or greater detail would have been produced, and potential opponents of the discontinuance and abandonments would have no greater opportunity to respond to Petitioners' evidence, if the Petitioners had filed abandonment applications instead of petitions. The support provided in this petition for the discontinuance of service over the Line and the abandonments of the operating rights for the Line and the Whitney-Badin Segment, separately, is clear, substantial and irrefutable. The filing of formal applications to abandon the operating rights over the Line and to discontinue service over the Line would not add to or change the evidence or lead to a result other than authorization by the Board of the discontinuance of service and the abandonments of operating rights over the entire Line, including the Whitney-Badin Segment.

Section 10502 of Title 49, as amended, directs the Board to exempt a transaction

¹⁹As noted in the text below, CSXT pays NSR a small fee for hauling its cars over the Whitney-Badin Segment in lieu of the WSSB switching operation. NSR includes that fee in its calculation of revenues derived from traffic handled by it over the Line.

or service when the Board finds that the transaction or service satisfies certain statutory criteria. As already summarized above, NSR, YRC and WSSB demonstrate in this combined petition that the abandonments of operating rights and the discontinuance of service for which they seek exemptions satisfy those statutory criteria.

Further Information

Further information supporting exemptions for the proposed YRC and WSSB abandonments of operating rights and common carrier obligations over the Line and the Whitney-Badin Segment separately and the NSR discontinuance of operations over the Line is as follows:

(1) **Exact Name of Petitioners.** The Petitioners are Norfolk Southern Railway Company ("NSR"), Yadkin Railroad Company ("YRC"), a wholly-owned subsidiary of NSR, and the Winston-Salem Southbound Railway Company ("WSSB"), in which NSR and CSX Transportation Inc. ("CSXT") each have a fifty (50) per cent ownership interest. NSR is a common carrier by railroad which operates a railroad system in 20 States throughout the Eastern United States, including North Carolina, and Ontario, Canada. NSR, formerly known as Southern Railway Company, is a wholly-owned subsidiary of Norfolk Southern Corporation, a non-carrier. Norfolk and Western Railway Company was merged into NSR, effective December 31, 1990. Pennsylvania Lines, LLC, a former subsidiary of Consolidated Rail Corporation, was merged into NSR, effective August 27, 2004. Yadkin Railroad Company is a wholly-owned subsidiary of NSR. YRC is a common carrier by railroad which owns approximately 30 miles of railroad line between Albemarle, NC and Yadkin Junction (near Salisbury), NC

and leases the 11.11-mile subject Line from Alcoa, Inc. YRC's property, in turn, is leased to and operated by its parent company, NSR. WSSB is a Class III switching railroad which owns and operates approximately 87.7 miles of main line between Winston-Salem, NC and Wadesboro, NC, has rights to operate over approximately 11 miles of additional line under contract or trackage rights and which is operated by represented employees to switch traffic in the account of its two parent companies, NSR and CSXT. The additional 11 miles of line leased by WSSB or operated under trackage rights by WSSB include the 5.21-mile Whitney-Badin Segment. WSSB connects with NSR at Winston-Salem, NC and Lexington, NC and with CSXT at Wadesboro, NC.

(2) **Common Carrier Status of Petitioners.** Petitioners are common carriers by railroad subject to 49 U.S.C. Subtitle IV, Part A, Chapter 105.

(3) **Relief Sought.** Pursuant to 49 U.S.C. 10502, as amended, and the Board's regulations at 49 CFR 1152 Subpart F - *Exempt Abandonments and Discontinuances of Service* , the relief sought by Petitioners are exemptions from the prior approval requirements of 49 U.S.C. 10903 so that NSR may discontinue service over and YRC may abandon its operating rights under two leases from Alcoa over the entire Line between Milepost WF-0.00 at Halls Ferry Junction, NC and Milepost WF-11.11 at Badin, NC and so that WSSB may abandon its operating rights under a joint lease with YRC from Alcoa over the Whitney-Badin Segment of the Line between approximately Milepost WF-5.90 at Whitney, NC and Milepost WF-11.11 at Badin, NC without being required to list the Line or the Whitney-Badin Segment on their respective

system diagram maps or to submit full long-form abandonment applications for prior approval and Board authorization for the proposed discontinuance and abandonments.

(4) **Map.** A map of the Halls Ferry Junction-Whitney-Badin, NC Line over which YRC and WSSB propose to abandon their respective operating rights and over which NSR proposes to discontinue service is attached as Exhibit 1.

(5) **System Diagram Map.** This Line has not been included as a rail line to be abandoned or over which service is to be discontinued on NSR's and its affiliates' system diagram map or on WSSB's system diagram maps because neither the Line nor the Whitney-Badin Segment was expected to be the subject of an abandonment application. As a practical matter, NSR and Alcoa, the only shipper on the Line, have been discussing the status and future of the Line for several years.

(6) **Brief Statement of Reason for Petition.** The only shipper on the Line, and the owner of the Line, Alcoa, ceased its smelting operation and primary aluminum at Badin in 2002 after having already reduced its output by 25 per cent in 2000. Most of the production at the facility and most of the railroad traffic moving to and from the facility came from the smelting operations. Traffic over the Line, including the Whitney-Badin Segment, thus declined over 90 percent since 2001, the calendar year after Alcoa already had reduced its aluminum smelting operation at Badin, NC to 75 percent of capacity. Only 88 carloads moved over the Line in calendar year 2005. Thus, less than 2 carloads per week moved over the Halls Ferry-Whitney Segment of the Line that requires immediate rehabilitation estimated to cost \$516,602. Since the Line is already operated at an avoidable loss, NSR would not be able to recover this expenditure if it

were made. An additional 129 carloads of CSXT haulage traffic moved over the Whitney-Badin Segment during the same year, but the revenue to NSR from that traffic is less than \$10,000 per year. (VS Kirchner) Alcoa can provide no assurance, much less a guarantee, that any funds spent on the rehabilitation and maintenance of the Halls Ferry-Whitney Segment can be recovered from the revenue from future traffic certain or even reasonably forecast to move over the Line or that the Line or Whitney-Badin Segment separately could be operated at a profit, whether due to rate increases, reduced costs, contributions of Alcoa to the rehabilitation and maintenance of the Line or the Whitney-Badin Segment or increased traffic on the Line, or some combination of these factors.

The Line was operated by NSR at an avoidable loss from maintenance and operation of \$358,881.00 in the Base Year ending September 2005 and would operate at an avoidable loss from operations of \$369,466.00 to NSR in the Forecast Year ending February 2007. (VS Kirchner and Exhibit 3, Line 7) Since the Halls Ferry-Whitney Segment requires immediate rehabilitation to FRA Class I standards, NSR's avoidable loss from maintaining and operating the Line actually would be \$888,693 in the Forecast Year. (VS Kirchner and Exhibit 3, Line 19) Under a hypothetical, and very conservative, calculation of WSSB revenues and costs to maintain the Line and provide service to Alcoa over the Whitney-Badin Segment alone if the NSR and YRC petitions were granted but the WSSB petition was denied, WSSB would have incurred an avoidable loss from operations over that Segment of \$229,485.00 in the Base Year and

would incur an avoidable loss from operations over the Segment of \$238,991.00 in the Forecast Year.²⁰ (VS Kirchner and Exhibit 6)

For the small amount of remaining aluminum billet traffic that may continue to move to and from Badin, NC, Alcoa has the option of using direct motor carrier service from the several haulers of large or heavy commodities that serve the area or of using rail-motor transload service. Alcoa also owns the Line and can rehabilitate it, find another operator for it or railbank it if it believes it may have a need or future need for continued or expanded rail service over the Line.

(7) **Petitioners' Representative.** Counsel for Petitioners to whom correspondence may be sent is:

James R. Paschall
Senior General Attorney
Norfolk Southern Railway Company
Three Commercial Place
Norfolk, Virginia 23510-2191

Counsel's Phone Number is: (757) 629-2759

(8) **Zip Codes Traversed; Stations.** The Line proposed for abandonment of operating rights by YRC (as to the entire Line) and WSSB (as to the Whitney-Badin, NC segment) and discontinuance of service by NSR traverses United States Postal Service Zip Code 28001 serves the station of Badin, NC.

Badin, NC is the only station at which rail service will be discontinued if the petitions are granted. After the abandonments are consummated and service over the

²⁰ The Whitney-Badin Segment does not need the rehabilitation and extraordinary maintenance required to keep the Halls Ferry-Whitney Segment in service in the Forecast Year.

Line is discontinued, NSR will continue to serve the station of Halls Ferry Junction, NC. WSSB will continue to serve the station of Whitney, NC.

Operations, Maintenance, Condition of Whitney-Badin Line Segment; Rehabilitation and Repair Costs

There is no overhead traffic on the Line.

NSR operations over the Line and at Badin, NC are described in detail in the attached Verified Statement of Marcellus C. Kirchner and Exhibit 3 notes.

NSR operates local train service over the Line and provides switching to Alcoa at, Badin, NC on a 5-day per week basis despite the reduced traffic levels. NSR must operate over the entire Line in order to serve Alcoa's facility at Badin.

In order to use the most conservative possible assumptions for the cost of the hypothetical WSSB movement over the Whitney-Badin Segment, Petitioners assume that WSSB would provide that service only 3 days per week. As the Verified Statement shows, very conservative assumptions were used in the calculation of costs based on these operations. Under the circumstances of declining traffic over the Line from quarter to quarter and the uncertainty concerning future traffic or whether the Badin facility will be operated at all, even the use of Base Year traffic for Forecast Year traffic is a conservative assumption.

The condition of the Line and necessary rehabilitation and costs of rehabilitation, repair and maintenance of both Segments of the Line are described in detail in the attached Verified Statement of Stephen H. Morrell and exhibits thereto. Mr. Morrell shows that the Halls Ferry-Whitney Segment requires immediate rehabilitation to FRA

Class I standards at a cost of \$516,602 if it is to remain in service. Mr. Morrell supports his analysis of the condition of the Line from a personal inspection of the Line, bridge reports from detailed inspections of the bridge on the Line by NSR bridge supervisors and other inspection records. His cost assumptions are conservative and are based on the minimum work required to restore the Line.

Thus, Mr. Morrell shows that the Halls Ferry-Whitney Segment of the Line requires immediate rehabilitation to FRA Class I track standards at a cost calculated in accordance with the Board's regulations at 49 C.F.R. 1152.32(m)(1)(i) to be \$516,602. In his verified statement, Mr. Morrell describes in detail the work that is required and details the sources and amounts of the costs.

Mr. Morrell also indicates that in numerous places, cuts were made through hills when the Halls Ferry-Whitney Segment of the Line was constructed. This leads to poor drainage, adversely affecting soil stability and tie condition. It is reasonable to conclude the parties which entered into the 1916 leases providing that the lessor, which had built the Line, would fund extraordinary maintenance related to "ponding of water" understood from the beginning that this would be a greater than normal maintenance problem.

Reasons for Discontinuance of Operations and Operating Rights Abandonments

Traffic over the 11.11-mile Halls Ferry Junction-Badin, NC Line and over the 5.21-mile Whitney-Badin, NC Line Segment, separately, has declined over 90 per cent from 2001 to 2005 levels. The only shipper on the Line, Alcoa, shut down the primary aluminum smelting operation at Badin, NC that was the source of most of the traffic

moving over the Line in August 2002. Alcoa has given no specific indication that its primary aluminum smelting and production operations at Badin will be resumed, but Alcoa has been expanding capacity at other locations. Alcoa will not fund rehabilitation or repair of the Line and will not assure or guarantee sufficient traffic levels at high enough rates for Petitioners to earn sufficient revenue to recover any rehabilitation or repair costs invested in the Line or its Segments, much less make a profit. Indeed, revenue from traffic over the Line already falls far short of providing NSR, and hypothetically WSSB at to the Whitney-Badin Segment, with sufficient revenue for the railroads to recover the costs of normalized maintenance and operation of the Line or the Whitney-Badin Segment.

The Line was operated by NSR at an avoidable loss from maintenance and operation of \$358,881.00 in the Base Year ending September 2005 and would operate at an avoidable loss from operations to NSR of \$369,466.00 in the Forecast Year ending February 2007. (VS Kirchner and Exhibit 3, Line 17) Since the Halls Ferry-Whitney Segment requires immediate rehabilitation to FRA Class I standards, NSR's avoidable loss from maintaining and operating the Line actually would be \$888,693 in the Forecast Year. (VS Morrell and Exhibit 3, Line 19) Under a hypothetical, and very conservative, calculation of WSSB revenues and costs to maintain the Line and provide service to Alcoa over the Whitney-Badin Segment alone, WSSB would have incurred an avoidable loss from operations over that Segment of \$229,485.00 in the Base Year. WSSB would incur an avoidable loss from operations over the Segment of \$238,991.00 in the Forecast Year in which extraordinary rehabilitation or maintenance costs for

continued operation of the Whitney-Badin Segment would not yet be required. (VS Kirchner and Exhibit 6, Line 17)

For the small amount of remaining aluminum billet traffic that may continue to move to and from Badin, NC, Alcoa has the option of using direct motor carrier service from the several haulers of heavy commodities that serve the area or rail-motor transload service. See the section below that specifically discusses transportation alternatives in detail. Alcoa owns the Line and can rehabilitate it or railbank it if it believes it may have a future need for expanded service over the Line.

Formal abandonment of the subject Line will allow Petitioners to avoid spending scarce rehabilitation and maintenance resources to repair, maintain and operate a Line (or a Segment of the Line) over which traffic and revenue from that traffic have declined to the point that normalized maintenance and operations can not be performed by Petitioners without incurring considerable avoidable loss. Reasonably forecast revenue from reasonably forecast future traffic projected to move over the Line in the Forecast Year and the foreseeable future would be insufficient for NSR to recover the imminently required rehabilitation costs for the Halls Ferry-Whitney Segment. Petitioners should be able to invest their resources on projects that will yield a return on investment and will benefit customers more generally rather than on a project which will result in a considerable avoidable loss for the mostly contingent benefit of a single customer with transportation alternatives for its modest amount of remaining traffic (if any) from this location.

NSR has maintained rail transportation service to Alcoa at Badin, NC at a

considerable and increasing avoidable loss from maintenance and operations over the Line for several years. NSR has given Alcoa sufficient time, nearly four years, to decide upon the future of the Badin Works in an improved economy with the Line still in operation. NSR should not be required to continue to sustain that loss nor to incur substantial and unrecoverable rehabilitation costs to restore the Halls Ferry-Badin Segment to FRA Class I track standards in order to give Alcoa more time, or to provide minimal service or a contingent transportation alternative for Alcoa. Similarly, WSSB should not be required to incur a considerable avoidable loss to hire a new crew and to resume operations over the Whitney-Badin Segment. There is no definite prospect that Alcoa will resume the primary operation of smelting and producing aluminum at the Badin Works or that revenue from Alcoa traffic that may move over the Line in the future under rates that Alcoa is willing to pay ever again will be sufficient to recover NSR's costs of rehabilitation, maintenance and operation of the Line, much less yield a profit.

To the extent Alcoa continues to have any transportation requirements at Badin in the future, specialized and general trucking and rail-motor transload alternatives exist, as shown in more detail below. Moreover, since Alcoa already owns the Line, it can rehabilitate it, railbank it, or even seek a short line operator to provide service over it if it believes that it requires continued rail service now, or that it may need such service in the future.

Summary of Key Traffic, Revenue and Cost Information; Net Liquidation Value; Opportunity Costs

The traffic, revenue and cost information for NSR's rehabilitation, maintenance

and operation of the Line is contained in Exhibits 2 and 3 and for WSSB's hypothetical maintenance and operation of the Whitney-Badin Segment is contained in Exhibit 6. This information is explained in the verified statement of Marcellus C. Kirchner and, as to maintenance and rehabilitation costs, in the verified statement of Stephen H. Morrell. Note that Mr. Morrell personally inspected the subject Line and supports his description of its condition and estimates of the costs of rehabilitation with detailed records as well as personal observation. He also used the most conservative reasonable assumptions and the requirements of the Board's regulations in determining rehabilitation costs.

NSR has provided, in notes and narrative, the methods and assumptions used to calculate the data in these petitions and has disclosed the input sources used in the calculations (Uniform System of Accounts and Railroad Annual Report R-1). Data computations are referenced to specific sections of the regulations at 49 CFR 1152.

NSR has calculated no opportunity cost to retain the Line because the Line, including the right-of-way, track, material and fixtures, is owned by Alcoa. The total valuation of the property is only the working capital of \$17,651.00 for the entire Line and \$6,389.00 for the Whitney-Badin Segment.

The key revenue, cost, avoidable loss, rehabilitation cost, net liquidation value and opportunity cost information for the Line and the Whitney-Badin Line Segment separately, from the verified statements and exhibits just cited, mainly Exhibits 3 with respect to the entire Line and Exhibit 6 with respect to the Whitney-Badin Segment, follows. The Base Year is October 2004 through September 2005 and the Forecast Year is March 2006 through February 2007.

	Base Year Line - NSR	Forecast/ Subsidy Year Line - NSR	WSSB Base Year Whitney-Badin Hypothetical	WSSB Forecast/ Subsidy Year Whitney-Badin
Revenues Attributable to Line	\$251,449	\$260,826	\$43,595	\$45,221
Total Avoidable Costs	\$619,871	\$640,189	\$318,237	\$330,104
Total Return on Value		\$2,625		\$2,013
Avoidable Loss From Operations Only	\$358,881	\$369,466	\$274,642	\$284,883
Avoidable Loss From Operations Including Return On Value		\$372,091		\$286,869
Rehabilitation/ Repair Costs		\$516,602		
Avoidable Loss Including Subsidy Costs and Return On Value		\$888,693		\$286,869

The currently estimated rehabilitation cost of \$516,602.00 for work imminently required to keep the Halls Ferry-Whitney Segment in service would be the principal element of any subsidization cost for the Line for the Subsidization Year. The Subsidization Year is the same as the Forecast Year for purposes of these petitions.

As the Verified Statements of Marcellus C. Kirchner and Stephen H. Morrell show, NSR used very conservative assumptions in the calculation of revenues and costs, including the revenues and costs of the hypothetical WSSB movement of all

traffic over the Whitney-Badin Segment in the Forecast Year, that understate the actual avoidable losses from maintenance and operation of the Line or of the Whitney-Badin Segment alone, as well as the forecasted avoidable losses and rehabilitation costs in the Forecast Year. The calculations and their presentation are in accord with the Board's abandonment costing regulations and are based on clearly identified, regular records and information supported by detailed workpapers.

Efforts to Continue Service; Alternate Service Options; Transportation Alternatives; Transportation Network

Over the past several years, at least since the shut down of Alcoa's smelting operations at Badin, NC in August 2002, NSR has discussed with Alcoa various options, including Alcoa funding options, for the rehabilitation and maintenance of the Halls Ferry-Whitney Segment and the maintenance and continued operation of the entire Line, future traffic or revenue possibilities and other cost reduction possibilities to preserve service to Alcoa at Badin. Understandably, since Alcoa can give no indication that its discontinued smelting and production operations at Badin will be resumed, or that even the current operation at Badin will continue for an extended period of time, Alcoa also does not wish to spend any money on the rehabilitation and maintenance of all or any part of the Line. There are no other shippers on the Line or any current possibilities for additional business to develop over the Line in the Forecast Year or the foreseeable future.

NSR (or YRC) must use the entire Line to handle traffic to and from Badin, NC. Renewed WSSB service to Alcoa at Badin, NC would not require use of the Halls Ferry

Jct.-Whitney Segment but nonetheless would result in a significant avoidable loss to WSSB if WSSB were required to maintain the 5.21-mile Whitney-Badin Segment and to continue to operate over it. This loss is shown in detail in the Verified Statement of Marcellus C. Kirchner and Exhibit 6.

Although Alcoa's Badin Works is located in the small town of Badin, NC, it is about 50 miles from Charlotte, NC and about 60 to 65 highway miles from Greensboro, NC, High Point, NC and Winston-Salem, NC. About five miles from Badin over state route N.C. 790, north-south highway route U.S. 52 provides easy access north to Interstate Highway 85, which in turn leads to Winston-Salem, NC, High Point, NC and Greensboro, NC. About 40 miles to the south, U.S. 52 is intersected by east-west highway route U.S. 74, a 4-lane divided highway that can be used to reach the main north-south Interstate Highway 95 between Maine and Florida or to reach the Port of Wilmington, NC further to the east. Three miles north from the intersection of U.S. 52 and N.C. 790, about five miles from Badin, U.S. 52 intersects state highway route N.C. 49, which runs southwest to northeast. N.C. 49 provides a shorter, approximately 40-mile route to I-85 south at Charlotte, NC. It also provides easy access over about a 30-mile route, some of it 4-lane divided highway, to the northeast to U.S. 220, an interstate highway quality road which is about 25 miles from Greensboro at the point the two highways intersect.

Numerous trucking firms, including motor carriers specializing in flatbed and heavy haul trucking, hold their companies out to operate nationwide, including in the central North Carolina area. Thus, trucking companies that operate in the area could

provide Alcoa with either direct motor carrier service or potential rail-motor transload service at Charlotte, NC, Winston-Salem, NC or Greensboro, NC for any of the limited transportation needs that Alcoa may continue to have for traffic to or from its Badin facility.

Specialized, flatbed or heavy haul trucking companies operating in the region, in addition to many general truckload carriers,²¹ include²²: Miller Transfer of Rootstown, Ohio, with an operating location in Charlotte, NC, provides nationwide transportation service of heavy loads with flatbed, dropdeck, multi-axle or transporter trailer equipment. Dallas & Mavis Specialized Carrier Co., with terminals or agents in many locations, including Charlotte, NC, states that it can handle any commodity, and any kind of fabricated product, as well as boats, conveyors, and cranes and that it offers an array of specialized equipment selected to make shipments - whatever size, whatever type - travel across country, coast-to-coast, on-time, with maximum safety. Dallas & Mavis states that it can provide an extensive range of trailers including flatbeds (with or without sides), stepdecks, lowboys, and specially built trailers capable of handling aluminum, steel, machinery, dies, construction equipment, lumber, building materials, modular buildings, fabricated products, over-sized loads, and more. Anderson Trucking

²¹The Charlotte area and Piedmont Triad cities are served by such nationwide trucking companies as CNF Incorporated, Roadway Corporation, Schneider National Incorporated, Yellow Corporation, USF Corporation, Arkansas Best Corporation, Overnight Transportation, Watkins Motor Lines Incorporated, Estes Express Lines Incorporated (noted below for its specialized carrier capacity), and Averitt Express Incorporated.

²²Information concerning all of these motor carriers can be obtained from their web sites.

Service, Inc., through its ATS Specialized, Inc., division, provides specialized, flatbed and heavy haul service nationwide. It has terminal locations at Hickory, NC and Charlotte, NC. Swift Transportation Inc., now the nation's largest publicly held truckload motor carrier, has a flatbed division and a heavy haul division. Swift has terminals at Eden, NC and Richmond, VA and offers nationwide service. Estes Truckload, Inc., headquartered in Richmond, VA, holds itself out to transport all sizes of shipments, including offering a wide variety of volume and truckload transportation services for shipments that are excessively heavy or large in size. Maverick Transportation, Inc. of Hope, AR, with a terminal at Jarratt, VA, provides mainly flatbed trucking services for shipment of such commodities as steel and building materials. Thus, in addition to the wide range of general truckload carriers, Alcoa has available many specialized motor carriers that can provide direct truck and transload transportation alternatives for its remaining traffic to and from Badin, NC.

Communities on Line

The only community on the Line at which rail service will be abandoned is Badin, NC (population 1,154 in the 2000 United States Census).

Statement Concerning Federally Granted Right of Way

The Line is owned by Alcoa so NSR must assume that the Line does not contain federally granted right-of-way. Any relevant documentation on this matter that is later found by NSR or brought to NSR's attention will be made available promptly to anyone

requesting it.

Title Search

Alcoa, Inc., the only shipper on the Line, owns the right-of-way, track, material and fixtures. Thus, NSR need perform no title search with respect to the right-of-way because none of the Petitioners is entitled to convey or dispose of it after the railroad operating rights over the Line are discontinued and abandoned and the leases are terminated.

Passenger Service

There is no passenger service on the Line.

Draft Federal Register Notice

A draft notice of NSR's petition for exemption to be published by the Board in the Federal Register within 20 days of the petition's filing, and a copy of the draft notice contained on discs compatible with the Board's current word processing capabilities, are attached or included with the filing of this petition.

NSR's Petition Meets the Standards for the Board's Exemption of the Abandonment of the Line

Under 49 U.S.C. 10903, a rail line may not be abandoned without the Board's prior approval. Under 49 U.S.C. 10502, however, the Board is directed to exempt a transaction or service from otherwise applicable regulatory requirements or procedures when the Board finds that: (1) continued regulation is not necessary to carry out the rail transportation policy of 49 U.S.C. 10101; and (2) either (a) the transaction or service is

of limited scope, or (b) regulation is not necessary to protect shippers from the abuse of market power.

Petitioners clearly have demonstrated that continued maintenance and operation of both the entire Line and the Whitney-Badin Segment separately are burdens on interstate commerce. Petitioners' evidence shows that the costs of rehabilitation of the Halls Ferry-Whitney Segment, and the maintenance and operation of the entire Line and the Whitney-Badin Segment, separately, exceed the revenues attributable to or reasonably forecast to be obtained from the traffic expected to move over Line or the Whitney-Badin Segment in the Forecast Year or the foreseeable future. In fact, given the continuing decline in the traffic and the uncertainty concerning the renewal of Alcoa's contract with Venco Coke or its operation of the remaining active part of the Badin facility generally, even fewer carloads may be expected to move over the Line in the Forecast Year than moved in the Base Year. Petitioners have shown that keeping the entire Line or the Whitney-Badin Segment in service would impose a burden on Petitioners that outweighs the harm that would befall Alcoa, the single shipper located on the Line. In view of the very low and declining level of traffic on the Line and uncertain future of the remaining small operation at Alcoa's Badin facility, there would be no adverse impacts on the shipping public as a whole or impacts on rural and community development if the entire Line, including the Whitney-Badin Segment, were abandoned and service over the Line were discontinued.

In this case, detailed scrutiny under 49 U.S.C. 10903 is not necessary to carry out the rail transportation policy. Although Alcoa, the only active shipper on the Line at

Badin, NC, may oppose the NSR discontinuance of service over the Line or the YRC abandonment of operating rights over the Line or the abandonment of the WSSB lease of and operating rights over the Whitney-Badin Segment, Petitioners believe that Alcoa will be able to offer no concrete evidence to support a position that the Line or the Whitney-Badin Segment separately can be maintained and operated profitably and therefore should remain in service. Petitioners believe that Alcoa will be unable to refute or counter Petitioners' evidence that the revenues they can expect from handling any reasonably projected level of traffic for Alcoa over the Line in the Forecast Year or foreseeable future are or will be clearly well below the costs to rehabilitate, maintain and operate the Line or for WSSB to maintain and operate the Whitney-Badin Segment. NSR has shown that the Line was operated at a substantial avoidable loss from operations of \$358,881 in the Base Year ending September 30, 2005 and the Whitney-Badin Segment would have been operated by WSSB at a substantial avoidable loss of \$274,642 in that same Base Year. Moreover, NSR would operate the Line at an avoidable loss from operations of \$369,499 in the Forecast Year through February 2007 and, in the alternative, WSSB hypothetically and conservatively would operate the Whitney-Badin Segment at an avoidable loss from operations of \$284,883 in the same Forecast Year of March 2006 through February 2007. While WSSB's avoidable loss would rise slightly to \$286,896 in the Forecast Year if return on value were taken into account, NSR's avoidable loss in the Forecast Year would expand to \$888,693 for rehabilitation, maintenance and operation of the entire Line if the \$516,602 in immediately required rehabilitation costs for the Whitney-Badin Segment to bring that

segment up to FRA Class I track standards and return on value are included in its costs.

Petitioners can not expect to recover any amounts expended for rehabilitation or maintenance for the entire Line or the Whitney-Badin Segment in the Forecast Year, much less at any certain time in the future, from projected revenues from continued operations for the sole customer on the Line, Alcoa. Those revenues were only \$260,862 for NSR for operation over the entire Line and would be only \$45,221 for WSSB's switching operation over the Whitney-Badin Segment in the Forecast Year. Moreover, future traffic levels over the Line are uncertain at best, and may not even continue at their over 90 per cent reduced levels from the levels of 2001 and previous years. Accordingly, requiring NSR to expend significant funds to rehabilitate, repair, maintain and provide service on the Line or to require WSSB to maintain and operate the Whitney-Badin Line Segment when there is, and has been for several years, an insufficient amount of traffic available to recover the cost of that service, and there is no guarantee of any future traffic to provide revenue needed to cover the costs of such rehabilitation and continuing maintenance and operation of the Line or the Whitney-Badin Segment, would be an unreasonable burden on the Petitioners and on interstate commerce.

By minimizing the administrative expense of the application process, an exemption for the abandonment of YRC's and WSSB's operating rights over and discontinuance of NSR's service over the Line or WSSB's hypothetical resumed service over the Whitney-Badin Segment separately will reduce regulatory barriers to exit [49 U.S.C. 10101(7)]. An exemption will also foster sound economic conditions and

encourage efficient management by allowing NSR and YRC to avoid the cost of rehabilitating, maintaining and operating the Line and WSSB the cost of maintaining and operating the Whitney-Badin Segment [49 U.S.C. 10101(5) and (9)] to provide service at an avoidable loss. Other aspects of the rail transportation policy will not be affected adversely by the abandonments of operating rights and discontinuance of service. The abandonment of the Line, including the Whitney-Badin Segment, will allow Petitioners to spend their maintenance funds and use their forces on more productive projects that will benefit the shipping public more generally.

Regulation of the transaction is not necessary to protect shippers from an abuse of market power. Alcoa, Inc., the only active shipper on the Line and the Whitney-Badin Segment has transportation alternatives and owns the Line. Alcoa's traffic over the Line has declined precipitously in the past several years and now stands at greatly reduced traffic levels, averaging about 1.5 carloads per week over the entire Line and four carloads per week over the Whitney-Badin Segment. Alcoa suspended major smelting operations at Badin, NC in 2002 and gives no indication almost four years later whether those operations will definitely resume and what level of railroad service it may need in the future at Badin. Indeed, its actions over the past several years in constructing new smelting capacity and expanding other existing smelting operations indicate that it is unlikely to resume major operations at the Badin facility.

Due to Alcoa's Badin location being about 50 miles from Charlotte, NC and about 60 to 65 miles from Winston-Salem, NC, High Point, NC and Greensboro, NC and having a good system of roads and interstate highways, and the number of motor

carriers, including specialized carriers and heavy haulers, that serve the area, several of which are identified in the petition above, Alcoa has motor carrier and rail-motor transload transportation alternatives for its current traffic to or from Badin, NC and for any reasonably forecasted future traffic to and from that facility.

Even were Alcoa to incur higher transportation costs due to being required to switch to alternative forms of transportation for its remaining shipments, the Board has previously held on numerous occasions that the fact that a shipper may incur inconvenience and increased shipping costs for alternate transportation is not a basis for denying an abandonment that is supported by the railroad's filing and is in the public interest because the abandonment will permit the railroad to cease operation of uneconomic and excess facilities where alternative transportation to replace the railroad operation is available. *San Pedro Railroad Operating Company, LLC - Abandonment Exemption - In Cochise County, AZ*, STB Docket No. AB-1081X (STB served February 3, 2006); *Chicago and North Western Transp. Co.-Abandonment*, 354 I.C.C. 1, 7 (1977).

It is well settled that a railroad will not be required to operate a rail line simply to prevent shippers from incurring higher transportation costs by truck. See *Wisconsin Central Ltd. - Abandonment - In Ozaukee, Sheboygan and Manitowoc Counties, WI*, STB Docket No. AB-303 (Sub-No. 27), (STB served October 18, 2004); *CSX Transportation, Inc.-Abandonment Exemption-In Harrison County, WV*, STB Docket No. AB-55 (Sub-No. 563X) (STB served Sept. 25, 1998). It would be especially ironic in this case if Alcoa, which has suspended most operations at its Badin facility for a prolonged

and indefinite time period, and which has justifiably announced the success of its own cost control measures in recent years,²³ were to insist that Petitioners continue to maintain and operate the Line at a large avoidable loss for a small amount of traffic which Alcoa can not guarantee even at its greatly reduced level for any period of time and which it can move by truck. This cost would mostly be expended to provide Alcoa with a standby rail transportation option if and when Alcoa ever restarted its Badin operations, while at the same time Alcoa itself is the owner of the Line.

NSR does not believe that in view of the facts concerning the status of Alcoa's Badin facility, the lack of activity or information concerning possible resumption of operations at the facility, Alcoa's expansion or construction of several other facilities since the Badin facility's smelter operation was taken out of service in 2002, and Alcoa's unwillingness to contribute or inability to justify contributing to the rehabilitation of the Line or to guarantee future traffic and revenue levels for Petitioners' maintenance or operation of the Line, that Alcoa could credibly make an argument that possible future traffic increases justify requiring Petitioners to incur substantial and continuing avoidable losses to rehabilitate and keep the entire Line or the Whitney-Badin Segment in service. Such predictions of increased future traffic for this Line could only be deemed speculative at best at this time. Mere speculation about future traffic is not a sound basis upon which to deny an abandonment exemption. See STB Docket No. AB-290 (Sub-No. 260X), *Tennessee Railway Company — Abandonment Exemption — in Scott*

²³ See Exhibit 19, a January 22, 2004 Alcoa press release concerning Alcoa's cost reduction program and results. Updated figures and information on this program can be found on Alcoa's web site in the section describing Alcoa's Business System.

County, TN, served June 17, 2005; STB Docket No. AB-512X, Sierra Pacific Industries – Abandonment Exemption – In Amador County, CA, served February 25, 2005; STB Docket No. AB-433X, Idaho Northern & Pacific Railroad Company – Abandonment Exemption – In Wallowa and Union Counties, OR, served December 13, 2001, p. 5-6; STB Docket No. AB-57 (Sub-No. 46X), Soo Line Railroad Company – Abandonment Exemption – In St. Paul, Ramsey County, MN, served April 20, 1999, p. 7; STB Docket No. AB-6 (Sub-No. 370X), Burlington Northern Railroad Company--Abandonment Exemption--Between Mesa and Basin City, in Franklin County, WA, served January 27, 1997, p. 4.

Given the appropriateness of this market power finding in this case, the Board need not determine whether the proposed transaction is limited in scope. However, based on numerous precedents, Petitioners believe that an abandonment of an 11.11-mile line serving only one shipper with greatly reduced traffic for several years, with continuing large avoidable losses to the railroads from the operation and maintenance of the Line, with no indication that the traffic and resulting revenue levels will increase because the only customer on the Line has a mostly shuttered facility, and with transportation alternatives available to the shipper, which also owns the subject Line, also should be found to be limited in scope. The fact that substantial and unrecoverable rehabilitation costs are imminently required for the Line further supports this conclusion.

The filing of an abandonment application or the Board's conduct of a more formal proceeding is not needed in this case. The filing of an application or the conduct of extended formal proceedings would serve merely to delay the discontinuance of service

over and the abandonment of operating rights for the subject Line, while NSR suffered continuing avoidable losses, with little or no prospect of Alcoa or any other party providing any additional information that would change the result reached by the Board upon the clear evidence presented. The large gap between the costs required for NSR to retain the entire Line in service, including the costs required to rehabilitate the Halls Ferry-Whitney Segment, and the large gap between the revenues and costs for WSSB to maintain and operate the Whitney-Badin Segment alone, sufficiently demonstrate that the exemptions should be granted. Moreover, since WSSB is not providing service over the Whitney-Badin Segment and since that Segment represents only a portion of the Line to be abandoned or discontinued, the burden of establishing the viability of the Whitney-Badin Segment would be on any party, including Alcoa, that might express an interest in keeping that segment alone in operation. See *McCloud Railway Company – Abandonment and Discontinuance of Service Exemption - In Siskiyou, Shasta and Modoc Counties, CA* (STB Docket No. AB-914X) (STB served October 14, 2005); *Wisconsin Central Ltd. - Abandonment - In Ozaukee, Sheboygan and Manitowoc Counties, WI*, STB Docket No. AB-303 (Sub-No. 27), (STB served October 18, 2004); *Conrail-Aban.-Bet. Warsaw and Valp., Counties, IN*, 9 I.C.C.2d 1299, 1319 (1993).

Petitioners' cost and other evidence is beyond refutation in this proceeding and would be beyond refutation in an abandonment application proceeding. Petitioners have based their demonstration of operating losses on all of the operations performed for Alcoa, Inc., in the Base Year in accordance with the Board's regulations and on very conservative assumptions for the hypothetical future WSSB maintenance and operation

of the Whitney-Badin Segment. They have shown the declining traffic levels upon which future revenue estimates must be based and the imminently required track rehabilitation costs that only would add to NSR's projected avoidable losses in the Forecast Year.

NSR has presented its costs and revenues, and the hypothetical WSSB costs and revenues, in the same manner and detail and with the same supporting documents that it would present those costs and revenues in an application proceeding. An abandonment application or formal proceeding would offer a potential opponent of the relief requested in the petitions for exemptions no further relevant information and no greater opportunity to dispute Petitioners' costs, revenues or other bases for abandoning the subject Line or the Whitney-Badin Line Segment alone than that party will have had in this proceeding. See e.g. *Sierra Pacific Industries – Abandonment Exemption – In Amador County, CA* (STB Docket No. AB-512X) (STB served February 25, 2005); *CSX Transportation, Inc. – Abandonment – In Atkinson and Ware Counties, GA*, STB Docket No. AB-55 (Sub-No. 640) (STB served Dec. 24, 2003).

Petitioners have provided two verified statements and several exhibits that constitute a detailed presentation and estimate of the costs of rehabilitating, maintaining and operating the Line and the Whitney-Badin Segment separately. In addition, Petitioners have provided a considerable number of workpapers in support of their calculations. Petitioners expect that if Alcoa or any unforeseen party opposes the abandonment of the Line or the Whitney-Badin Segment, that party will not be able to support its assertions with any analysis of petitioner's costs or revenues that would

materially change those costs or revenues or yield a different result than that shown in and justified by this petition. Further expenditures by and avoidable losses to the Petitioners to keep the Line or the Whitney-Badin Segment in service cannot be recovered and cannot be justified.

Service of Petition; Newspaper Notice

Petitioners have given notice to Alcoa, Inc., the sole shipper on the Line by serving Alcoa, Inc., and its outside counsel with copies of this petition for exemption so that company may place its representative's or counsel's name on the Board's service list, receive Board decisions or otherwise participate in this proceeding if it so chooses. As a practical matter, Alcoa and NSR have been discussing the status of this Line for several years. Nonetheless, should the Board so order, Petitioners will serve a copy of the Board's decision on the merits on Alcoa and certify to the Board that NSR sent a copy of the decision to Alcoa, Inc. within five business days of the issuance of the decision.

Newspaper notice concerning the filing of the petition was published on March 14, 2006, in *The Stanly News & Press*, which is a newspaper of general circulation in Stanly County, NC (see Exhibit 8).

Offer of Financial Assistance Exemption

Alcoa, Inc. already owns the subject Line, including the real estate and the track, fixtures and materials. If Alcoa seriously thinks that it may need rail service over the Line in the future at a level that can provide a railroad with a reasonable return on

providing the service, it can either assume the costs of rehabilitating the Line now, or take the Line out of service and railbank or otherwise keep it available for future reactivation. Instead, Alcoa may wish the Petitioners to spend as much as required to keep the line in service for as long as Alcoa needs service, or at least service that is more economical than motor carrier service, even at a minimal traffic level, then be able to walk away from the facility without obligation to cover the Petitioners' expenditures. Thus, Alcoa does not even need to use the offer of financial assistance (OFA) procedures at 49 U.S.C. 10904 and 49 CFR 1152.27 to acquire and retain the Line.

The Board has stated on several occasions that 49 U.S.C. 10904 provides a mechanism for those who want to continue rail service that the Board has authorized to be discontinued or abandoned. Under section 10904, any financially responsible person may file an offer of financial assistance (OFA) to acquire a Line and install an alternate operation. See e.g. *McCloud Railway Company – Abandonment and Discontinuance of Service Exemption - In Siskiyou, Shasta and Modoc Counties, CA* (STB Docket No. AB-914X) (STB served October 14, 2005); *Sierra Pacific Industries – Abandonment Exemption – In Amador County, CA* (STB Docket No. AB-512X) (STB served February 25, 2005). Here, Alcoa already owns the Line and can take advantage of that option rather than requiring Petitioners to sustain substantial avoidable losses to continue to maintain and operate the Line or the Whitney-Badin Segment.

Petitioners believe that under the circumstances in which Alcoa owns the Line, no OFA can be filed with respect to this Line unless Alcoa, the Line's owner and only shipper, consents.

Public Use, Trail Use

Petitioners will not consent to a trail use negotiation condition with respect to the Line or any part of it except if proposed by Alcoa or a party approved by Alcoa.

Because Alcoa owns the Line, Petitioners believe that a public use condition should be unavailable in this proceeding.

Environmental and Energy Impact; Historical Report

Attached are an Environmental Report and a Historic Report with respect to the proposed abandonment and discontinuance of service that was prepared and previously distributed to the appropriate Federal, State and Local agencies in accordance with the Board's regulations. See 49 CFR 1105.11. Petitioners plan to undertake no salvage operations as a result of the abandonment because Alcoa owns the right-of-way and fixtures, track and material. Petitioners request that the Board find that the Environmental and Historic Reports show the proposed abandonments of operating rights and discontinuance of service over the Line and the Whitney-Badin Segment separately will not result in any adverse effect on the environment or on historic places, properties or resources and, therefore, that no Environmental or Historic preservation conditions are required with respect to the proposed abandonment.

Employee Protection

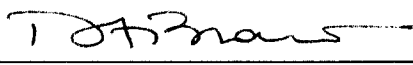
Since under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a carrier of its statutory obligation to protect the interests of its employees, Petitioners are willing, as a condition to the Board granting the requested exemptions,

for the Board to order that the employee protective conditions set forth in *Oregon Short Line R. Co. -- Abandonment -- Goshen*, 360 I.C.C. 91 (1979), apply to YRC's and WSSB's consummation of the abandonment of the Line and NSR's discontinuance of service over the Line.

Conclusion

Therefore, Norfolk Southern Railway Company ("NSR"), Yadkin Railroad Company ("YRC") and the Winston-Salem Southbound Railway Company ("WSSB"), respectfully petition the Board, pursuant to the provisions of 49 U.S.C. 10502, as amended, and the Board's regulations at 49 CFR 1152 Subpart F - *Exempt Abandonments and Discontinuances of Service*, for exemption from the prior approval requirements of 49 U.S.C. 10903 for NSR to discontinue rail service over a line of railroad between milepost WF-0.00 at Halls Ferry Junction, NC and milepost WF-11.11 at Badin, NC; for YRC to abandon operating rights under a lease over the same line of railroad between milepost WF-0.00 at Halls Ferry Junction, NC and milepost WF-11.11 at Badin, NC; and for WSSB to abandon operating rights under a lease over the segment of the subject line of railroad between milepost WF-5.90 at Whitney, NC and milepost WF-11.11 at Badin, NC, all in Stanly County, North Carolina.

Respectfully submitted
NORFOLK SOUTHERN RAILWAY COMPANY
YADKIN RAILROAD COMPANY
WINSTON-SALEM SOUTHBOUND RAILWAY COMPANY

BY 
David A. Brown
Vice President - Strategic Planning
Norfolk Southern Railway Company

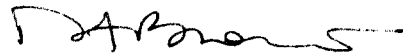
Dated: March 29, 2006

Of Counsel: James R. Paschall
Senior General Attorney
Norfolk Southern Railway Company
Three Commercial Place
Norfolk, VA 23510
(757) 629-2759

VERIFICATION

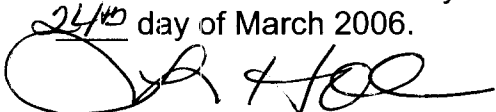
Commonwealth of Virginia)
) ss
City of Norfolk)

David A. Brown makes oath and says that he is Vice President-Strategic Planning of Norfolk Southern Railway Company; that he has been authorized by the petitioners Norfolk Southern Railway Company, Yadkin Railroad Company and Winston-Salem Southbound Railway Company to verify and file with the Surface Transportation Board the foregoing combined petition in STB Docket Nos. AB-290 (Sub-No. 254X), AB-290 (Sub-No. 274X) and AB-149 (Sub-No. 2X); that he has carefully examined all of the statements in the petition as well as the exhibits attached thereto and made a part thereof; that he has knowledge of the facts and matters relied upon in the petition; that he has obtained knowledge of certain facts from, and has relied in part upon, the business records of the company or persons with a business duty to keep those records accurately; and that all representations set forth in the petition and exhibits are true and correct to the best of his knowledge, information, and belief.



David A. Brown

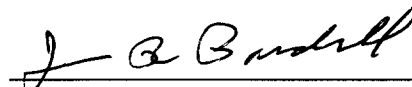
Subscribed and sworn to before me, a notary public
in and for the State and City above named, this
24th day of March 2006.



Notary Public
My commission expires: November 30, 2009

CERTIFICATE OF SERVICE

I certify that the foregoing combined petitions in STB Docket Nos. AB-290 (Sub-No. 254X), AB-290 (Sub-No. 274X) and AB-149 (Sub-No. 2X) has been served on Ms. Sue Koessler, Alcoa, Inc., 1100 Riverview Tower, 900 S. Gay Street, Knoxville, TN 37902; Mr. Michael F. McBride, LeBoeuf, Lamb, Greene & MacRae LLP, 1875 Connecticut Avenue, N.W., Washington, DC 20009 (via DHL Express); Mr. Patrick B. Simmons, Director - Rail Division, North Carolina Department of Transportation, 1533 Mail Service Center, Raleigh, NC 27699-1533; Ms. JoAnne Sanford, Chair, North Carolina Utilities Commission, P. O. Box 29510, Raleigh, NC 27626; the United States Department of Defense, Military Traffic Management Command (MTMCTEA), Transportation Engineering Agency, Railroads for National Defense Program, 720 Thimble Shoals, Blvd., Suite 130, Newport News, VA 23606-2574; Mr. Tom Ross, Chief of National Recreation and Trails, U. S. Department of the Interior - National Park Service, Recreation Resources Assistance Division, P.O. Box 37127, Washington, D.C., 20013-7127; and U. S. Department of Agriculture, Chief of the Forest Service, 4th Floor N.W., Auditors' Building, 14th Street and Independence Avenue, S.W., Washington, D.C. 20250 on March 27, 2006, by first class mail, postage prepaid, unless otherwise indicated.


James R. Paschall

Dated: March 29, 2006

Federal Register: _____, 2006 (Volume 70, Number ____)]

[Notices]

[Page ____]

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. AB-290 (Sub-No. 254X)

STB Docket No. AB-290 (Sub-No. 274X)

STB Docket No. AB-149 (Sub-No. 2)]

Norfolk Southern Railway Company - Petition for Exemption - Discontinuance of Service
- in Stanly County, North Carolina

Yadkin Railroad Company - Petition for Exemption - Abandonment of Operating Rights
Under Lease - in Stanly County, North Carolina

Winston-Salem Southbound Railway Company - Petition for Exemption - Abandonment
of Operating Rights Under Lease - in Stanly County, North Carolina

On March 28, 2006, Norfolk Southern Railway Company ("NSR"), Yadkin Railroad Company ("YRC"), a wholly-owned subsidiary of NSR, and the Winston-Salem Southbound Railway Company ("WSSB"), in which NSR and CSX Transportation Inc. ("CSXT") each have a fifty (50) per cent ownership interest, filed a petition with the Surface Transportation Board (the "Board" or "STB"), pursuant to the provisions of 49 U.S.C. 10502, as amended, for exemption from the prior approval requirements of 49 U.S.C. 10903 for NSR's discontinuance of rail service over a line of railroad between milepost WF-0.00 at Halls Ferry Junction, NC and milepost WF-11.11 at Badin, NC, in Stanly County, NC; for YRC to abandon operating rights under a lease over the same line of railroad between milepost WF-0.00 at Halls Ferry Junction, NC and milepost WF-11.11 at Badin, NC; and for WSSB to abandon operating rights under a lease over the segment of the subject line of railroad between milepost WF-5.90 at Whitney, NC and milepost WF-11.11 at Badin, NC, all in Stanly County, North Carolina. The entire line

between Halls Ferry Junction and Badin is leased from the only shipper on the line, Alcoa, Inc., by YRC and is operated by NSR. The line segment between Whitney and Badin is concurrently leased from Alcoa, Inc., by WSSB. Although WSSB and YRC both have operating rights over the Whitney-Badin segment, operations have been conducted in recent years only by NSR. The effect of the Board's grant of the exemptions and the consummation of the abandonment of the operating rights over the entire Line by YRC and the Whitney-Badin segment by WSSB would be to abandon and remove all common carrier obligations to provide rail service over the Line. The Line traverses United States Postal Service Zip code 28001 and serves the station of Badin, NC. NSR will continue to provide rail service to the station of Halls Ferry Junction, NC. WSSB will continue to provide rail service to the station of Whitney, NC.

The Line does not contain federally granted rights-of-way. Any documentation in NSR, YRC and WSSB's possession will be made available promptly to those requesting it, but as previously stated, the right-of-way is owned by Alcoa, Inc. so any such documentation is unlikely to exist.

The interest of railroad employees will be protected by the conditions set forth in *Oregon Short Line R. Co.--Abandonment--Goshen*, 360 I.C.C. 91 (1979).

By issuance of this notice, the Board is instituting an exemption proceeding pursuant to 49 U.S.C. 10502(b). A final decision will be issued by _____, 2006. Any offer of financial assistance (OFA) under 49 C.F.R. 1152.27(b) (2) will be due no later than 10 days after service of a decision granting the petition for exemption. Each offer must be accompanied by a \$1,200.00 filing fee. See 49 C.F.R. 1002.2(f) (25).

Any request for a public use condition under 49 C.F.R. 1152.28 or for trail use/rail banking under 49 C.F.R. 1152.29 will be due no later than _____, 2006. Each trail use request must be accompanied by a \$200.00 filing fee. See 49 C.F.R. 1002.2(f)(27). However, interested persons should be aware that Alcoa, Inc. owns the right-of-way and therefore, Petitioners will not negotiate with any party other than Alcoa, Inc. or any party approved by Alcoa, Inc. for an agreement for interim trail use of the right-of-way.

All filings in response to this notice must refer to STB Docket Nos. AB-290 (Sub-No. 254X), AB-290 (Sub-No. 274X) and AB-149 (Sub-No. 2X) and must be sent to: (1) Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001, and (2) James R. Paschall, Norfolk Southern Railway Company, Three Commercial Place, Norfolk, VA 23510.

Replies to the NSR, YRC and WSSB petition are due on or before _____, 2006.

Persons seeking further information concerning abandonment procedures may contact the Board's Office of Public Services at (202) 565-1592 or refer to the full abandonment or discontinuance regulations at 49 C.F.R. part 1152. Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis (SEA) at (202) 565-1545. [TDD for the hearing impaired is available at 1-800-877-8339.]

An environmental assessment (EA) (or environmental impact statement (EIS), if necessary) prepared by SEA will be served upon all parties of record and upon any agencies or other persons who commented during its preparation. Other interested

persons may contact SEA to obtain a copy of the EA (or EIS). EAs in these abandonment proceedings normally will be made available within 60 days of the filing of the petition. The deadline for submission of comments on the EA will generally be within 30 days of its service.

Board decisions and notices are available on our website at www.stb.dot.gov

Decided: _____, 2006.

By the Board, David M. Konschnik, Director, Office of Proceedings.

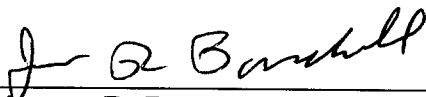
Vernon A. Williams,

Secretary.

[FR Doc. _____ Filed _____]
BILLING CODE _____

CERTIFICATION
SERVICE OF ENVIRONMENTAL AND HISTORIC REPORTS
NOTICE OF INTENT (TEN-DAY NOTICE),
NEWSPAPER NOTICE - 49 C.F.R. §1152.50(d)(1)

I hereby certify (1), pursuant to 49 C.F.R. §1105.11, that Environmental and Historic Reports related to the combined Petitions for Exemption in STB Docket No. AB-290 (Sub-No. 254X), *Norfolk Southern Railway Company - Petition for Exemption - Discontinuance of Service - In Stanly County, NC*; STB Docket No. AB-290 (Sub-No. 274X), *Yadkin Railroad Company - Petition for Exemption - Abandonment of Operating Rights Under Lease - in Stanly County, NC* and STB Docket No. AB-149 (Sub-No. 2), *Winston-Salem Southbound Railway Company - Petition for Exemption - Abandonment of Operating Rights Under Lease - in Stanly County, NC* were submitted to the agencies identified in 49 C.F.R. §1105.7(b) and to the North Carolina State Historic Preservation Officer (see Exhibit 7); and (2) that the newspaper notice required by 49 C.F.R. §1152.50(d)(1) was given through publication on March 14, 2006, in *The Stanly News & Press*, which is a newspaper of general circulation in Stanly County, NC, the county in which the Line is located (see Exhibit 8).



James R. Paschall

Dated: March 29, 2006

VERIFIED STATEMENT
OF
STEPHEN H. MORRELL

My name is Stephen H. Morrell. I am employed by Norfolk Southern Corporation (NS) in the capacity of Director Engineering Cost and Systems. My office is in Atlanta, Georgia. I have been employed by NS or an NS subsidiary since 1979 and have occupied my present position since October 1993. I previously occupied the positions of Senior Cost Analyst, Manager Planning and Special Projects and System Manager Costs. I have a BA in Economics from Tufts University and an MBA in Finance from Northeastern University. Since October 2003, I have been responsible for the preparation of engineering cost estimates for abandonment applications filed by NS' railroad subsidiaries.

I prepared the engineering maintenance and rehabilitation cost estimates used in the financial exhibits to the Petition for Exemption of the discontinuance of service by Norfolk Southern Railway Company (NSR) and the abandonment of operating rights under lease by Yadkin Railroad Company between MP WF 0.0 at Halls Ferry, NC and MP WF 11.11 at Badin, NC and the abandonment of operating rights under lease by Winston-Salem Southbound Railway Company between MP WF 5.90 at Whitney and MP WF 11.11 at Badin, NC and I am sponsoring those figures.

In order to assess the condition of the line and accurately estimate the magnitude of the rehabilitation required, I participated in an inspection of the entire line by Hy-Rail

vehicle on April 8, 2005. I was accompanied in the inspection party by William Lindsey, NSR Assistant Track Supervisor. Mr. Lindsey is responsible for the routine maintenance of this segment plus others on the Piedmont Division. In addition to the visual inspection of the roadway along the entire line from the Hy-Rail vehicle, detailed walking inspections of the roadway were made at various points along the line. Bridge supervisors conduct detailed bridge inspections at scheduled times over the bridge on the line. Appendix 1 lists the bridge at MP WF 2.10, and Appendix 2 contains the bridge inspection reports for that bridge.

I will discuss below two separate estimates of engineering costs: First, the cost of the immediate rehabilitation of the Halls Ferry – Whitney segment of the line which, in our opinion, would be required for continued operation; and second, the average annual cost of normalized maintenance required for the entire line. Each of these cost estimates relate to the restoration and maintenance of the line to Federal Railroad Administration (FRA) Class I track safety standards set forth in 49 CFR Part 213, which would permit operation of the line at track speeds not greater than ten miles per hour.

The costs, production rates and other parameters embodied in these estimates were developed from company records maintained in the normal course of conducting business. Rehabilitation costs discussed below were calculated in accordance with 49 CFR § 1152.32(m)(1)(i).

The segment of the line between Halls Ferry and Whitney was laid with 85# jointed standard (non head-hardened) rail in 1965 and was last timbered and surfaced¹ in 1989. The traffic levels on this segment have been less than 500,000 gross tons per year for an extended period of time which has not justified keeping the track at anything above excepted levels. The rail wear in numerous locations exceeds NS' limit of 12/16 inches and will need to be replaced. Due to the lack of availability of 85# rail, the replacement requires upgrading to 100# or more which would require compromise joints between the different rail weight sections. In addition, many of the existing joint bars are old and are worn to the point of requiring significant replacement across the segment. The track has now reached a level of tie deterioration that requires a significant quantity of replacement crossties. This deterioration has been caused by tie rot and curvature on many portions of the segment. In addition, several factors are affecting the track geometry (cross level and alignment). In numerous places, cuts were made through hills which has led to poor drainage. Secondly, the soil stability in numerous areas on this segment requires constant smoothing to counteract the soil slippage.

The segment between Whitney and Badin was laid with 100# jointed standard rail in 1970 (except for the last mile which was laid in 1951) and was last timbered and surfaced in 1982. The rail in this segment has maintained its profile and as such does not require replacement. The tie condition likewise has not deteriorated as in the Halls Ferry to Whitney segment. A periodic problem arises with the bank stabilization along the lake from milepost 6.80 to milepost 9.00. Rip rap is placed on the lake bank to

¹ *Timbering* refers to the replacement of defective crossties; *surfacing* refers to restoration of the track's cross level and vertical alignment.

retain erosion of the bank into the lake. Currently, the bank at milepost WF 7.00 will need attention in the near future. Other bank locations have recently been stabilized.

Rehabilitation

Rehabilitation of the Halls Ferry – Whitney segment of the line consists of the following elements and is estimated to cost \$516,602. A detailed itemization is provided in Appendix 3.

- Timber and surface 5.9 miles of main track, using 800 new Grade 5 crossties and 800 tons of ballast per mile. This is within the FRA Class I standard which requires 5 to 7 good ties every 39 feet. The poor tie condition resulting from the fact that it has been 16 years since the last T&S work plus the curvature on this segment requires this level of rehabilitation to bring it to the standards for Class I track. This work will be done by a production system gang using efficient track equipment. NS practice is to have a single mechanized gang perform both timbering and surfacing.
- Install 50 39 foot sections (equivalent to 0.37 track miles) of relay 100# jointed rail to replace rail that is worn. Norfolk Southern's standard for rail wear on this level of track is 12/16" on the face of the rail. The FRA has no rail wear standard. The rail in many locations on this segment exceeds 12/16" wear and also requires replacement due to engine burns and corrugation. Rail grinding is not feasible on this line due to the existing rail wear and the cost of grinding.

- Stabilize the banks between MP WF 2.3 and MP WF 2.5 where the subsoil is not stable.
- Perform brush control, tree removal, ditching and culvert clean out. At present, the brush and vegetation will require cutting along with herbicide application. Ditching will be required to support bank stabilization and open water carrying facilities adjacent to the roadbed to accommodate expected water flow for the concerned areas as detailed in the preceding paragraph.

Normalized Maintenance

The Normalized Maintenance Projection for the line is contained in Attachments 4a and 4b to the Petition. Separate summaries are provided for the Halls Ferry – Whitney and Whitney – Badin segments.

Maintenance tasks itemized in the Projection are divided into two categories: Routine work and Program work. Program work typically involves more significant projects which provide a multi-year benefit, while routine work is smaller in scale and shorter in the duration of benefits. It encompasses day-to-day maintenance and periodic inspections of roadway, bridges and signals. The total estimated cost of all items over a ten year horizon is averaged to calculate an annual normalized cost.

Routine Work

Routine work includes weekly inspection of the line in accordance with FRA regulations, general track repairs, such as gauging, spot surfacing and sinkhole repair, periodic testing of the rail to detect internal defects, and vegetation control to prevent fouling of ballast. Various routine bridge and culvert repairs are also required, as are periodic testing and maintenance of the signals at the public crossings at MP WF 0.0, MP WF 3.48 and MP WF 10.36 as required by FRA regulations. Brush cutting will be scheduled on a three year cycle, while ditching will be required annually.

Program Work

Following rehabilitation of the Halls Ferry – Whitney segment of the line, the cycle for timbering and surfacing this line is 7 years, and thus timbering and surfacing is projected for year 8. Because of soil stability problems, intermediate surfacing is also projected for year 3. The intermediate surfacing cycle is required to maintain the proper track geometry quality without any crosstie replacement.

The Whitney – Badin segment will require timbering and surfacing in year 2 and again in year 10, with an intermediate surfacing in year 6.

Certain bridges and culverts on the line will require renewal during the projection period; these costs are summarized in Appendix 3. The culvert at MP WF 10.10 will require

replacement in 2007. The timber trestle at MP WF 2.10 is projected to require a new deck in 2012 and replacement of the spans in 2014.

Verification

I, Stephen H. Morrell, verify under penalty of perjury that I am Director Engineering Cost and Systems of Norfolk Southern Corporation, that I have read the foregoing document and know its contents, and that the same is true and correct to the best of my knowledge and belief.

Executed on March 22, 2006



Stephen H. Morrell

**Norfolk Southern Railway Company
Halls Ferry – Badin, NC
WF 0 – WF 11.11**

List of Bridges

Milepost	Spans	Bridge Type	Deck Construction	Length in Feet	Year Constructed	Name of Crossing
WF 2.10	1	Timber Trestle	Open	6		

**Norfolk Southern Railway Company
Halls Ferry – Badin, NC**

Bridge Inspection Report

NORFOLK SOUTHERN CORPORATION BRIDGES AND STRUCTURES DEPARTMENT BRIDGE INSPECTION REPORT

FORM 11944 (4/95)
(Item 337664)

Inspector: <u>P. H. SEARIS</u>	Inspector: _____	Inspector: _____	Inspector: _____
Date: <u>10-12-06</u>	Date: _____	Date: _____	Date: _____
Division: <u>Piedmont</u>		District: <u>DANVILLE</u>	
Bridge No: <u>WF 2.1</u>	Location: <u>HALL'S Ferry Jet</u>	Length: <u>11</u>	
Kind of Bridge: <u>ITS. OD</u>	No. of Spans: <u>1</u>	Height: <u>7</u>	

	ITEMS	S	U	COMMENTS
FOUNDATIONS	Abutments/Piers/Bents/Towers	X		
	Backwalls		X	needs replacing
	Wingwalls	X		
	Embankment & Riprap Protection			
	Bridge Seats & Bearing Areas			
	Pedastals/Grillages/Blocking			
	Bearings/Bearing Stiffeners/Anchor Bolts			
TRUSSES & TRUSSES	Concrete Slab Spans/Arch Spans			
	Lower Flanges or Chords			
	Upper Flanges or Chords			
	Web or Main Diagonals			
	Counters			
	Truss Hangers & Posts			
	Pins & Rivets			
	Top Laterals			
	Bottom Laterals			
	Sway Frames/Knee Braces			
FLOOR SYSTEM	Portal Bracing			
	Bridge Ties & Guard Timbers		X	needs tie
	Bridge Tie Anchors	X		
	Walkway & Handrailing			
	Inner Guard Rail			
	Ballast Trough & Ballast Section/Depth of Ballast			
	Stringers & Stringer Connections/Bracing			
TRESTLES	Floorbeam & Floorbeam Connections			
	Bulkheads			
	Stringers			
	Caps	X		
	Piles & Posts			
	Sills			
	Blocking			
OTHER	Bracing			
	Paint/Date Painted			
	Vegetation Control	X		
	Bridge Opening/Drift Condition	X		
	Waterway Channel(s) & Flowline	X		
	Cleanliness	X		
GENERAL	Encumbrances (Ex. Utilities)			
	Bridge Signs & Markers		X	markers missing
	Track Alignment	X		
	Track Surface at Ends & Across Structure	X		
	Track Anchorage			
	Track Expansion Joints			
	Vibrations or Deflections (If Observed Under Load)			

Overall Bridge Condition 3

65

- 1 = Needs Immediate Attention
2 = Needs Attention Within 12 Months
3 = No Attention Required

NOTE: If span condition is "1" or "2" enter the number in the upper right hand corner
"S" = Satisfactory "U" = Unsatisfactory If Unsatisfactory indicate reason in comment Section

**Norfolk Southern Railway Company
Halls Ferry – Badin, NC**

Rehabilitation Estimate

REHABILITATION ESTIMATE

Piedmont Division - WF Line (0.00 - 5.90)

T&S	\$457,605
RAIL	\$25,423
BRUSH CLEARING	\$20,000
DITCHING	\$8,461
BANK STABILIZATION	<u>\$5,114</u>
TOTAL	\$516,602

T&S OPERATIONS - REHABILITATION ESTIMATE

Piedmont Division - WF Line (0.00 - 5.90)

MILES	5.90
	0.00
	0.00
	<u>5.90</u>

T & S GANG (37-MAN)

Production rate: (miles per day)	1.20	
Number of days	5	5.90 miles

DIRECT COSTS:		TOTAL COST
Wages - BMW		\$37,648
Expense reimbursements		\$9,583
Crossties, new 7"	800 per mile	\$33.08 \$156,138
Ballast	800 tons per mile	\$7.28 \$34,345
Switch ties (incl in turnouts)	0 per mile	\$49.45 \$0
Track spikes	16 kegs per mile	\$71.54 \$6,753
Meals		\$4,720
Other material & expenses		\$18,824
Sub-Total		<u>\$268,011</u>
LABOR ADDITIVES / FRINGES	53.10%	\$19,991
COMPANY MATERIAL HANDLING	0.50%	\$986
Sub-Total		<u>\$20,977</u>
TOTAL		<u>\$288,988</u>

DIVISION SUPPORT

BMW		
Unload ballast		\$1,510
T&S support, including switch-ties	5.9 miles	\$11,210
Fringes	53.10%	\$6,754
Small tools, miscellaneous expenses		\$1,272
Expense reimbursements		\$1,908
		<u>\$22,654</u>
BMW - GAGING		
Wages - BMW		\$64,662
Fringes and Suppl sickness	53.10%	\$34,336
Expense reimbursements		\$9,699
		<u>\$108,697</u>
TOTAL		<u>\$131,351</u>

C & S SUPPORT

Routine C&S work with production T&S gang	\$279 PER CROSSING	\$558
2 mechanized crossings		

T&S OPERATIONS - REHABILITATION ESTIMATE

Piedmont Division - WF Line (0.00 - 5.90)

MILES	5.90
	0.00
	0.00
	<u>5.90</u>

GRADE CROSSINGS

30 FEET	3	PRIVATE XINGS @	10	FT / XING
80 FEET	5	PUBLIC XINGS @	16	FT / XING

MATERIAL

130 Feet Epflex Rubber	\$42.34	\$6,774
53 Tons Asphalt	\$34.00	\$1,795
15 Xing Timbers	\$48.00	\$720
75 Drive Spikes	\$0.80	\$60
20 Tons Asphalt	\$38.00	\$760
		<u>\$10,109</u>

CONTRACTOR

Public	130 Rubber Feet Worked	\$51.73	\$8,277
	51 Crossties In/Out	\$12.17	\$615
	53 Haul Asphalt In/Out	\$11.16	\$589
	16 Feet Cribbing	\$10.14	\$162
Private	30 Feet Worked	\$46.00	\$1,380
	19 Crossties In/Out	\$12.17	\$231
	20 Haul Asphalt In/Out	\$11.16	\$446
	6 Feet Cribbing	\$10.14	\$61
			<u>\$11,761</u>

ASPHALT DISPOSAL	33.00%	24 TONS	\$27.00	\$648
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FLAGGING				\$103
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ADDITIVES				<u>\$1,327</u>
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TOTAL				\$23,948
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WORK TRAINS & ROLLING EQUIPMENT RENTAL

NS POWER TO UNLOAD MATERIALS & EQUIPMENT RENTAL

T&E CREWS, POWER - CROSSTIES, SPIKES	5	CREW DAYS	\$7,000
T&E CREWS, POWER - BALLAST	3	CREW DAYS	<u>\$5,760</u>
TOTAL			\$12,760

T&S OPERATIONS - REHABILITATION ESTIMATE

Piedmont Division - WF Line (0.00 - 5.90)	MILES	5.90
		0.00
		<u>0.00</u>
		5.90

SUMMARY

		<u>Miles</u>	
(1)	TIMBER & SURFACE	5.90	\$288,988
(2)	DIVISION SUPPORT		\$131,351
(3)	COMMUNICATION & SIGNAL - TRACK WORK SUPPORT		\$558
(4)	GRADE CROSSING RENEWAL		\$23,948
(6)	T&E & ROLLING STOCK RENTAL		\$12,760
(7)	BRIDGE TIES	0 ties	<u>\$0</u>
	TOTAL		\$457,605

RAIL OPERATIONS - REHABILITATION ESTIMATE

Piedmont Division - WF Line (0.00 - 5.90) DIVISION TRACK MAINTENANCE GANG (5-MAN)

50 39-foot sections		50 rails	
Production rate: (rails per day)		5.00	
Number of days		10.00	
DIRECT COSTS:			TOTAL COST
Wages - BMWE			\$10,638
Expense reimbursements			\$3,423
Jointed Rail - Relay 100# Internal	0.12 net tons	\$430.00	\$52
Compromise joint bars	100 each	\$44.90	\$4,490
Track spikes, new	2 Kegs	\$71.54	\$143
Panel turnout, new	0.00 ea/ ml mile	\$36,000	\$0
Tie plugs, new	1 1,000 pack	\$28.00	\$28
Other material & expenses			\$1,000
Sub-Total			\$19,774
LABOR ADDITIVES/FRINGES		53.10%	\$5,649
TOTAL			\$25,423

Rail Replacement Summary

(1)	RAIL REPLACEMENT	\$25,423
	TOTAL RAIL	\$25,423

MISCELLANEOUS OPERATIONS - REHABILITATION ESTIMATE

Piedmont Division - WF Line (0.00 - 5.90)

BRUSH & TREE REMOVAL

CONTRACTOR

Excavator with Brush Shredder (2) 10 Hr Day	\$150.00/Hr	\$3,000
Lowboy Trailer	\$25.00/Hr	\$250
Tractor Truck	\$45.00/Hr	\$450
Labor (2 men 10Hr Day)	\$15.00/Hr	<u>\$300</u>
Daily Cost		\$4,000
Estimated Days		<u>5</u>
TOTAL		\$20,000

DITCHING/CULVERT CLEAN-OUT

DIRECT COSTS

BMWE - Wages	0.75 Months w/ 2 men	\$4,662
LABOR ADDITIVES	53.10%	\$2,476

SUPPLIES/MAINT

Gang Truck	21 Days	\$21.00	\$441
Gradall	21 Days w/2 machines	\$21.00	<u>\$882</u>
TOTAL			\$8,461

MISCELLANEOUS OPERATIONS - REHABILITATION ESTIMATE

Piedmont Division - WF Line (0.00 - 5.90)

BANK STABILIZATION

1 Location (WF2.3 - WF 2.5)

DIRECT COSTS

BMWE - Wages	1 Day each location/5 men	\$740
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LABOR ADDITIVES	53.10%	\$393
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NS POWER TO UNLOAD RIP RAP

T&E CREWS, POWER - RAIL	1	CREW DAYS	\$1,960
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MATERIAL

Truck	1 Days	\$21.00	\$21
Gradall	1 Days		\$0
Rip Rap	200 Tons	\$10.00	<u>\$2,000</u>

TOTAL	\$5,114
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**Norfolk Southern Railway Company
Halls Ferry – Badin, NC**

Projection of Bridge Costs

10-YEAR PROJECTION OF BRIDGE COSTS

05/09/05

LINE SEGMENT : HALLS FERRY JCT., NC (MP WF-0.0) TO BADEN, NC (MP WF-11.1)

10-YEAR CAPITAL & MAINTENANCE PROGRAM

ROUTINE		TIE DECK RENEWALS			CULVERTS			BRIDGE REPAIRS/REPLACEMENTS			YEAR TOTAL		
YEAR	BRIDGE MAINTENANCE	MILEPOST	CAPITAL	EXPENSE	MILEPOST	CAPITAL	EXPENSE	MILEPOST	DESCRIPTION	CAPITAL	EXPENSE	CAPITAL	EXPENSE
2005	\$1,600	NONE	\$0	\$0	NONE	\$0	\$0	NONE		\$0	\$0	\$0	\$1,600
2006	\$1,800	NONE	\$0	\$0	NONE	\$0	\$0	NONE		\$0	\$0	\$0	\$1,800
2007	\$1,800	NONE	\$0	\$0	WF-10.10	\$15,000	\$3,000	NONE		\$0	\$0	\$15,000	\$4,800
2008	\$2,200	NONE	\$0	\$0	NONE	\$0	\$0	NONE		\$0	\$0	\$0	\$2,200
2009	\$1,800	NONE	\$0	\$0	NONE	\$0	\$0	NONE		\$0	\$0	\$0	\$1,800
2010	\$1,800	NONE	\$0	\$0	NONE	\$0	\$0	NONE		\$0	\$0	\$0	\$1,800
2011	\$1,800	NONE	\$0	\$0	NONE	\$0	\$0	NONE		\$0	\$0	\$0	\$1,800
2012	\$1,800	WF-2.10	\$3,700	\$800	NONE	\$0	\$0	NONE		\$0	\$0	\$3,700	\$2,600
2013	\$1,800	NONE	\$0	\$0	NONE	\$0	\$0	NONE		\$0	\$0	\$0	\$1,800
2014	\$1,800	NONE	\$0	\$0	NONE	\$0	\$0	WF-2.10	REPLACE TRESTLE	\$90,000	\$3,200	\$90,000	\$5,000
10-YEAR TOTAL	\$18,200		\$3,700	\$800		\$15,000	\$3,000			\$90,000	\$3,200	\$108,700	\$25,200
10-YEAR AVG.	\$1,820		\$370	\$80		\$1,500	\$300			\$9,000	\$320	\$10,870	\$2,520

VERIFIED STATEMENT
OF
MARCELLUS C. KIRCHNER

My name is Marcellus C. Kirchner. I am employed by Norfolk Southern Corporation (NS) in the capacity of Director Strategic Planning. My office is in Norfolk, Virginia. I have been employed by NS or an NS subsidiary since 1978 and have occupied my present position since January 1993. I previously occupied the positions of Director Human Resources and Director Labor Relations. I have a Bachelor of Arts degree, *cum laude*, from Duke University and a Master of Business Administration degree from Cornell University. Since April 2004, the responsibilities of my present position have included the preparation of economic exhibits to support abandonment filings made by NS' railroad subsidiaries.

My office prepared Exhibits 2, 3 and 6 (Financial Exhibits) to the Petition for Exemption of the Discontinuance of Service by Norfolk Southern Railway Company (NSR) the Abandonment of Operating Rights under lease by Yadkin Railroad Company (Yadkin) between milepost WF 0.0 at Halls Ferry Junction, NC and milepost WF 11.11 at Badin, NC., and the Abandonment of Operating Rights under lease by the Winston-Salem Southbound Railway Company (WSSB) between milepost WF 5.90 at Whitney, NC and milepost WF 11.11 at Badin and I am sponsoring those exhibits.

NSR currently operates over the entire line between milepost WF 0.0 at Halls Ferry and WF 11.11 at Badin, which is leased by its wholly-owned subsidiary Yadkin, in

order to serve the sole customer on the line, Alcoa, Inc. at Badin. Alcoa is successor to Tallassee Power Company, the original lessor of the line. Under the terms of the 1916 lease, NSR, Yadkin and WSSB are obligated to maintain the line while it is under operation; following abandonment, the line will revert to Alcoa. WSSB is a Class III switching carrier jointly owned by NSR and CSX Transportation, Inc. (CSXT). WSSB traffic originating or terminating at the Alcoa facility at Badin consists of cars in the account of CSXT moving between Badin and the junction with CSXT at Wadesboro, NC. WSSB last provided direct train service between Whitney and Badin in 1996. Since that time, NSR has performed switching at Alcoa on behalf of WSSB and CSXT pursuant to a 1996 operating agreement under which NSR interchanges the CSXT Alcoa traffic to or from WSSB at Whitney, NC and provides haulage on behalf of CSXT between Whitney and Badin. CSXT has no operating rights to serve Badin directly.

Rail traffic at Alcoa's facility at Badin has dropped significantly since Alcoa curtailed most of its operations there in 2002 as indicated by the following chart:

Year	NSR Carloads	CSXT/ WSSB Carloads	Total Carloads
2001	1,811	495	2,306
2002	1,394	440	1,834
2003	549	220	769
2004	290	244	534
2005	88	129	217

In 2005, NSR Alcoa traffic at Badin was 95% below 2001 levels, and total carloads dropped 91% below the 2001 count. This precipitous decline in traffic levels has made it impossible to continue operating this branch line without incurring a loss.

The first part of my statement will address the present NSR operation between Halls Ferry and Badin, while the second part will discuss a hypothetical case under which WSSB would operate the line between Whitney and Badin under its operating rights, which now have been dormant since 1996. The Base Year in each case is October 2004 through September 2005. In accordance with the Board's regulations found at 49 CFR §1152.2(h), the Forecast Year in each case is March 2006 through February 2007. The NSR and WSSB Financial Exhibits, as well as this statement, incorporate information gathered from a variety of NS departments which is maintained in the ordinary course of business by custodians who have a business duty to do so. This includes operating and financial information relating to the ownership and operation of WSSB.

NSR Operation between Halls Ferry and Badin, NC

Petition Exhibits 2 and 3 illustrate the branch's revenues, expenses and opportunity costs for the Base and Forecast years, and are based on a *pro forma* operation of the line. As discussed in the verified statement of Stephen H. Morrell (VS Morrell), substantial rehabilitation of the branch would be required in order for it to continue in operation. Petition Exhibit 2 shows that the cars NSR originated or terminated on the line declined from 549 in 2003 to 290 in 2004 to 88 in 2005. Line 17 on Petition Exhibit 3 shows that the branch's loss was \$358,881 for the Base Year and a loss of \$369,466 is projected for the Forecast Year. I do not believe that this line can be operated profitably. Moreover, this operating loss does not include any part of the rehabilitation costs of \$516,602 which would be required to be expended in order to retain the line for continued service. VS Morrell, page 2.

Revenue attributable (lines 1-4)

Revenues attributable to the branch were developed from sources that are available in the normal course of conducting business. The settled carload freight revenue of \$251,449 and each carload's related statistical information which includes the origin, destination; commodity; lading weight; car type; class of traffic; and rail miles, were developed from NS' Traffic History databases. Carloads and tons for the 112 cars in NS' account during the Base Year are shown in Petition Exhibit 2 which is attached to the Petition. Base Year revenues also include haulage revenue of \$9,541 for the 173 cars in the account of CSXT handled between the junction with WSSB at Whitney and the Alcoa facility at Badin.

Forecast year carloads attributable to the branch are assumed to be the same as for the base year. Forecast year revenues were developed by indexing the base year revenues using the Gross Domestic Product Implicit Price Deflator, Seasonally Adjusted, Quarterly Series, 2000=100 (GDP Deflator). GDP Deflator values for the period encompassing the base year were derived from quarterly data published by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA). Forecast year GDP Deflator values were derived from forecasted values for the four quarters ending with the quarter in which the forecast year terminates. Forecast year GDP deflator projected values were provided by Global Insight (formerly DRI). The composite GDP Deflators thus produced for the base and forecast years, respectively, are 111.3171 and 115.4682. The adjustment factor thus produced is 3.73%.¹ The indexed forecast year total revenue is therefore \$270,723.

¹ $(115.4682/111.3171)-1$

Maintenance of Way and Structures expense (line 5a)

The calculation of the normalized maintenance expense included in Petition Exhibit 3, line 5a, \$200,500² is discussed in VS Morrell. The forecast year normalized maintenance expense, indexed to the GDP Deflator, is \$207,977.

Locomotive replacement cost

Locomotive replacement cost is determined in accordance with the Board's regulations found at 49 CFR §1152.32(o) (1). GMA Horsepower Classification Category 5 locomotives are used on the branch. The last acquisition by NSR of a locomotive in this category occurred in 1980. NSR's accounting department has supplied the original acquisition cost of this last unit, which is \$791,186. This original acquisition cost has been indexed to the base and forecast years using the U.S. Department of Labor, Bureau of Labor Statistics monthly Producer Price Index – Railroad Equipment, 1982=100 (PPI-RE). The composite PPI-RE for the months comprising the base year is 157.8. The average of forecasted values for PPI-RE for March through June 2006 as contained in the Association of American Railroads (AAR) submission to the Board for the first quarter 2006 Rail Cost Adjustment Factor (RCAF), which is 181.1, has been used as a proxy for the forecast year PPI-RE. The 1980 index value in the PPI-RE series 1982=100 is 90.4. The base and forecast year locomotive replacement costs thus produced are \$1,374,773³ and \$1,584,998⁴, respectively.

Maintenance of equipment (line 5b)

² This is the sum of the normalized maintenance figures for the Halls Ferry – Whitney and Whitney – Badin segments of the line as shown in Petition Exhibits 4 and 4a.

³ \$791,186x157.8/90.4

⁴ \$791,186x181.1/90.4

Maintenance of equipment expenses included in Petition Exhibit 3 were developed in accordance with the Board's regulations found at 49 CFR §1152.32(o) and 49 CFR §1152.33(b) (1) (2) and (3). Train operations are discussed in the Transportation section below.

Locomotive repair and maintenance expenses were calculated in accordance with the Board's regulations found at 49 CFR §1152.33(b) (1).

The maintenance of equipment fringe benefits cost was calculated in accordance with 49CFR 1152.33(b) (3). The fringe benefit rate thus calculated for the base year is 37.71%.

The locomotive depreciation expenses were calculated in accordance with the Board's regulations found at 49 CFR §1152.32(o) and 49 CFR §1152.33(b) (2). The NSR composite locomotive depreciation rate specified in 49 CFR §1152.32(o) (2) is 3.58% for 2004, the latest year for which Form R-1 data is available, and according to information developed from NSR's Locomotive Information System, the average age of Category 5 locomotives in 2005 was 31.2 years. As 3.58% times 31.2 exceeds 100%, Category 5 locomotives are considered fully depreciated and have a zero book value for the purpose of these calculations, and thus the depreciation expense is zero.

Transportation (line 5c)

Transportation expenses included in Petition Exhibit 3 were developed for the *pro forma* train operations in accordance with the Board's regulations. Badin is served by local assignment P91 which uses one four-axle locomotive. This assignment has a

three-person crew which goes on and off duty at the Alcoa facility at Badin five days per week. A total of 251 crew starts were operated during the Base Year. After performing local and intra-plant switching at Badin, the job proceeds to Whitney, where switching of cars to or from the WSSB occurs. The local then proceeds to Halls Ferry Junction, where the WF line connects with the NSR N line. The crew performs work off-branch on the N line for several hours and also switches Alcoa cars which have been brought to or will be moved from Halls Ferry Junction by another NSR assignment. The crew returns to the subject WF line, and returns to Badin, also stopping again to pick up cars from WSSB at Whitney. On a *pro forma* basis, 1.11 hours are required each way for the crew to traverse the WF line at 10 miles per hour, the train speed limit for FRA Class 1 track. An additional two hours are devoted to switching at Badin, Whitney and Halls Ferry Junction, for a total time on duty on the subject branch of 4.22 hours. 53%⁵ of the straight time portion of the assignment's actual compensation during the base year was attributed to the branch as crew costs, for a total of \$144,814, including productivity fund contributions and fringe benefits. This figure understates the actual crew costs as in practice the trip takes longer than assumed here as the track is in excepted status and parts of it are operated at speeds below 10 mph.

Expenses for engine and train crew materials, train inspection and lubrication labor and materials were calculated in accordance with the Board's regulations found at 49 CFR §1152.33(c)(1)(i). Forecast year expenses for engine and train crew materials, train inspection and lubrication labor and materials were developed by indexing base year expenses by the GDP deflator.

⁵ The ratio of 4.22 hours on-branch to the 8-hour minimum day under the applicable labor agreements.

Locomotive fuel expenses were calculated in accordance with the Board's regulations found at 49 CFR §1152.33(c) (1) (ii). Forecast year locomotive fuel expenses were developed by indexing base year expenses by the GDP deflator.

Locomotive servicing expenses were calculated in accordance with the Board's regulations found at 49 CFR §1152.33(c) (1) (iv). Forecast year locomotive servicing expenses were developed by indexing base year expenses by the GDP deflator.

Transportation fringe benefit costs were calculated in accordance with the Board's regulations found at 49 CFR §1152.33(c) (4) (i). The fringe benefit rate thus calculated for the base year is 32.16%. Forecast year fringe benefit costs were developed by indexing base year expenses by the GDP deflator.

Freight car costs (lines 5g and 5i)

Freight car costs calculations required the development of separate unit cost factors for car day rates per day and car mile rates per mile by car type for repair and depreciation, return on value, depreciation only, and holding gain (loss). The Costs Department developed those rates in accordance with the Board's regulations found at 49 CFR §1152.32(g).

The Costs Department also calculated the actual car days on branch based on NSR car movement records. The average car spent 7.5 days on-branch. My office developed the total car days and the car miles on-branch for the line's traffic and calculated the freight car costs. The return on value for the forecast year includes an

adjustment for the holding gain (loss). Forecast year freight car costs were indexed by the GDP Deflator.

Return on value for locomotives (line 5h)

Locomotive return on value expenses were calculated in accordance with the Board's regulations found at 49 CFR §1152.32(h). NSR locomotive purchase cost is discussed above in the section captioned: Transportation. Because book value for Category 5 locomotives is zero for the purpose of these calculations, return on value expense for locomotives is also zero.

Off-branch costs (line 6)

"Off-branch costs" are those costs incurred by NSR on the remainder of its railroad system in moving rail shipments to and from the line segment which is the subject of this abandonment. Off-branch costs are computed in accordance with 49 CFR § 1152.32(n) and are determined using the Uniform Rail Costing System (URCS) formula, which is applied to the Form R-1 filed with this Board by NSR. Off-branch costs to or from an NSR origin, destination or point of interchange not on the branch line reflect characteristics of the movement such as car type, car ownership weight and distance.

The unit costs used to compute off-branch costs (except for freight car costs) result from the application of 2003 URCS data, which is the latest available. The Costs Department developed off-branch unit costs and calculated the base year off-branch costs at my request. Forecast year off-branch costs were indexed by the GDP Deflator.

Valuation of property (lines 12a, b and c)

The valuation of property (lines 12a, b and c) is the sum of working capital and net liquidation value less income tax consequences. Working capital expenses for the forecast year were calculated in accordance with the Board's regulations found at 49 CFR §1152.34(c)(1)(i) for the branch by calculating forecast year on-branch avoidable costs less locomotive depreciation and freight car depreciation and then multiplying the result by 15/365 or 0.0411 to produce 15 days' worth:

A. On-branch avoidable costs (Exhibit 3, line 5(l))	\$431,853
B. Locomotive depreciation	0
C. Freight car depreciation	<u>1,332</u>
D. Avoidable costs less depreciation (A-B-C)	430,521
E. Working capital (D x 0.041)	\$17,651

Net liquidation value is zero, as NSR owns neither the right-of-way nor the track, both of which will revert to Alcoa following abandonment. Income tax consequences are therefore also zero.

Nominal rate of return and nominal return on road properties (lines 13 and 14)

The nominal rate of return, Petition Exhibit 3, line 13, was calculated in accordance with the Board's decision in Railroad Cost of Capital – 2004, *Ex Parte* No. 558 (Sub-No. 8), served June 30, 2005 and the Board's regulations found at 49 CFR §1152.34(d). The current nominal before tax cost of capital rate thus calculated is 14.87%.

The nominal return on road properties, Petition Exhibit 3, line 14, was calculated by multiplying the current valuation of property, consisting of working capital only (line 12), by 14.87%.

Holding gain (loss) on road properties (line 15)

Because net liquidation value is zero, the estimated holding gain during the forecast year is also zero.

Hypothetical WSSB Operation between Whitney and Badin, NC

The purpose of this section of my statement is to demonstrate that in the absence of NSR service over the line, WSSB would also be unable to operate the Whitney – Badin segment of the line to serve Alcoa without incurring a substantial operating loss. As WSSB does not now operate over the line and has not done so for the last decade, this is a purely hypothetical presentation based on reasonable assumptions.

A 1995 Operating Agreement between CSXT and NSR predecessor Norfolk and Western Railway Company (NW) provides for the operation of WSSB as a switching carrier which handles traffic in the accounts of its owners, NSR and CSXT. WSSB is compensated by its owners for switching in accordance with a schedule of rates which is a part of the agreement and is updated periodically. These switching rates are designed to place WSSB on a "break even" basis, and thus are reflective of the costs for WSSB to provide these services in the normal course of business. Under the operating agreement, the owners provide a variety of administrative and support services to the WSSB such as furnishing locomotives for its use. Under a subsequent

1996 NSR-CSXT agreement, NSR now provides haulage of CSXT traffic between the junction with WSSB at Whitney and the Alcoa facility at Badin. A map depicting the WSSB system is attached as Petition Exhibit 5.

WSSB is a Class III carrier with represented employees under standard rail labor agreements with standard rates and coverage under national benefit plans. WSSB costs are therefore in line with those of its parents. Motive power used by WSSB is supplied by its parents. For these reasons, it is reasonable to use costs based on the NSR for R-1 to provide an objective estimate of costs incidental to the WSSB hypothetical operation of the branch.

Petition Exhibit 6 illustrates the branch's revenues, expenses and opportunity costs for the Base and Forecast years, and is based on a *pro forma* operation of the Whitney – Badin line by WSSB. Line 17 on Petition Exhibit 6 shows that the branch's loss would be \$229,485 for the Base Year and a loss of \$238,041 would be projected for the Forecast Year. I do not believe that WSSB could operate this line profitably. In fact, the normalized maintenance expense greatly exceeds the annual switch revenue for the segment. 285 carloads per year represents less than one car per day or 1.1 cars per weekday. This is simply an insufficient level of traffic to sustain this branch line.

Revenue attributable (lines 1-4)

Revenues attributable to the branch were developed from sources that are available in the normal course of conducting business. The hypothetical WSSB freight revenue of \$43,595 during the Base Year consists of switch charges for 173 cars in the

account of CSXT at \$173.40 per car and 112 cars in the account of NS at \$121.40 per car.

Forecast year car movements attributable to the branch are assumed to be the same as for the base year. Forecast year revenues were indexed to the GDP Deflator.

Maintenance of Way and Structures expense (line 5a)

The calculation of the normalized maintenance expense for the Whitney – Badin segment included in Petition Exhibit 6, line 5a, \$111,350⁶, is discussed in VS Morrell. The costs would be the same under WSSB operation. The forecast year normalized maintenance expense, indexed to the GDP Deflator, is \$115,502.

Locomotive replacement cost

Locomotive replacement cost is determined in accordance with the Board's regulations found at 49 CFR §1152.32(o) (1) as discussed in the NSR section of my statement above. One GMA horsepower classification Category 5 locomotive would be used on the branch under the WSSB scenario.

Maintenance of equipment (line 5b)

Maintenance of equipment expenses included in Petition Exhibit 6 were developed in accordance with the Board's regulations found at 49 CFR §1152.32(o) and 49 CFR §1152.33(b) (1) (2) and (3). Train operations are discussed in the Transportation section below.

⁶ See Petition Exhibit 4a.

Locomotive repair and maintenance expenses were calculated in accordance with the Board's regulations found at 49 CFR §1152.33(b) (1).

The maintenance of equipment fringe benefits cost was calculated in accordance with 49 CFR 1152.33(b) (3). The fringe benefit rate thus calculated for the base year is 37.71%.

Locomotive depreciation expense is zero as NSR Category 5 locomotives are considered to have zero book value for the purposes of these calculations, as discussed above.

Transportation (line 5c)

It would be necessary for WSSB to establish a new local train assignment in order for WSSB to serve Badin and replicate the switching services now provided by NSR to Alcoa at Badin. The new train would go on and off duty at the WSSB marshalling yard at High Rock, NC.

CSXT Alcoa traffic would move between the junction with CSXT at Wadesboro and Whitney in existing WSSB train service as it does today. NSR Alcoa traffic would move between the junction with NSR at Lexington, NC and High Rock in existing WSSB train service as other NSR traffic moves today. Under the table of WSSB switching rates applied to its parents' traffic, the break-even cost for WSSB to move the CSXT traffic between Wadesboro and Whitney would be \$163 per loaded car and the break-even cost for WSSB to move the NSR traffic between Lexington and High Rock would be \$91 per loaded car.

It should be noted that the revenue to WSSB per CSXT car is \$173.40 for the movement between Wadesboro and Badin (see section, "Revenue" above), while the cost between Wadesboro and Whitney is \$163. The net effect is that the incremental revenue to WSSB, as compared to the status quo, from extending its haul an additional five miles from Whitney, the existing terminus, to Badin, would be \$10.40 per loaded car.

The new WSSB assignment would originate at High Rock where the crew would make up its train with NSR traffic and proceed south to Whitney via High Rock, where it would pick up CSXT traffic and then proceed on to Badin. At Badin it would perform switching of Alcoa, and then return north to Whitney, where it would set off CSXT traffic. The train would then return to High Rock with NSR traffic and tie up. This assignment would traverse 33 miles round trip, of which 10.4 miles or 31.9% would be on-branch (between Whitney and Badin). The new assignment would use one four-axle locomotive and carry a three-person crew.

For the purposes of this hypothetical presentation, it is assumed that the new train would operate three times per week and only the actual crew time on duty has been taken into account, with the result that this analysis has been charged with only 40% of the annual cost of a crew. Both assumptions are generously conservative and are intended to assure that the operating cost of this hypothetical WSSB operating plan is not overstated. In reality, NSR now serves Badin five days per week, WSSB locals are bulletined for a minimum of five days per week and their crews are paid on the basis of a minimum day consisting of eight hours.

Expenses for engine and train crew materials, train inspection and lubrication labor and materials were calculated in accordance with the Board's regulations found at 49 CFR §1152.33(c)(1)(i) based on NSR results. Forecast year expenses for engine and train crew materials, train inspection and lubrication labor and materials were developed by indexing base year expenses by the GDP deflator.

Locomotive fuel expenses were calculated in accordance with the Board's regulations found at 49 CFR §1152.33(c) (1) (ii) based on NSR results. Forecast year locomotive fuel expenses were developed by indexing base year expenses by the GDP deflator.

Locomotive servicing expenses were calculated in accordance with the Board's regulations found at 49 CFR §1152.33(c) (1) (iv). Forecast year locomotive servicing expenses were developed by indexing base year expenses by the GDP deflator.

The NSR transportation fringe benefit rate calculated for the base year as described above (32.16%) was used for these calculations. Forecast year fringe benefit costs were developed by indexing base year expenses by the GDP deflator.

Freight car costs (lines 5g and 5i)

Freight cars switched by WSSB remain in the accounts of NSR and CSXT, therefore WSSB incurs no car costs and these lines are zero.

Return on value for locomotives (line 5h)

Locomotive return on value expenses were calculated in accordance with the Board's regulations found at 49 CFR §1152.32(h). Locomotive purchase cost is discussed above in the section captioned: Transportation. Because book value for NSR Category 5 locomotives is zero for the purpose of these calculations, return on value expense for locomotives is also zero.

On-branch and off-branch costs

The breakdown of total avoidable costs between on-branch and off-branch is depicted in Petition Exhibit 6. Base year on-branch costs of \$150,221 consist of normalized maintenance costs for the branch plus 31.9%, on a mileage pro-rata basis, of the costs of operating the new assignment. Base year off-branch costs of \$122,850 consist of the remaining 68.1% of new assignment costs plus the costs of moving cars between Wadesboro and Whitney and between Lexington and the WSSB marshalling yard at High Rock. Forecast year on-branch (\$155,822) and off-branch (\$127,441) costs were developed by indexing base year costs by the GDP deflator.

Valuation of property (lines 12a, b and c)

The valuation of property (lines 12a, b and c) is the sum of working capital and net liquidation value less income tax consequences. Working capital expenses for the forecast year were calculated in accordance with the Board's regulations found at 49 CFR §1152.34(c)(1)(i) for the branch by calculating forecast year on-branch avoidable costs less locomotive depreciation and freight car depreciation (both zero) and then multiplying the result by 15/365 or 0.0411 to produce 15 days' worth:

A. On-branch avoidable costs (Exhibit 6, line 7(a))	\$155,822
B. Locomotive depreciation	0
C. Freight car depreciation	<u>0</u>
D. Avoidable costs less depreciation (A-B-C)	155,822
E. Working capital (D x 0.041)	\$6,389

Net liquidation value is zero, as WSSB owns neither the right-of-way nor the track, both of which will revert to Alcoa following abandonment. Income tax consequences are therefore also zero.

Nominal rate of return and nominal return on road properties (lines 13 and 14)

The nominal rate of return, Petition Exhibit 6, line 13, was calculated in accordance with the Board's decision in Railroad Cost of Capital – 2004, Ex Parte No. 558 (Sub-No. 8), served June 30, 2005 and the Board's regulations found at 49 CFR §1152.34(d). The current nominal before tax cost of capital rate thus calculated is 14.87%.

The nominal return on road properties, Petition Exhibit 6, line 14, was calculated by multiplying the current valuation of property, consisting of working capital only (line 12), by 14.87%.

Holding gain (loss) on road properties (line 15)

Because net liquidation value is zero, the estimated holding gain during the forecast year is also zero.

*

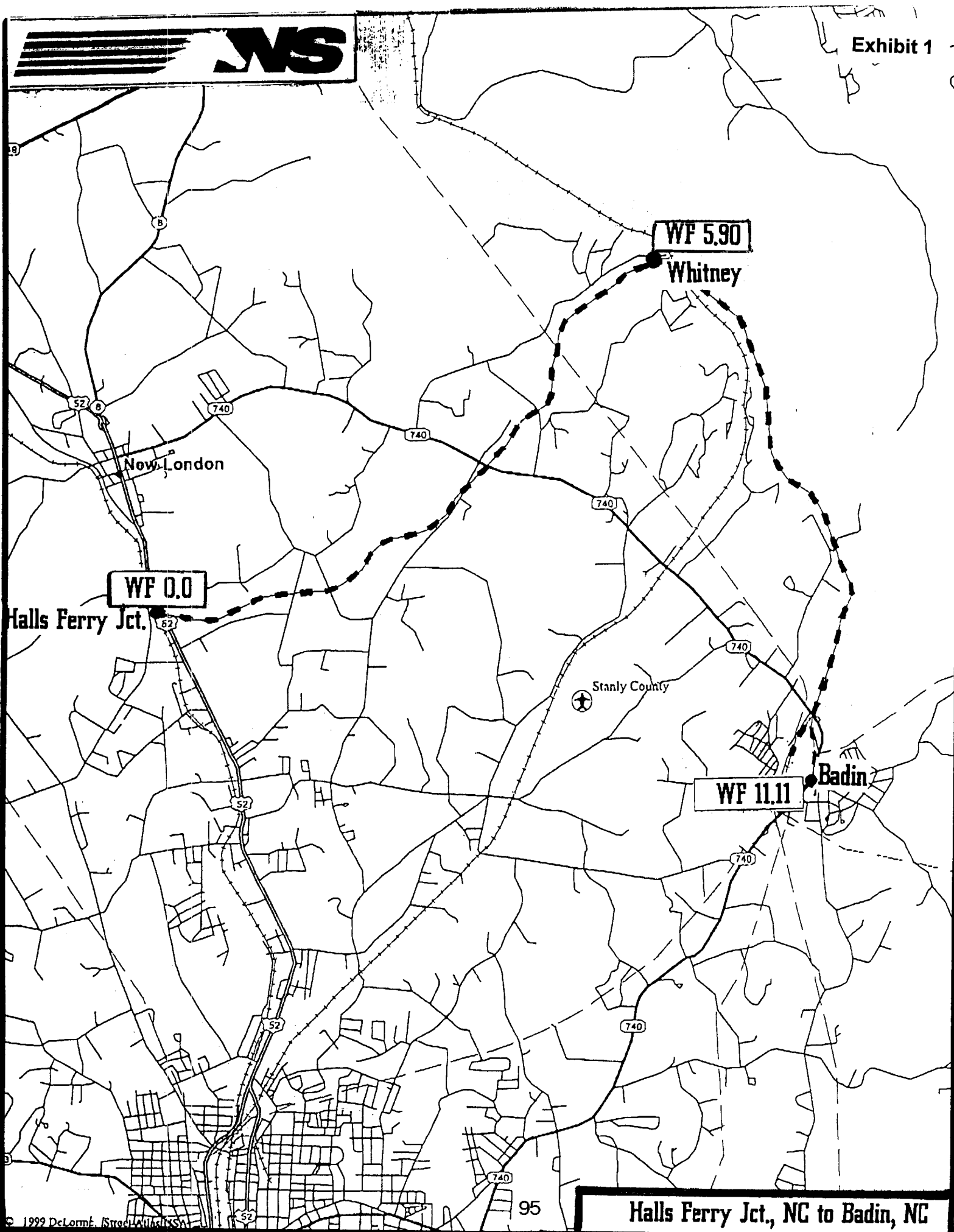
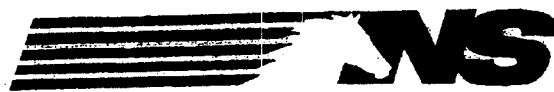
Verification

I, Marcellus C. Kirchner, verify under penalty of perjury that I am Director Strategic Planning of Norfolk Southern Corporation, that I have read the foregoing document and know its contents, and that the same is true and correct to the best of my knowledge and belief.

Executed on March 27, 2006

A handwritten signature in black ink, appearing to read 'Marcellus C. Kirchner', written over a horizontal line.

Marcellus C. Kirchner



Surface Transportation Board Docket No. AB 290 (Sub-No. 254X)

Halls Ferry Junction to Badin, NC
Milepost WF 0.00 to Milepost WF 11.11
Proposed Abandonment and Discontinuance of Service

NORFOLK SOUTHERN RAILWAY COMPANY
COMMODITIES BY CARLOADS AND TONNAGE
49 C.F.R. § 1152.22(e)(2)

Commodity	2003		2004		Year Ending September 2005 (Base Year)		2005	
	Cars	Tons	Cars	Tons	Cars	Tons	Cars	Tons
ALUMINA CALCINED OR HYDRATED	20	2,205	66	7,306	16	1,769	0	0
ALUMN BILLETS	243	21,992	218	20,350	91	8,214	86	8,124
COKE, PETROCALC	4	392	0	0	0	0	0	0
ELECTRODE BINDE	2	170	0	0	0	0	0	0
ELECTRODES FRNC	278	19,070	0	0	0	0	0	0
INGOTS, IRON OR STEEL	0	0	6	451	5	376	2	150
PETROLEUM COKE:	1	93	0	0	0	0	0	0
SHEET STEEL	1	69	0	0	0	0	0	0
Totals:	549	43,991	290	28,107	112	10,359	88	8,274

Sole Customer on the Line:

Alcoa Primary Metals - Southeast Region
Badin Works
P. O. Box 576
Badin, NC 28009

Surface Transportation Board Docket No. AB 290 (Sub-No. 254X)

Norfolk Southern Railway Company

Pro Forma Income Statement

Proposed Abandonment / Discontinuance of Service / Operating Rights
Halls Ferry Junction to Badin, NC - Milepost WF 0.00 to Milepost WF 11.11

Railway operating revenues and expenses* for the Halls Ferry Junction, NC to Badin, NC line segment; a distance of approximately 11.11 miles.

	BASE YEAR 1/	FORECAST YEAR 2/
	112	112
CARLOADS:		
REVENUES ATTRIBUTABLE FOR:		
1 Freight Originating and/or Terminating on branch	\$ 251,449	\$ 260,826
2 Haulage performed on branch	9,541	9,897
3 All other Revenue and Income	0	0
4 TOTAL ATTRIBUTABLE REVENUE (Lines 1 through 3) (a)	\$ 260,990	\$ 270,723
AVOIDABLE COSTS FOR:		
5 ON-BRANCH COSTS:		
a. Way and Structures (b)	\$ 200,500	\$ 207,977
b. Equipment (c)	6,138	6,367
c. Transportation (d)	193,566	200,783
d. General and Administrative	0	0
e. Deadheading, Taxi and Hotel	0	0
f. Overhead Movement	0	0
g. Freight Car Costs (Other Than Return)	6,586	6,831
h. Return on Value - Locomotives	0	0
i. Return on Value - Freight Cars	9,540	9,895
j. Revenue Taxes	0	0
k. Property Taxes	0	0
l. TOTAL (Lines 5a through 5k)	\$ 416,330	\$ 431,853
m. Holding Gain (Loss) - Locomotives	0	0
n. Holding Gain (Loss) - Freight Cars	0	2,819
o. NET ON-BRANCH COSTS (Lines 5l - (5m + 5n))	\$ 416,330	\$ 429,034
6 OFF-BRANCH COSTS:		
a. Off-Branch Costs (Other Than Return)	\$ 203,746	\$ 211,344
b. Return on Value - Freight Cars	(205)	(213)
c. Holding Gain (Loss) - Freight Cars		(24)
d. NET OFF-BRANCH COSTS (Lines 6a + 6b - 6c)	203,541	211,155
7 TOTAL AVOIDABLE COSTS (Lines 5o + 6d)	\$ 619,871	\$ 640,189
SUBSIDIZATION COSTS FOR:		
8 Rehabilitation		\$ 516,602
9 Administrative Costs (Subsidy Year only) (See Note 1)		0
10 Casualty Reserve Account (See Note 1)		0
11 TOTAL SUBSIDIZATION COST (Lines 8 through 10)		\$ 516,602
12 Valuation of road properties (See Note 2)		
a. Working Capital		\$ 17,651
b. Income Tax Consequences		0
c. Net Liquidation Value		0
d. TOTAL (Lines 12a through 12c)		\$ 17,651
13 Nominal Rate of Return (See Note 3)		14.87%
14 Nominal Return on Value (Line 12d x Line 13)		\$ 2,625
15 Holding gain (Loss) on road properties (See Note 4)		0
16 TOTAL RETURN ON VALUE (Line 14 - Line 15)		\$ 2,625
17 AVOIDABLE LOSS (PROFIT) FROM OPERATIONS (Line 7 - Line 4)	\$ 358,881	\$ 369,466
18 AVOIDABLE LOSS (PROFIT) INCLUDING RETURN ON VALUE (Line 7 - Line 4 + Line 16)		\$ 372,091
19 AVOIDABLE LOSS (PROFIT) INCLUDING SUBSIDIZATION COSTS & RETURN ON VALUE (Line 7 - Line 4 +Line 11 +Line 16)		\$ 888,693

* Derived from Norfolk Southern Corporation (NS) combined railroad subsidiaries information.

1. October 2004 - September 2005 is the Base Year.

2. March 2006 - February 2007 is the Forecast Year. Subsidy Year figures are the same as for the Forecast Year.

Surface Transportation Board Docket No. AB 290 (Sub-No. 254X)

Norfolk Southern Railway Company

Pro Forma Income Statement

Hall's Ferry Jct., NC to Badin, NC Line Segment: WF 0.00 to WF 11.11

- (a) Base year attributable branch traffic and revenues are for one hundred twelve (112) carloads, which originated and/or terminated on the branch, plus haulage revenue for one-hundred and seventy-three (173) carloads in the account of CSXT. Forecast year attributable traffic and revenue are for the same NSR traffic and the same CSXT haulage movements. Forecast year revenues are derived from the base year revenues by indexing them to the Gross Domestic Product (GDP) Implicit Price Deflator, Seasonally Adjusted (Quarterly Series, 2000=100), using Forecast Year predicted values provided by Global Insight. The Base Year to Forecast Year adjustment factor thus produced is 3.73%.
- (b) The normalized annual Way and Structures (WS) expenses to operate the branch line from Halls Ferry Junction, NC, Milepost WF 00.00, to Badin, NC, Milepost WF 11.11, at the FRA Class I track and safety standards for the base year are \$200,500, and for the forecast year are \$207,977, derived from the base year expense adjusted using the GDP deflator as described in (a).
- (c) Equipment includes repairs and maintenance of locomotives, totaling \$5,445 for the base year and \$5,648 for the forecast year, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(b)(1), and fringe benefits, totaling \$693 for the base year and \$719 for the forecast year, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(b)(3), totaling \$6,138 for the base year and \$6,367 for the forecast year.
- (d) Base year transportation expenses include train and engine crew labor, totaling \$144,814 (including fringe benefits); train inspection and lubrication, totaling \$437; crew materials totaling \$12, which are calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(i); locomotive fuel, totaling \$46,984, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(ii); and servicing locomotives, totaling \$1,319, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(iv), for a grand total of \$193,566 for the base year.

Forecast year transportation expenses, which are adjusted using the GDP deflator as described in (a), include train and engine crew labor, totaling \$150,214 (including fringe benefits); train inspection and lubrication, totaling \$453; crew materials totaling \$12; locomotive fuel, totaling \$48,736; and servicing locomotives, totaling \$1,368; for a grand total of \$200,783 for the forecast year.

- Note 1. Omitted in accordance with provisions of Footnote 2 in 49 C.F.R. §1152.36.
- Note 2. As the line is not owned by NSR, the total valuation of property to NSR is the working capital only. The working capital, \$17,651, is calculated in accordance with provisions of 49 C.F.R. §1152.34(c)(1)(i).
- Note 3. The nominal before tax cost of capital rate of 14.87% is based on Railroad Cost of Capital - 2004, Ex Parte No. 558 (Sub-No. 8), Service Date June 30, 2005, decided June 21, 2005.
- Note 4. Holding gain (loss) on road properties is zero as the property is not owned by NSR. The nominal return on value is \$2,625.

2005 to 2014

MILEPOSTS WF	0.00	5.90	5.90 MILES MAIN TRACK
--------------	------	------	-----------------------

	ROUTINE WORK			PROGRAM WORK			LINE TOTAL
	RDWY	BRIDGE	TOTAL	RDWY	BRIDGE	TOTAL	
TEN YEAR PROJECTED TOTAL =	\$199,100	\$10,200	\$233,300	\$560,500	\$97,700	\$658,200	\$891,500
ANNUAL COST FOR LINE =	\$19,910	\$1,020	\$23,330	\$56,050	\$9,770	\$65,820	\$89,150
ANNUAL COST PER MILE =	\$3,375	\$173	\$3,954	\$9,500	\$1,656	\$11,156	\$15,110

99

NORMALIZED MAINTENANCE PROJECTION

2005 to 2014

Whitney, NC to Badin, NC

(NM)
10 MPH

CLASS I

		5.21 MILES MAIN TRACK									
		MILEPOSTS WF		5.90		11.11		Year		Year	
		Year	2005	Year	2006	Year	2007	Year	2008	Year	2009
		1	2	3	4	5	6	7	8	9	10
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
ROUTINE WORK	INSPECTION	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400
	GENERAL TRACK REPAIR	6,100	6,100	6,100	6,100	6,100	6,100	6,100	6,100	6,100	6,100
	DITCHING			10,800			10,800			10,800	
	BRUSH CUTTING		7,500		7,500		7,500		7,500		7,500
	RAIL TESTING	400	400	400	400	400	400	400	400	400	400
	VEGETATION CONTROL	700	700	700	700	700	700	700	700	700	700
	SIGNAL TEST/REPAIR	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
BRIDGE REPAIRS		700	800	800	900	800	800	800	800	800	800
ROUTINE SUBTOTAL		\$12,500	\$20,100	\$23,400	\$20,200	\$12,600	\$30,900	\$12,600	\$20,100	\$23,400	\$20,100

PROGRAM WORK											
RAIL RENEWAL (RELAY)		0.0 Miles		\$252,000		PER MILE					
RAIL RENEWAL (NEW)		0.0 Miles		\$438,000		PER MILE					
TIMBER AND SURFACE		5.2 Miles		\$78,000		PER MILE					
SURFACING		5.2 Miles		\$17,000		PER MILE					
SIGNAL						SIGNAL DEPT.					
BRIDGE RENEWAL				18,000							
PROGRAM SUBTOTAL		\$0	\$405,600	\$18,000	\$0	\$0	\$88,400	\$0	\$0	\$0	\$405,600
MAINTENANCE TOTAL		\$12,500	\$425,700	\$41,400	\$20,200	\$12,600	\$119,300	\$12,600	\$20,100	\$23,400	\$425,700

100

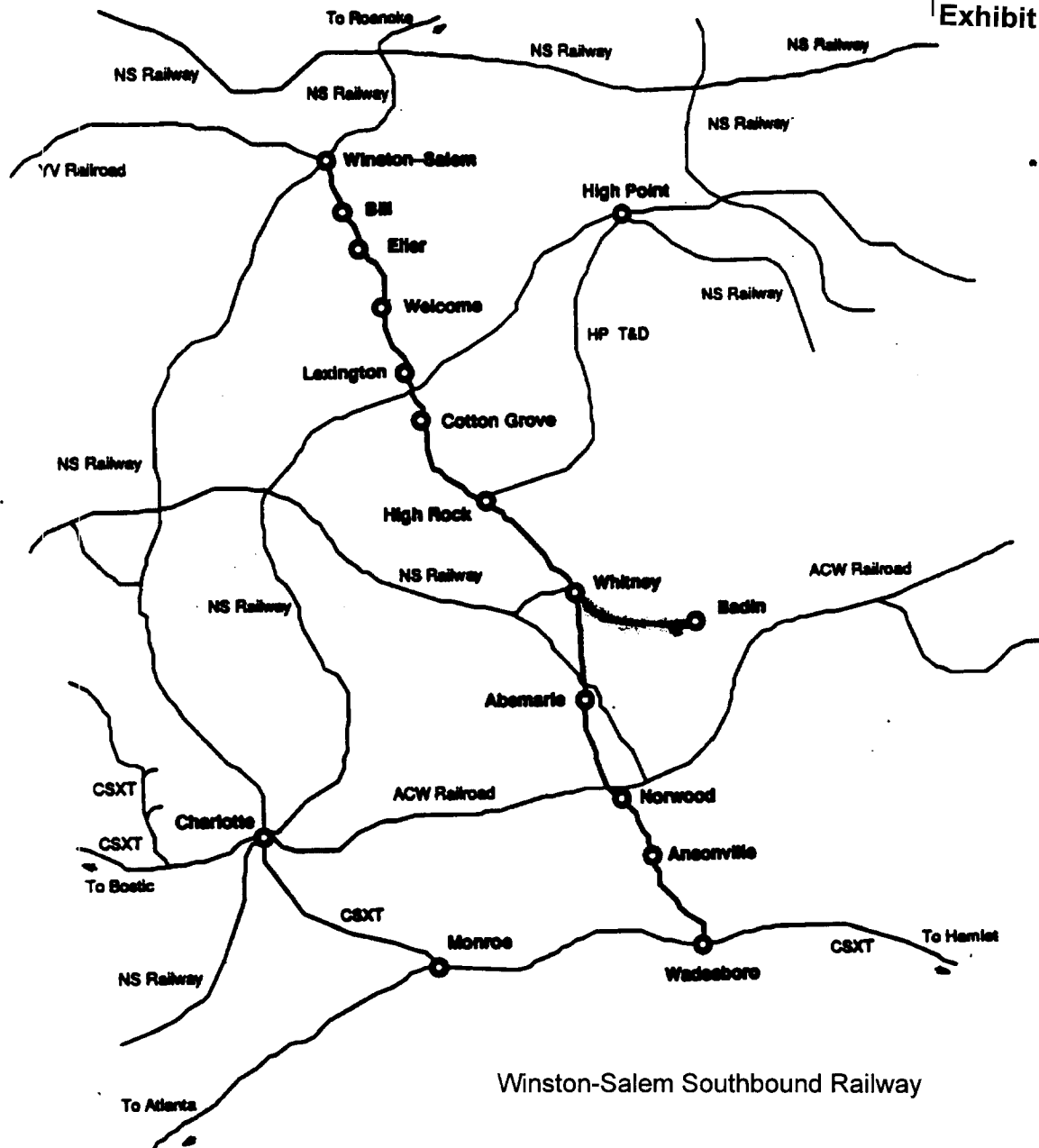
MAINTENANCE SUMMARY:

TEN YEAR PROJECTED TOTAL =

ANNUAL COST FOR LINE =

ANNUAL COST PER MILE =

		ROUTINE WORK			PROGRAM WORK			LINE TOTAL	
		RDWY	BRIDGE	SIGNAL	RDWY	BRIDGE	SIGNAL	TOTAL	
		\$175,900	\$8,000	\$12,000	\$899,600	\$18,000	\$0	\$917,600	\$1,113,500
		\$17,590	\$800	\$1,200	\$89,960	\$1,800	\$0	\$91,760	\$111,350
		\$3,376	\$154	\$230	\$17,267	\$345	\$0	\$17,612	\$21,372



Surface Transportation Board Docket No. AB 149 (Sub-No. 2X)**Winston Salem Southbound Railway Company****Pro Forma Income Statement****Proposed Abandonment of Operating Rights****Whitney, NC to Badin, NC -- Milepost WF 5.90 to Milepost WF 11.11**

Railway operating revenues and expenses* for operation between Whitney and Badin, NC.

	BASE YEAR 1/	FORECAST YEAR 2/
CARLOADS:		
1 Switching traffic on branch	285	285
REVENUES ATTRIBUTABLE FOR:		
1 Freight Originating and/or Terminating on branch	0	0
2 Switching Traffic	\$ 43,595	\$ 45,221
3 All other Revenue and Income	0	0
4 TOTAL ATTRIBUTABLE REVENUE (Lines 1 through 3) (a)	\$ 43,595	\$ 45,221
AVOIDABLE COSTS FOR:		
5 ON-BRANCH AND OFF-BRANCH COSTS:		
a. Way and Structures (b)	\$ 111,350	\$ 115,502
b. Equipment (c)	6,599	6,846
c. Transportation (d)	116,740	121,091
d. General and Administrative	0	0
e. Deadheading, Taxi and Hotel	0	0
f. Overhead Movement	38,391	39,823
g. Freight Car Costs (Other Than Return)	0	0
h. Return on Value - Locomotives	0	0
i. Return on Value - Freight Cars	0	0
j. Revenue Taxes	0	0
k. Property Taxes	0	0
l. TOTAL (Lines 5a through 5k)	\$ 273,080	\$ 283,262
m. Holding Gain (Loss) - Locomotives	0	0
n. Holding Gain (Loss) - Freight Cars	0	0
o. NET ON-BRANCH AND OFF-BRANCH COSTS (Lines 5l - (5m + 5n))	\$ 273,080	\$ 283,262
7 TOTAL AVOIDABLE COSTS (Lines 5o + 6d)	\$ 273,080	\$ 283,262
SUMMARY OF AVOIDABLE COSTS:		
a. ON-BRANCH COSTS	\$ 150,221	\$ 155,822
b. OFF-BRANCH COSTS:	122,860	127,441
TOTAL	\$ 273,080	\$ 283,263
SUBSIDIZATION COSTS FOR:		
8 Rehabilitation		\$ -
9 Administrative Costs (Subsidy Year only) (See Note 1)		0
10 Casualty Reserve Account (See Note 1)		0
11 TOTAL SUBSIDIZATION COST (Lines 8 through 10)		\$ -
12 Valuation of road properties (See Note 2)		
a. Working Capital		\$ 6,389
b. Income Tax Consequences		0
c. Net Liquidation Value		0
d. TOTAL (Lines 12a through 12c)		\$ 6,389
13 Nominal Rate of Return (See Note 3)		14.87%
14 Nominal Return on Value (Line 12d x Line 13)		\$ 950
15 Holding gain (Loss) on road properties (See Note 4)		0
16 TOTAL RETURN ON VALUE (Line 14 - Line 15)		\$ 950
17 AVOIDABLE LOSS (PROFIT) FROM OPERATIONS (Line 7 - Line 4)	\$ 229,485	\$ 238,041
18 AVOIDABLE LOSS (PROFIT) INCLUDING RETURN ON VALUE (Line 7 - Line 4 + Line 16)		\$ 238,991
19 AVOIDABLE LOSS (PROFIT) INCLUDING SUBSIDIZATION COSTS & RETURN ON VALUE (Line 7 - Line 4 + Line 11 + Line 16)		\$ 238,991

* Derived from WSSB and Norfolk Southern Corporation (NS) combined railroad subsidiaries information.

1. October 2004 - September 2005 is the Base Year.

2. March 2006 - February 2007 is the Forecast Year. Subsidy Year figures are the same as for the Forecast Year.

Surface Transportation Board Docket No. AB 149 (Sub-No. 2X)

Winston-Salem Southbound Railway Company

Pro Forma Income Statement

Whitney to Badin, NC MP WF 5.90 to WF 11.11

- (a) Base year attributable branch traffic and revenues are based on two-hundred eighty-five (285) carloads of switch traffic. Forecast year attributable traffic and revenue are for the same traffic. Forecast year revenues are derived from the base year revenues by indexing them to the Gross Domestic Product (GDP) Implicit Price Deflator, Seasonally Adjusted (Quarterly Series, 2000=100), using Forecast Year predicted values provided by Global Insight. The Base Year to Forecast Year adjustment factor thus produced is 3.73%.
- (b) Normalized annual Way and Structures (WS) expenses to provide service on the branch line from Whitney, NC, Milepost WF 5.90, to Badin, NC, Milepost WF 11.11, at the FRA Class I track and safety standards for the base year would be \$111,350. WS expenses for the WSSB to operate on the branch for the forecast year would be \$115,502, derived from the base year expense adjusted using the GDP deflator as described in (a).
- (c) Equipment includes repairs and maintenance of locomotives, totaling \$5,854 for the base year and \$6,073 for the forecast year, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(b)(1), and fringe benefits, totaling \$745 for the base year and \$773 for the forecast year, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(b)(3), totaling \$6,599 for the base year and \$6,846 for the forecast year.
- (d) Base year transportation expenses are train and engine crew labor, totaling \$76,393 (including fringe benefits), train inspection and lubrication, totaling \$411; crew materials totaling \$12, which are calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(i); locomotive fuel, totaling \$38,506, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(ii); and servicing locomotives, totaling \$1,418, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(iv), totaling \$116,740 for the base year.

Forecast year transportation expenses, which are adjusted using the GDP deflator as described in (a), include train and engine crew labor, totaling \$79,241 (including fringe benefits); train inspection and lubrication, totaling \$426; crew materials totaling \$12; locomotive fuel, totaling \$39,942; and servicing locomotives, totaling \$1,470, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(iv), totaling \$121,091 for the forecast year.

- Note 1. Omitted in accordance with provisions of Footnote 2 in 49 C.F.R. §1152.36.
- Note 2. As the line segment is not owned by WSSB, the total valuation of property to WSSB is the working capital only. The working capital, 6,389, is calculated in accordance with provisions of 49 C.F.R. §1152.34(c)(1)(i).
- Note 3. The nominal before tax cost of capital rate of 14.87% is based on Railroad Cost of Capital - 2004, Ex Parte No. 558 (Sub-No. 8), Service Date June 30, 2005, decided June 21, 2005.
- Note 4. Holding gain (loss) on road properties is zero as the property is not owned by WSSB. The nominal return on value is \$950.

EXHIBIT 7

ENVIRONMENTAL AND HISTORIC REPORTS

**ENVIRONMENTAL REPORT
ON
HALLS FERRY JUNCTION TO BADIN,
(BETWEEN MP WF 0.00 AND MP WF 11.11)
STANLY COUNTY,
NORTH CAROLINA**

PROPOSED RAIL LINE

**DISCONTINUANCE OF SERVICE
by
NORFOLK SOUTHERN RAILWAY COMPANY
Halls Ferry Junction to Badin, NC
(between WF 0.00 and WF 11.11)**

**ABANDONMENT OF OPERATING RIGHTS UNDER LEASE
by
YADKIN RAILROAD COMPANY
Halls Ferry Junction to Badin, NC
(between WF 0.0 and WF 11.11)**

**ABANDONMENT OF OPERATING RIGHTS UNDER LEASE
by
WINSTON-SALEM SOUTHBOUND RAILWAY
Whitney to Badin, NC
(between WF 5.90 and WF 11.11)**

.....
**NORFOLK SOUTHERN RAILWAY COMPANY
ENVIRONMENTAL PROTECTION DEPARTMENT
110 FRANKLIN ROAD, SE
ROANOKE, VIRGINIA 24042-0013**

03/03/05

(HFBAER.doc)

**ENVIRONMENTAL REPORT ON
PROPOSED RAIL LINE DISCONTINUANCE OF SERVICE /
ABANDONMENT OF OPERATING RIGHTS UNDER LEASE**

NSR Discontinuance of Service:	11.11 miles of track between MP WF-0.0 and MP WF-11.11 from Halls Ferry Junction to Badin, Stanly County, North Carolina.
YRR Abandonment of Operating Rights:	11.11 miles of track between MP WF-0.0 and MP WF-11.11 from Halls Ferry Junction to Badin, Stanly County, North Carolina.
WSSB Abandonment of Operating Rights:	5.21 miles of track between MP WF-5.90 and MP WF-11.11 from Whitney to Badin, Stanly County, North Carolina.

1. **PROPOSED ACTION AND ALTERNATIVES**

Norfolk Southern Railway Company (hereinafter called NSR) proposes to discontinue service on 11.11 miles of rail line from Halls Ferry Junction to Badin, NC (MP WF 0.0 to MP WF 11.11). The Yadkin Railroad Company (hereinafter called YRR), a wholly owned subsidiary of NSR, proposes abandonment of its operating rights under a lease over the same 11.11 miles. Additionally, the Winston-Salem Southbound Railway Company, an affiliate of NSR, owned 50 per cent by NSR and 50 per cent by CSX Transportation, Inc., (hereinafter called WSSB), also proposes abandonment of its operating rights under a lease over the 5.21 miles of the rail line from Whitney to Badin, NC (MP WF 5.90 to MP WF 11.11). The line from MP WF 0.0 to MP WF 11.11 (Halls Ferry Junction to Badin, NC), including the right-of-way and track material, is owned by a subsidiary of the sole, active shipper on the line, Alcoa, Inc., as successor to Tallassee Power Company, the original lessor of the line, located in Badin, NC. However, NSR, YRR and the WSSB (hereinafter called 'the railroads'), as lessees or operators, are obligated to maintain the line at their own expense. A map delineating the line proposed for discontinuance/abandonment is attached as **Appendix A.**

The alternatives to discontinuance/abandonment of the entire line are:

1. to not abandon and discontinue service over the Whitney, NC to Badin, NC segment of the line, which would result in the WSSB retaining a connection to the line; or
2. to not abandon and discontinue service over the entire line.

These alternatives are not satisfactory. Revenues from the limited rail traffic of the one shipper on the line, Alcoa, Inc., in Badin, NC is insufficient to cover the costs of maintenance, rehabilitation and operation of the line or either the Halls Ferry Junction to Whitney, NC or the Whitney to Badin, NC segments of it. The railroads would incur costs from the continued maintenance and operation of the line that would need to be covered by their other customers were the line to be retained without being used for active rail freight service. If service and operating rights over the line are discontinued and abandoned, several grade crossings can be eliminated, which will benefit local traffic and reduce both railroad and public crossing maintenance costs.

NSR's letter to federal, state and local government agencies is attached as **Appendix B**. Responses to the letter or other comments received as a result of consultations can be found in **Appendix C**. Certification of the recipients of this report can be found in **Appendix D**.

2. TRANSPORTATION SYSTEM

Effects of the proposed action on regional or local transportation systems and patterns are expected to be negligible. Within the last two years, 623 carloads moved over the line during the 12 month period from October 1, 2002 through September 30, 2003 (hereinafter called 2003); and 481 carloads moved over the line during the 12 month period October 1, 2003 through September 30, 2004 (hereinafter called 2004). Traffic diversions are discussed in more detail in paragraphs 4 and 5. The commodities moved over the line during the last two years were aluminum billets/ingots, aluminum calcine, coke and petroleum coke.

3. LAND USE

(i) Land Use Plans

The proposed discontinuance/abandonment involves 11.11 miles of rail line located in Stanly County, North Carolina. The land use along the rail line to be abandoned is 40% undeveloped, 40% lakeside, 10% agricultural, 6% industrial and 4% residential. As the railroads do not own the right-of-way from Halls Ferry Junction to Badin, NC (MP WF 0.0 to MP WF 11.11), Alcoa, Inc., the owner of the right-of-way, will decide upon any future use of the land comprising the right-of-way.

The railroads believe any impact of the proposed rail line discontinuance/abandonment on land use will be negligible. The limited traffic on the rail line proposed for discontinuance/abandonment indicates a substantial lack of rail-dependent land uses in the service area. The railroads expect that the discontinuance/abandonment will not have any significant effect on existing land use, future land use, land use plans, or the land use planning process.

(ii) Prime Agricultural Lands

No effects on any prime agricultural land are anticipated as a result of the discontinuance/abandonment.

(iii) Coastal Zone

Not Applicable

(iv) Alternative Public Use

The railroads do not hold fee title to the right-of-way underlying the line proposed for discontinuance/abandonment. Therefore, none of the railroads will have a contiguous corridor available for public use and no public use condition should be imposed in this proceeding.

4. ENERGY

(i) Development and Transportation of Energy Resources

Development and transportation of energy resources will not be significantly affected by the discontinuance/abandonment. Limited freight and no passenger traffic has moved on the line proposed for discontinuance/abandonment for the past two years, including small quantities of coke and petroleum coke, used in Alcoa's manufacturing process. Therefore, compared with the past two years, the discontinuance/abandonment would have no significant effect on development and transportation of energy resources.

(ii) Movement/Recovery of Recyclable Commodities

Traffic moving over this line has included aluminum, a recyclable material. However, only limited freight traffic has moved on the line proposed for discontinuance/abandonment for the past two years. Therefore, the discontinuance/abandonment would have only limited effect on the movement or recovery of recyclable commodities.

(iii) Impact on Energy Efficiency

A limited amount of traffic has moved on the line segment proposed for discontinuance and abandonment in the past two years. In 2003, 623 carloads, containing a total of 48,356 tons of freight (an average of 78 tons per carload), were transported on the line. In 2004, 481 carloads, containing a total of 43,190 tons of freight (an average of 90 tons per carload), were transported over the line. Diversion of this traffic to highways paralleling the line proposed for discontinuance/abandonment would produce no significant energy impacts. In fact, diversion of the traffic to truck movement would result in a decrease in diesel fuel use.

Calculation of net change in energy consumption is as follows:

- Assuming: 1) a loaded truckload amounts to 18 tons, 2) trucks operate loaded one way with empty return, and 3) loaded/empty truck fuel consumption figures are 4.5 and 6.5 miles per gallon respectively. Therefore, the weighted average of diesel fuel required annually to move the same tonnage by truck is 10,397 gallons in 2003 and 8,333 gallons in 2004.

To move the same amount of tonnage along the line by train involves the following:

- **Data – 2003:** In the 12-month period ending September 30, 2003, 623 cars were transported resulting in a total of 251 trips with the average train consisting of 2.5 carloads. At 5.7 hours per trip (including transit and switching time), this yields a total of 1,431 locomotive hours per year. One locomotive unit (2,000 HP) was used; thus, fuel consumption is 25,186 gallons (1,431 locomotive hours x 17.6 gallons per hour x 1 locomotive). Therefore, transportation by truck realizes a decrease in diesel fuel consumption of 14,788 gallons (10,397 gallons [by truck] - 25,186 gallons [by train] = -14,788 gallons).
- **Data – 2004:** In the 12-month period ending September 30, 2004, 481 cars were transported resulting in a total of 251 trips with an average train consisting of 1.9 carloads. At 5.7 hours per trip, this yields a total of 1,431 locomotive hours per year. Assuming one locomotive unit (2,000 HP) is involved, fuel consumption is 25,186 gallons (1,431 locomotive hours x 17.6 gallons per hour x 1 locomotive). Therefore, transportation by truck requires a decrease in diesel fuel consumption of 16,852 gallons (8,333 gallons [by truck] - 25,186 [by train] = -16,852 gallons).

(iv) Diversion of Traffic to Motor Carriers

The minimal traffic expected to be diverted to motor carriers in connection with the proposed discontinuance/abandonment is described in the preceding paragraph.

5. AIR

The proposed action does not exceed Surface Transportation Board thresholds at 49CFR 1105.7 (e)(5) and therefore does not require a quantified analysis of emissions. Moreover, diversion of the traffic to truck movements would result in a reduction in the use of diesel fuel.

(i) Effects on Air Emissions

Neither the State of North Carolina nor Stanly County has established analysis thresholds for air emissions. The United States Environmental Protection Agency (USEPA) has National Ambient Air Quality Standards for pollutants (including ozone) as found in 40 CFR Part 50; however, the railroads do not anticipate any adverse effect on North Carolina's air quality as a result of the proposed discontinuance/abandonment.

(ii) Class I or Non-Attainment Area

Stanly County in North Carolina is in attainment for all National Ambient Air Quality Standard (NAAQS) pollutants according to the U.S. Environmental Protection Agency. Stanly County is in attainment for ozone. Therefore, no Class I or Non-Attainment areas would be affected by the proposed discontinuance/abandonment.

(iii) Ozone Depleting Materials

Not applicable. Transportation of ozone depleting materials (such as nitrogen oxide and Freon®) is not contemplated, since the proposed action

is discontinuance/abandonment; nor will this action result in the diversion of any such materials from rail to motor carriage.

6. NOISE

The proposed action does not exceed Surface Transportation Board thresholds at 49 CFR 1105.7 (e)(6) and therefore does not require a quantified analysis of noise levels.

There is no Federal noise regulation according to the Environmental Protection Agency. Neither the State of North Carolina nor Stanly County has established analysis thresholds for noise.

Since the railroads do not own the line or appurtenances, they will undertake no salvage operations as a result of the line's discontinuance/abandonment.

7. SAFETY

(i) Public Health and Safety

Discontinuance/abandonment of the captioned rail line will have no significant effect upon public health or safety. Moreover, the closing of six public and three private at-grade crossings on the segment to be discontinued/abandoned and the removal of associated signs and signals will enhance public safety by eliminating distractions to vehicular traffic crossing the line. These crossings are listed in **Appendix E**.

(ii) Hazardous Materials Transport

Not applicable. Action proposed is discontinuance/abandonment.

(iii) Hazardous Waste or Hazmat Spill Sites

NSR has no knowledge of any hazardous waste sites or solid waste site on the right-of-way of the line proposed for discontinuance/abandonment or which will be affected by this discontinuance/abandonment. A search of company records was conducted and four minor incidents were noted, i.e., 1) two gallons of No. 2-D oil; 2) one gallon of diesel fuel; 3) one pint of No. 2-D oil; and, 4) one gallon of lubricating oil. An emergency response contractor was hired to clean up each release and each was disposed of in accordance with applicable regulations. Copies of each release record have been included for due diligence reporting purposes and can be found in **Appendix F** of this report.

8. BIOLOGICAL RESOURCES

(i) Endangered Species/Critical Habitat

The US Fish and Wildlife Service (USFWS) and/or the North Carolina Department of Natural Resources have indicated through correspondence and/or public records that there are 50 threatened or endangered species that may exist statewide. The complete list of these species has been included in **Appendix G** for reference. The USFWS Raleigh, NC office was contacted via telephone to notify them of the railroads' intent regarding this line and any subsequent activities that may be required in accordance with Section 7 of the Endangered Species Act. The USFWS advised that since this was an abandonment/discontinuance their past experience has shown that this was an activity that rarely impacted habitat or endangered wildlife in such a way that it would require extensive consultation by their office. Accordingly, the railroads are not aware of any critical habitat that would be destroyed or modified as a result of the proposed discontinuance/abandonment. Since none of the railroads have any ownership of the right-of-way and appurtenances associated with this

rail segment, they do not plan any salvage operations in conjunction with this discontinuance/abandonment.

(i) Sanctuaries, Refuges and Parks

Based on the site investigation and comments received from government agencies, the line segment proposed for discontinuance/abandonment does not pass through any state parks or forests, national parks or forests, or wildlife sanctuaries. Therefore, the railroads anticipate no adverse effects on any wildlife sanctuary, National Park or Forest, or State Park or Forest as a result of the abandonment and discontinuance.

9. WATER

(i) Water Quality Standards

None of the railroads plan to remove or alter the contour of the roadbed underlying the rail line to be discontinued/abandoned. Since the railroads have no plans to undertake in-stream work, or dredge and/or fill any materials in connection with the proposed discontinuance/abandonment, no water quality impacts are expected in connection with the proposed action.

(ii) Wetlands/100-Year Flood Plains

The rail line proposed for discontinuance/abandonment crosses Badin Lake and one unnamed waterway. The line proposed for discontinuance/abandonment passes through 100-year flood plains associated with these water bodies.

Because Alcoa owns the track material and structures, the railroads will not remove the existing roadbed, rails or ties as a result of this discontinuance/abandonment. Because the railroads will not alter the geometry of the roadbed and since they contemplate no in-stream work in connection with the discontinuance/abandonment, no discernible effects

on either 100-year flood plains or adjacent wetlands are expected in connection with the proposed discontinuance/abandonment. Consequently, the railroads do not believe a Section 404 permit will be required in connection with the proposed discontinuance/abandonment.

(iii) Section 402 Permit

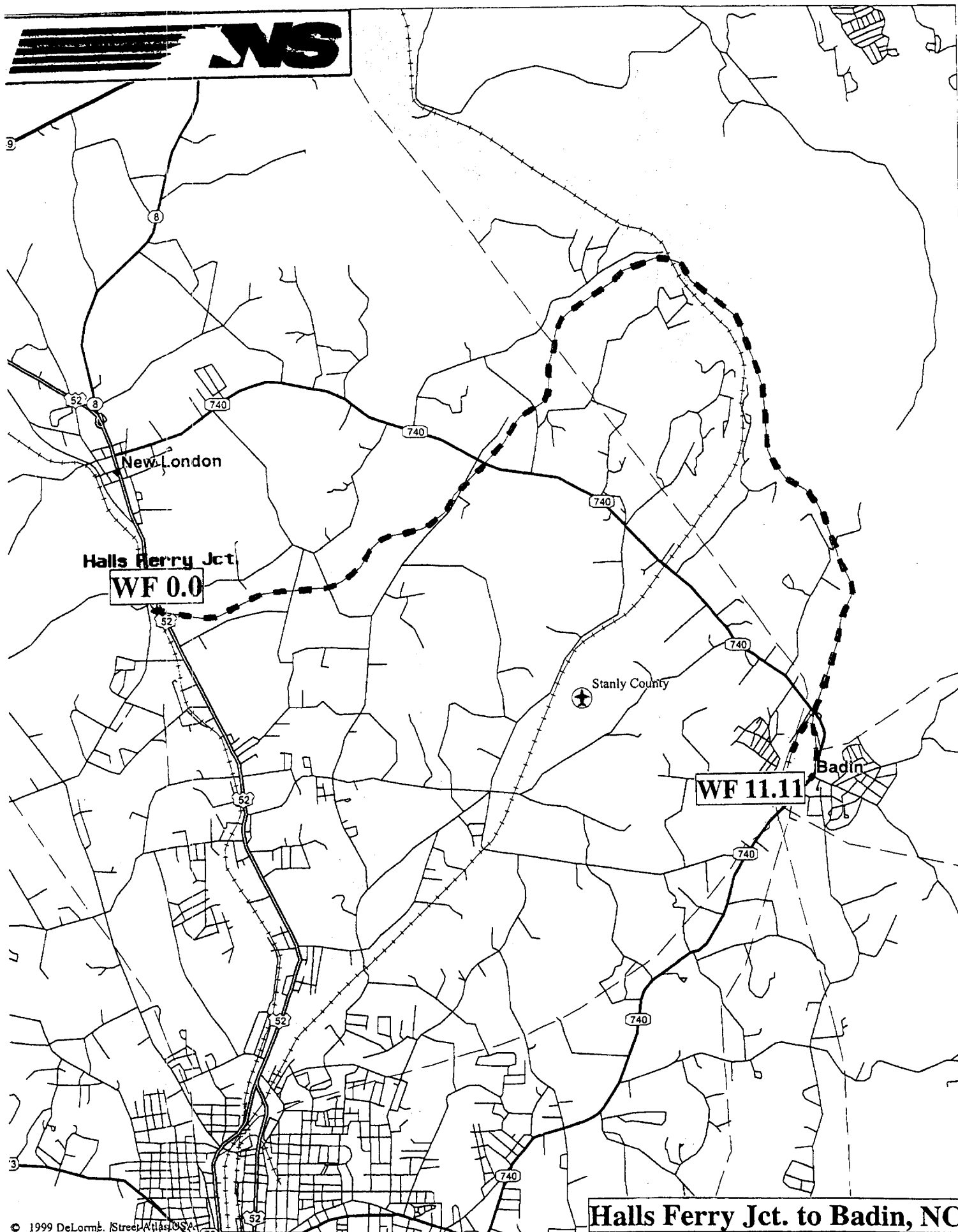
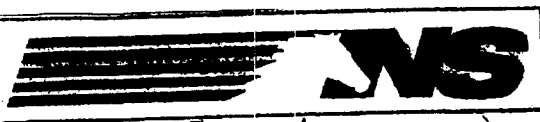
Inasmuch as the railroads do not intend to remove or alter the roadbed, rail and/or ties and structures, they do not believe that a permit under Section 402 of the Federal Water Pollution Control Act will be required.

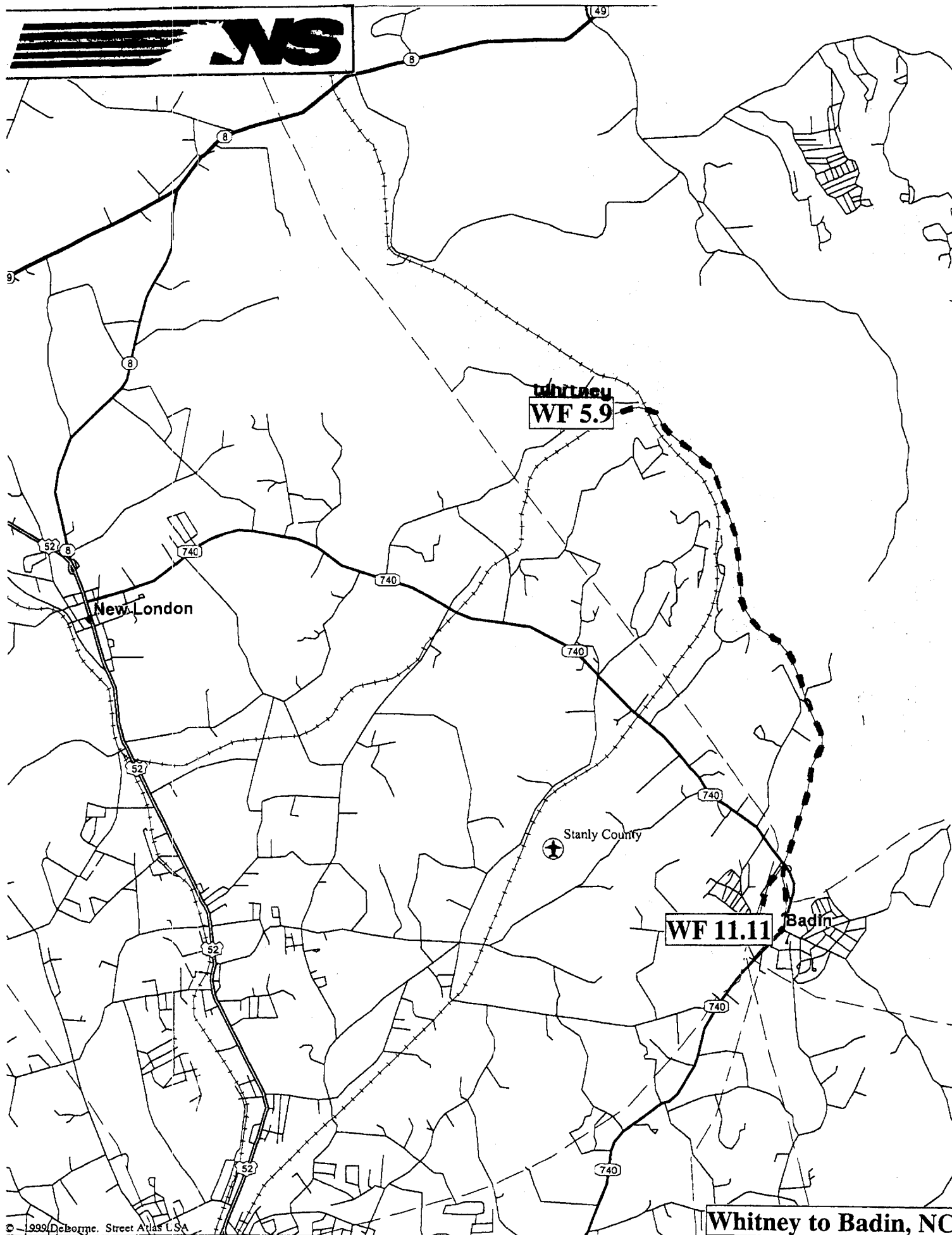
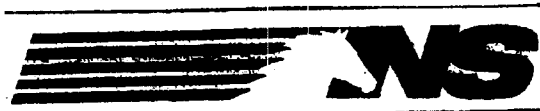
10. PROPOSED MITIGATION

Discontinuance/abandonment of the involved rail line is not expected to produce adverse environmental impacts. No physical activity such as removal of rail, ties, and other railroad appurtenances and structures is planned by the railroads. Therefore, no mitigation measures should be required in connection with the proposed abandonment and discontinuance.

APPENDIX A

Site Maps





Whitney to Badin, NC

APPENDIX B

Agency Letter

RECIPIENT LIST

Proposed Discontinuance/Abandonment of the segment of rail between Milepost WF 0.00 and Milepost WF 11.11, a distance of 11.11 miles from Halls Ferry Junction to Badin, Stanly County, North Carolina.

State Clearinghouse (or alternate):

North Carolina State Clearinghouse
Department of Administration
1302 Mail Service Center
Raleigh, NC 27699-1302

State Environmental Protection Agency:

Department of Environment & Health &
Natural Resources
P.O. Box 27637
Raleigh, NC 27611-7687

State Coastal Zone Management Agency

Not Applicable

Head of each County:

Stanly County Manager
Mr. Jerry Myers
201 South Second Street
Albemarle, NC 28001

National Geodetic Survey:

Mr. Richard Snay
Chairman At-Large
Chief of Spatial Reference System Division
1315 East/West Highway, Room 8813
Silver Spring, MD 20910

Local Geodetic Survey Office:

Gary W. Thompson, RLS
Chief, NC Geodetic Survey
Elks Building
20323 Mail Service Center
Raleigh, NC 27699-0323

Alcoa – Materials Management

Mr. Robert G. Uffelman
Manager – Rail & Barge Transportation
Riverview Tower
900 South Gay Street, Suite 1100
Knoxville, TN 37902

CSX Transportation

Mr. Jay Westbrook
AVP-Passenger & Joint Facility Contracts
500 Water Street – J315
Jacksonville, FL 32202

U.S. Army Corps of Engineers:

Wilmington District
P. O. Box 1890
Wilmington, NC 28402-1890

National Park Service:

Regional Office
100 Alabama Street SW
Atlanta, GA 30303

U.S. Natural Resources Conservation Service

USDA Natural Resources Conservation Service
675 State Office
4405 Bland Road – Suite 205
Raleigh, NC 27609-6293

U.S. Fish and Wildlife:

Richard B. Russell Building, Room 1200
1875 Century Boulevard, Suite 200
Atlanta, GA 30345

U. S. Fish and Wildlife:

Mr. Dale Suiter
Raleigh Field Office
P. O. Box 33726
Raleigh, NC 27636-3726

Environmental Protection Agency

(Regional Office)
Sam Nunn Atlanta Federal Center
61 Forsyth Street, SW
Atlanta, GA 30303-3104

Alcoa, Inc. – Primary Metals – Southeast Region

Mr. Z. T. Gibson, Jr.
EHS & Facility Manager
Badin Words
P. O. Box 576
Badin, NC 28009

CSX Transportation

Mr. John Booth
Director-Joint Facility Contracts
500 Water Street – J315
Jacksonville, FL 32202



Environmental Protection Department
110 Franklin Road, SE (Box 13)
Roanoke, VA 24042-0013

March 3, 2005

Dear Sir/Madam:

Norfolk Southern Railway Company (NSR) plans to request authority from the Surface Transportation Board (STB) to discontinue rail service on the segment of rail between Milepost WF 0.00 and Milepost WF 11.11, a distance of 11.11 miles from Halls Ferry Junction to Badin, Stanly County, North Carolina. Simultaneous with this request, the Yadkin Railroad Company (YRR) is also seeking abandonment authority on the same rail segment. Last, the Winston Salem Southbound Railway is seeking an abandonment of operating rights from Milepost WF 5.90 to Milepost WF 11.11. A map of the proposed track discontinuance/abandonment can be found in Appendix A of this Environmental Report for the Proposed Rail Line Discontinuance/Abandonment.

NSR does not anticipate any adverse environmental impacts. You may provide us with a written response that can be included in an Environmental Report, which will be sent to the STB. The preceding page lists the various agencies receiving this report and the type of information NSR anticipates receiving from those agencies.

This report is also being provided so that you may submit information that will form the basis for the STB's independent environmental analysis of the proceeding. If you believe any of the information is incorrect, if you think pertinent information is missing, or if you have any questions about the Board's Environmental Review process, please contact the Section of Environmental Analysis (SEA), Room 3219, Surface Transportation Board, 1925 K Street, N.W., Washington DC 20423-001, Telephone (202) 565-1552 and refer to the above Docket. Because applicable statutes and regulations impose stringent deadlines for processing this action, your written comments (with a copy to us) would be appreciated within three weeks.

Your comments will be considered by the Board in evaluating the environmental impacts of the contemplated action. In order for us to consider your input prior to filing our application with the STB, NSR must receive your comments within three weeks. Please either provide a copy of your comments by mail at the address below or provide information by telephone to Mr. Larry Western at (540) 981-4239.

Norfolk Southern Railway Company
Larry G. Western
Environmental Protection Department
110 Franklin Road, SE (Box 13)
Roanoke, VA 24042-0013

Yours truly,

K.R. Miller
Director-Environmental Engineering and Audits
Norfolk Southern Railway Company

Cy: L.G. Western
J.R. Paschall
J.M. Lipps

Appendix C

Agency Responses

Appendix D
Certification of Environmental Report
Recipients



State Clearinghouse (or alternate):

North Carolina State Clearinghouse
Department of Administration
1302 Mail Service Center
Raleigh, NC 27699-1302

State Environmental Protection Agency:

Department of Environment & Health &
Natural Resources
P.O. Box 27687
Raleigh, NC 27611-7687

State Coastal Zone Management Agency

Not Applicable

Head of each County:

Stanly County Manager
Mr. Jerry Myers
201 South Second Street
Albemarle, NC 28001

National Geodetic Survey:

Mr. Richard Snay
Chairman At-Large
Chief of Spatial Reference System Division
1315 East/West Highway, Room 8813
Silver Spring, MD 20910

Local Geodetic Survey Office:

Gary W. Thompson, RLS
Chief, NC Geodetic Survey
Elks Building
20323 Mail Service Center
Raleigh, NC 27699-0323

Alcoa - Materials Management

Mr. Robert G. Uffelman
Manager - Rail & Barge Transportation
Riverview Tower
900 South Gay Street, Suite 1100
Knoxville, TN 37902

CSX Transportation

Mr. Jay Westbrook
AVP-Passenger & Joint Facility Contracts
500 Water Street - J315
Jacksonville, FL 32202

U.S. Army Corps of Engineers:

Wilmington District
P. O. Box 1890
Wilmington, NC 28402-1890

National Park Service:

Regional Office
100 Alabama Street SW
Atlanta, GA 30303

U.S. Natural Resources Conservation Service

USDA Natural Resources Conservation Service
675 State Office
4405 Bland Road - Suite 205
Raleigh, NC 27609-6293

U.S. Fish and Wildlife:

Richard B. Russell Building, Room 1200
1875 Century Boulevard, Suite 200
Atlanta, GA 30345

U. S. Fish and Wildlife:

Mr. Dale Suiter
Raleigh Field Office
P. O. Box 33726
Raleigh, NC 27636-3726

Environmental Protection Agency

(Regional Office)
Sam Nunn Atlanta Federal Center
61 Forsyth Street, SW
Atlanta, GA 30303-3104

Alcoa, Inc. - Primary Metals - Southeast Region

Mr. Z. T. Gibson, Jr.
EHS & Facility Manager
Badin Words
P. O. Box 576
Badin, NC 28009

CSX Transportation

Mr. John Booth
Director-Joint Facility Contracts
500 Water Street - J315
Jacksonville, FL 32202

Proposed Discontinuance/Abandonment of the segment of rail line between Milepost WF 0.00 and Milepost WF 11.11, a distance of 11.11 miles, from Halls Ferry Junction to Badin, Stanly County, North Carolina.

This Environmental Report for Proposed Rail Line Discontinuance/Abandonment was sent to the above referenced agencies on

03/03/05

Date

K R Miller per JBM

K.R. Miller, Director Environmental Engineering and Audits

APPENDIX E

At-Grade Crossings

Public Crossings:

1	WF- 0.0	State Route 52
2	WF-1.60	State Route 1518
3	WF – 3.10	State Route 1522
4	WF – 3.48	State Route 740
5	WF- 3.96	Yadkin Brick – SR 1511
6	WF – 10.36	State Route 740

Private Crossings:

1	WF-2.70
2	WF – 2.80
3	WF – 4.02

APPENDIX F

Hazardous Materials Record Search

MAR-02-05 13:18

757 533 4884

P.03

R-631

Job-178

MAR 02 2005 12:38 FR NS STRAT PLANNING

757 533 4884 TO 912763221510

P.03/16

Incident #1

NATIONAL RESPONSE CENTER - PUBLIC REPORT

Incident Report # 285165

INCIDENT DESCRIPTION

*Report taken by: MST2 SAMMONS at 14:01 on 31-MAR-95

Incident Type: RAILROAD

Incident Cause: UNKNOWN

Affected Area:

The incident occurred on 31-MAR-95 at 11:40 local time.

Affected Medium: LAND GRAVEL

SUSPECTED RESPONSIBLE PARTY

Name: BETTY TAYLOR

Organization: NORFOLK SOUTHERN Address: 185 SPRING ST
ATLANTA, GA 30303

PRIMARY Phone: (404)5291787

Type of Organization: PRIVATE ENTERPRISE

INCIDENT LOCATION

County: STANLY City: BADIN State: NC

RELEASED MATERIAL(S)CHRIS Code: OTD Official Material Name: OIL, FUEL: NO. 2-D
Also Known As:

Qty Released: 2 GALLON(S) Qty in Water: 0 NONE

DESCRIPTION OF INCIDENT

FUEL CAP CAME OFF OF LOCOMOTIVE CAUSING MATERIALS TO RELEASE

INCIDENT DETAILS

Grade Crossing: NO

Location Subdivision:

Railroad Milepost: WF11

Type of Vehicle Involved: UNKNOWN

Crossing Device Type:

Device Operational: YES

DOT Crossing Number:

Date and Time Service was/will be Restored:

Brake Failure: NO

---RAILROAD INFORMATION---

Railroad Involved: NORFOLK SOUTHERN
Train Number: P91
Train Type: UNKNOWN Train Direction:
Train Speed: Track Speed:
Locomotives: Cars: Derailed:
Suspected DOT Regulation Non Compliance: NO

DERAILED CARS:

Pos.	Carnumber Type	Cargo
------	----------------	-------

DAMAGES

Fire Involved: NO Fire Extinguished:

INJURIES:

Hospitalized

FATALITIES:

Empl/Crew:

EVACUATIONS:

Who Evacuated:

Radius/Area:

Damages:

MAR-02-05 13:18

757 533 4884

P.06

R-631

Job-178

MAR 02 2005 12:39 FR NS STRAT PLANNING

757 533 4884 TO 912763221510

P.06/16

Incident #2

NATIONAL RESPONSE CENTER - PUBLIC REPORT

Incident Report # 491440

INCIDENT DESCRIPTION

*Report taken by: CIV REDDY at 14:24 on 15-JUL-99

Incident Type: RAILROAD

Incident Cause: EQUIPMENT FAILURE

Affected Area:

The incident occurred on 15-JUL-99 at 10:15 local time.

Affected Medium: LAND BALLAST

SUSPECTED RESPONSIBLE PARTY

Name: WINFRED BRUNSON

Organization: NORFOLK SOUTHERN CORP Address: 185 SPRING ST SW
ATLANTA, GA 30303

PRIMARY Phone: (404)5291787 SECONDARY Phone: (404)5291785

Type of Organization: PRIVATE ENTERPRISE

INCIDENT LOCATION

NC ROUTE 740 County: STANLY City: BAYW State: NC

RELEASED MATERIAL(S)

CHRIS Code: ODS Official Material Name: OIL: DIESEL

Also Known As:

Qty Released: 1 GALLON(S) Qty in Water: 0 NONE

DESCRIPTION OF INCIDENTDIESEL LOCOMOTIVE / MECHANICAL FAILURE / RELEASED DIESEL ON BALLAST DIRECTION: UNK /
SPEED: UNKINCIDENT DETAILS

Grade Crossing: NO

Location Subdivision:

Railroad Milepost: WF12

Type of Vehicle Involved: UNKNOWN

Crossing Device Type:

Device Operational: YES

DOT Crossing Number:

Date and Time Service was/will be Restored:

Brake Failure: NO

---RAILROAD INFORMATION---

Railroad Involved: NORFOLK SOUTHERN CORP

Train Number: P91P115

Train Type: UNKNOWN Train Direction:

Train Speed: Track Speed:

Locomotives: Cars: Derailed:

Suspected DOT Regulation Non Compliance: NO

DERAILED CARS:

Pos.	Car number	Type	Cargo
------	------------	------	-------

DAMAGES

Fire Involved: NO Fire Extinguished: UNKNOWN

INJURIES:	Hospitalized:	Empl/Crew:	Passenger:
FATALITIES:	Empl/Crew:	Passenger:	Occupant:
EVACUATIONS:	Who Evacuated:	Radius/Area:	
Damages:			

Closure Type	Description of Closure	Length of Closure	Direction of Closure
Air:	N		

MAR-02-05 13:18

757 533 4884

P.08

R-631

Job-1/8

MAR 02 2005 12:40 FR NS STRAT PLANNING

757 533 4884 TO 912763221510

P.08/16

http://www.nrc.uscg.mil/reports/cgi/rwcgi60.exe?foia_bmp+inc_seq...

Road: N

Major
Artery:

Waterway:

Track:

REMEDIAL ACTIONS

Release Secured: Release Rate: Estimated Release Duration:

WEATHER

ADDITIONAL AGENCIES NOTIFIED

Federal:

State/Local:

State/Local On Scene:

State Agency Number:

NOTIFICATIONS BY NRC

ATSDR NC ATTN: SUSAN RANDOLPH (PRIMARY)

24-AUG-99 00:00 (919)7339555

U.S. EPA IV (PRIMARY)

24-AUG-99 14:52

MR FITZSIMMONS

NOAA 1ST CLASS BB RPTS FOR NC (PRIMARY)

24-AUG-99 00:00 (202)5266329

STATE OF NORTH CAROLINA DEHNR (PRIMARY)

24-AUG-99 00:00 (919)7330059

ADDITIONAL INFORMATION

*** END INCIDENT REPORT # 496207 ***

MAR-02-05 13:18

757 533 4884

P.09

R-631

Job-178

MAR 02 2005 12:41 FR NS STRAT PLANNING

757 533 4884 TO 912763221510

P.09/16

Incident #3

NATIONAL RESPONSE CENTER - PUBLIC REPORT

Incident Report # 496207

INCIDENT DESCRIPTION

*Report taken by: CIV ROBERTSON at 14:48 on 24-AUG-99

Incident Type: RAILROAD

Incident Cause: EQUIPMENT FAILURE

Affected Area:

The incident occurred on 24-AUG-99 at 10:20 local time.

Affected Medium: LAND BALLAST AND SOIL

SUSPECTED RESPONSIBLE PARTY

Name: WINFRED BRINSON

Organization: NORFOLK SOUTHERN CORP Address: 185 SPRING ST SW
ATLANTA, GA 30363

PRIMARY Phone: (404)5291787 SECONDARY Phone: (404)5291785

Type of Organization: PRIVATE ENTERPRISE

INCIDENT LOCATION

RTE 740 / OCCURRED IN THE County: STANLY YARD City: BADIN State: NC

RELEASED MATERIAL(S)

CHRIS Code: CTD Official Material Name: OIL, FUEL: NO. 2-D

Also Known As:

Qty Released: 1 PINT(S) Qty in Water: 0 NONE

DESCRIPTION OF INCIDENT

DIESEL LOCOMOTIVE / A SUMP OVERFLOWED CAUSING THE SPILL

INCIDENT DETAILS

Grade Crossing: NO

Location Subdivision:

Railroad Milepost: MF12

Type of Vehicle Involved: UNKNOWN

Crossing Device Type:

Device Operational: YES

DOT Crossing Number:

Date and Time Service was/will be Restored:

Brake Failure: NO

---RAILROAD INFORMATION---

Railroad Involved: NORFOLK SOUTHERN CORP

Train Number: P91P324

Train Type: UNKNOWN Train Direction:

Train Speed: Track Speed:

Locomotives: Cars: Derailed:

Suspected DOT Regulation Non Compliance: NO

DERAILED CARS:

Pos.	Carnumber	Type	Cargo
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DAMAGES

Fire Involved: NO Fire Extinguished:

INJURIES: Hospitalized:

Empl/Crew:

Passenger:

FATALITIES: Empl/Crew:

Passenger:

Occupant:

EVACUATIONS: Who Evacuated:

Radius/Area:

Damages:

Closure Type	Description of Closure	Length of Closure	Direction of Closure
Air:			

N

MAR-02-05 13:18

757 533 4884

P.11

R-631

Job-178

MAR 02 2005 12:42 FR NS STRAT PLANNING

757 533 4884 TO 912763221510

P.11/16

http://www.nrc.uscg.mil/reports/cgi/rwcgi60.exe/foia_bmp+inc_seq...

Waterway:

Track:

REMEDIAL ACTIONS

USED ABSORBENTS

Release Secured: Release Rate: Estimated Release Duration:

WEATHER

ADDITIONAL AGENCIES NOTIFIED

Federal:

State/Local:

State/Local On Scene:

State Agency Number:

NOTIFICATIONS BY NRC

ATSDR NC ATTN: ANNETTE MURRAY (PRIMARY)

31-MAR-95 00:00 (919)7338493 77777

U.S. EPA IV (PRIMARY)

31-MAR-95 14:04 MR TAYLOR

STATE OF NORTH CAROLINA DEHNH (PRIMARY)

31-MAR-95 00:00 (919)7339919 77777

ADDITIONAL INFORMATION

*** END INCIDENT REPORT # 285165 ***

MAR-02-05 13:18

757 533 4884

P.12

R-631

Job-178

MAR 02 2005 12:43 FR NS STRAT PLANNING

757 533 4884 TO 912763221510

P.12/16

Incident #4

NATIONAL RESPONSE CENTER - PUBLIC REPORT**Incident Report # 531216****INCIDENT DESCRIPTION*****Report taken by: MST3 LORECK at 14:35 on 06-JUN-00****Incident Type: RAILROAD****Incident Cause: UNKNOWN****Affected Area:****The incident occurred on 06-JUN-00 at 11:00 local time.****Affected Medium: BALLAST**

SUSPECTED RESPONSIBLE PARTY**Name: EVONE BANKS****Organization: NORFOLK SOUTHERN Address: 185 SPRING ST****ATLANTA, GA 30303****PRIMARY Phone: (404)5291787**

INCIDENT LOCATION**HWY 740 County: STANLY City: BADIN State: NC**

RELEASED MATERIAL(S)**CHRIS Code: OLB Official Material Name: OIL, MISC: LUBRICATING
Also Known As:****Qty Released: 1 GALLON(S)**

DESCRIPTION OF INCIDENT**THE MATERIAL RELEASED FROM AN AIR BOX ON A LOCOMOTIVE DUE TO UNKNOWN CAUSES.**

MAR-02-05 13:18

757 533 4884

P.14

R-631

Job-118

MAR 02 2005 12:44 FR NS STRAT PLANNING

757 533 4884 TO 912763221510

P.14/16

INCIDENT DETAILS

Grade Crossing: NO
Location Subdivision:
Railroad Milepost: WF-12.0
Type of Vehicle Involved:
Crossing Device Type:
Device Operational: YES
DOT Crossing Number:
Date and Time Service was/will be Restored:
Brake Failure: NO

---RAILROAD INFORMATION---

Railroad Involved: NORFOLK SOUTHERN
Train Number: PN1P306
Train Type: FREIGHT Train Direction:
Train Speed: Track Speed:
Locomotives: Cars: Derailed:
Suspected DOT Regulation Non Compliance: NO

DERAILED CARS:

Pos.	Car number	Type	Cargo
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DAMAGES

Fire Involved: NO Fire Extinguished: UNKNOWN

INJURIES:

Hospitalize:

FATALITIES:

Empl/Crew:

EVACUATIONS:

Who Evacuated:

Radius/Area:

Damages:

APPENDIX G
Federal and State Threatened and
Endangered Species Listings

North Carolina Endangered and Threatened Species

. Animals -- 23

<u>Status</u>	<u>Listing</u>
E	Bat, Indiana (<i>Myotis sodalis</i>)
E	Bat, Virginia big-eared (<i>Corynorhinus (=Plecotus) townsendii virginianus</i>)
E	Butterfly, Saint Francis' satyr (<i>Neonympha mitchellii francisci</i>)
T	Chub, spotfin Entire (<i>Cyprinella monacha</i>)
T	Eagle, bald (lower 48 States) (<i>Haliaeetus leucocephalus</i>)
E	Elktoe, Appalachian (<i>Alasmidonta raveneliana</i>)
E	Heelsplitter, Carolina (<i>Lasmigona decorata</i>)
E	Pearlymussel, littlewing (<i>Pegias fabula</i>)
T	Plover, piping (except Great Lakes watershed) (<i>Charadrius melodus</i>)
E	Puma (=cougar), eastern (<i>Puma (=Felis) concolor couguar</i>)
T	Sea turtle, green (except where endangered) (<i>Chelonia mydas</i>)
E	Sea turtle, hawksbill (<i>Eretmochelys imbricata</i>)
E	Sea turtle, Kemp's ridley (<i>Lepidochelys kempi</i>)
E	Sea turtle, leatherback (<i>Dermochelys coriacea</i>)
T	Sea turtle, loggerhead (<i>Caretta caretta</i>)
E	Shiner, Cape Fear (<i>Notropis mekistocholas</i>)
T	Silverside, Waccamaw (<i>Menidia extensa</i>)
T	Snail, noonday (<i>Mesodon clarki nantahala</i>)
E	Spider, spruce-fir moss (<i>Microhexura montivaga</i>)
E	Spiny mussel, James (<i>Pleurobema collina</i>)
E	Spiny mussel, Tar River (<i>Elliptio steinstansana</i>)
E	Squirrel, Carolina northern flying (<i>Glaucornys sabrinus coloratus</i>)
E	Sturgeon, shortnose (<i>Acipenser brevirostrum</i>)
E	Tern, roseate (northeast U.S. nesting pop.) (<i>Sterna dougallii dougallii</i>)
T	Tern, roseate (Western Hemisphere except NE U.S.) (<i>Sterna dougallii dougallii</i>)
E	Wedgemussel, dwarf (<i>Alasmidonta heterodon</i>)
E	Whale, finback (<i>Balaenoptera physalus</i>)
E	Whale, humpback (<i>Megaptera novaeangliae</i>)
E	Whale, right (<i>Balaena glacialis (incl. australis)</i>)
E	Whale, sperm (<i>Physeter catodon (=macrocephalus)</i>)
E	Wolf, red (except where XN) (<i>Canis rufus</i>)
E	Woodpecker, red-cockaded (<i>Picoides borealis</i>)

Plants -- 27

<u>Status</u>	<u>Listing</u>
T	Joint-vetch, sensitive (<i>Aeschynomene virginica</i>)
T	Amaranth, seabeach (<i>Amaranthus pumilus</i>)
E	Bittercress, small-anthered (<i>Cardamine micranthera</i>)
E	Sedge, golden (<i>Carex lutea</i>)
E	Coneflower, smooth (<i>Echinacea laevigata</i>)
E	Avens, spreading (<i>Geum radiatum</i>)
E	Lichen, rock gnome (<i>Gymnoderma lineare</i>)
E	Bluet, Roan Mountain (<i>Hedyotis purpurea var. montana</i>)
E	Sunflower, Schweinitz's (<i>Helianthus schweinitzii</i>)
T	Pink, swamp (<i>Helonias bullata</i>)
T	Heartleaf, dwarf-flowered (<i>Hexastylis naniflora</i>)
T	Heather, mountain golden (<i>Hudsonia montana</i>)
T	Pogonia, small whorled (<i>Isotria medeoloides</i>)
T	Blazingstar, Heller's (<i>Liatris helleri</i>)
E	Pondberry (<i>Lindera melissifolia</i>)
E	Loosestrife, rough-leaved (<i>Lysimachia asperulaefolia</i>)
E	Dropwort, Canby's (<i>Oxypolis canbyi</i>)
E	Harperella (<i>Ptilimnium nodosum</i>)
E	Sumac, Michaux's (<i>Rhus michauxii</i>)
E	Arrowhead, bunched (<i>Sagittaria fasciculata</i>)
E	Pitcher-plant, green (<i>Sarracenia oreophila</i>)
E	Pitcher-plant, mountain sweet (<i>Sarracenia rubra ssp. jonesii</i>)
E	Chaffseed, American (<i>Schwalbea americana</i>)
E	Irisette, white (<i>Sisyrinchium dichotomum</i>)
T	Goldenrod, Blue Ridge (<i>Solidago spithamea</i>)
T	Spiraea, Virginia (<i>Spiraea virginiana</i>)
E	Meadowrue, Cooley's (<i>Thalictrum cooleyi</i>)

Historic Report Proposed Rail Line Abandonment

Proposed Action and Alternatives

In the related petition to the Surface Transportation Board for exemption to abandon or discontinue service over a line of railroad, Norfolk Southern Railway Company (NSR) proposes to discontinue service over 11.11 miles of rail line between Halls Ferry Junction, North Carolina (Milepost WF 0.0) and Badin, North Carolina (Milepost WF 11.11) in Stanly County, North Carolina. A map delineating the line proposed for discontinuance is attached as Appendix A.

The Yadkin Railroad Company (YRR), a wholly owned subsidiary of NSR, proposes to abandon its operating rights under a lease over the same 11.11 miles. The Winston-Salem Southbound Railway Company (WSSB), an affiliate of NSR, owned 50 per cent by NSR and 50 per cent by CSX Transportation, Inc., (WSSB), also proposes to abandon its operating rights under a lease over the 5.21 miles of the rail line between Whitney, North Carolina (Milepost WF 5.90) and Badin, North Carolina (Milepost WF 11.11). The YRR and WSSB line abandonments will end the railroads' common carrier obligations to provide service over this line of railroad. NSR operates over the line as lessee and operator of the property of YRR.

The line between Milepost WF 0.0 at Halls Ferry Jct., North Carolina and Milepost WF 11.11 at Badin, NC, including the right-of-way and track material, is owned by a subsidiary of the sole, active shipper on the line, Aluminum Corporation of America (Alcoa, Inc). Alcoa, Inc. is successor to Tallassee Power Company, the original lessor of the line to the railroads; however, the railroads, as lessees or operators, are obligated to maintain the line at their own expense. Alcoa, Inc. is the sole shipper or receiver of freight on the line to and from a plant located in Badin, NC. There is no other overhead traffic. Alcoa's shipments over this line have decreased substantially over the past few years and in the last year or two the plant has even had periods of near dormancy. Under these circumstances, the railroads can no longer maintain and operate the line at a profit as the revenues generated are not sufficient to cover the costs of maintenance, rehabilitation, and operations.

The alternatives to discontinuance/abandonment of the entire line are

1. to not abandon and discontinue service over the Whitney, NC to Badin, NC segment of the line, which would result in the Winston-Salem Southbound retaining a connection to the line
2. to not abandon and discontinue service over the entire line.

However, these alternatives are not satisfactory or economically feasible due to the circumstances previously described.

Additional Information

U.S.G.S Topographic Map

Maps were furnished to the North Carolina State Historic Preservation Office

Written Description of Right of Way

The width of the corridor is 100'; 50' on each side of the track centerline. There has been very little development along the corridor.

Photographs

Photographs were furnished to the North Carolina State Historic Preservation Office

Date of Construction of Structures

Construction dates are shown on the Bridges and Structures Listing attached to this report in Appendix B

History of Operations and Changes Contemplated

Alcoa's predecessor, Tallassee Power Company, built the railroad lines between Halls Ferry Jct., NC and Whitney, NC and between Whitney, NC and Badin, NC. Tallassee, and later Alcoa, leased the line segment between Halls Ferry Jct., NC and Whitney, NC to Yadkin Railroad Company on March 28, 1916 for \$1.00 per year with YRR responsible for all ordinary maintenance and operation of line. The lessor remained responsible for all betterments and extraordinary maintenance of the line.

This agreement also provided for the joint lease by Yadkin Railroad Company and Winston-Salem Southbound Railway Company of the line segment between Whitney, NC and Badin, NC.

Yadkin Railroad Company was incorporated in North Carolina, April 5, 1871 in order to insure that Salisbury, NC was connected by railroad to the line of the Cheraw and Salisbury Railroad Company at Wadesboro, NC. The Cheraw and Salisbury Railroad was being graded between Cheraw and Wadesboro at the time the Yadkin was incorporated. Nothing was done pursuant to the Yadkin charter until the Richmond and Danville Railroad Company constructed the line between Salisbury, NC and Norwood, NC in 1890-1891 and opened it on May 29, 1891. The Richmond and Danville Railroad Company acquired the mortgage, the bonds and most of the capital stock of the Yadkin Railroad Company at that time. The Richmond and Danville Railroad Company, and, after it was placed in receivership on June 15, 1892, its receivers, operated the line until July 1, 1894.

The Yadkin Railroad Company stock held by the Richmond and Danville Railroad Company receivers was sold on December 14, 1894 to the Richmond Terminal Reorganization Committee, which transferred the stock to Southern Railway Company. Southern Railway Company had also acquired through foreclosure sale, all of the outstanding bonds of the Yadkin Railroad Company. Southern Railway assumed operation of the property on July 1, 1894.

Effective July 1, 1916, the Yadkin Railroad Company commenced separate operations in its own name. These separate operations continued until the Yadkin Railroad's property was leased to the Carolina and Northwestern Railway Company, a wholly-owned subsidiary of Southern Railway Company, on July 1, 1951. Also in 1916, the predecessor of the Aluminum Company of America contracted the Yadkin Railroad Company to operate from Hall's Ferry, North Carolina to Whitney, North Carolina. In addition, the Yadkin Railroad Company was given joint rights with the Winston-Salem Southbound Railway to operate the line under consideration for abandonment from Whitney, North Carolina to Badin, North Carolina.

Yadkin Railroad Company abandoned 9.53 miles of line between Albemarle, NC and Norwood, NC pursuant to the Interstate Commerce Commission's decision in ICC Finance Docket No. 11987, *Yadkin Railroad Company Abandonment*, 228 I.C.C. 735 (1938).

An Act of North Carolina entitled An Act to incorporate the Carolina and Northwestern Railway Company, ratified March 11, 1895 (Private Laws of North Carolina, 1895, ch. 190, p. 306), provided for a new corporation which might purchase the property of the Chester and Lenoir Narrow Gauge Railroad Company and extend its line through the counties of Caldwell and Watauga to a point on the State line of Tennessee in the latter county. At that point, it might connect with the line of the East Tennessee and Western North Carolina Railroad Company. Carolina and Northwestern Railway Company took title to the Chester and Lenoir Narrow Gauge Railroad Company

on February 8, 1897, from purchasers of the latter company in foreclosure of the second mortgage dated July 1, 1880. Carolina and Northwestern Railway Company was also chartered in South Carolina under an Act ratified February 17, 1900.

As a prerequisite to leasing the property of the Danville and Western Railway Company, a Virginia corporation, Carolina and Northwestern Railway Company had to qualify to operate in Virginia. This was done through the mechanism of organizing the *Carolina and Northwestern Railway Company of Virginia*, chartered February 5, 1951 under the general corporation laws of Virginia, with the power of owning, leasing, and operating railroads etc. in the State of Virginia. A Joint Agreement of Merger, dated March 20, 1951, between the new Virginia Corporation and its North and South Carolina parent company was then entered into and filed with the State Corporation Commission of Virginia. This effected the incorporation of the Carolina and Northwestern Railway Company, under its original North Carolina and South Carolina charters, in the State of Virginia, and with the right to operate in Virginia as of April 23, 1951. The separate entity of the new Virginia Corporation lapsed into the parent company in the merger, effective the same date.

Southern Railway Company acquired 16,710 of the 16,963 of common stock and all 11,000 shares of preferred stock, but not the 95 shares of Common Stock Voting Trust Certificates, of the Carolina and Northwestern Railway Company under a transaction embodied in an agreement dated August 7, 1903 between The Standard Trust Company and William A. Barber, former President of the Carolina and

Northwestern Railway Company. However, Southern Railway Company did not register the Carolina and Northwestern Railway Company shares in its name until 1951. Then it did so under ICC authority granted in Finance Docket No. 17158, *Carolina & Northwestern Railway Company Control*, 282 ICC 803 (1951), June 7, 1951. Southern Railway Company acquired three additional shares of the Carolina and Northwestern Railway Common Stock in 1951 and 50 additional shares of the C&NW Common Stock on January 20, 1958.

Under ICC authority granted in Finance Docket No. 17158, *Carolina & Northwestern Railway Company Control*, 282 ICC 803 (1951), June 7, 1951, Carolina and Northwestern Railway Company entered into four leases dated July 1, 1951, until December 31, 2000, subject to termination on six months notice, providing for the combined operation only in its name of the properties. These leases included the lease of the 43.11 mile line of the Yadkin Railroad Company, between Albemarle, NC and Yadkin Junction (Salisbury) NC. The 43.11 miles of line included the 11.11 miles between Halls Ferry Junction, NC and Whitney, NC and between Whitney, NC and Badin, NC under contract from what was then Carolina Aluminum Company.

Carolina and Northwestern Railway Company merged into the old Norfolk Southern Railway Company on January 1, 1974, pursuant to ICC Finance Docket Nos. 27078, 27079.

After the consolidation of Norfolk and Western Railway Company and Norfolk Southern Railway Company as subsidiaries of Norfolk Southern Corporation in 1982, the Carolina and Northwestern Railway Company name was revived and Norfolk Southern Railway Company's name was changed to Carolina and Northwestern Railway Company.

In ICC Finance Docket No. 30432, *Yadkin Railroad Company - Exemption - Rail Line Acquisition in Stanly County, NC*, decided May 2, 1984, the ICC granted Yadkin Railroad Company an exemption for the acquisition of the 5.79 mile line segment between Hall's Ferry Jct., NC (MP WF-0.0) and Whitney, NC (MP WF 5.79). The transaction was not completed, however, and Yadkin Railroad Company continued to lease the line from Alcoa.

Carolina and Northwestern Railway Company was merged into Southern Railway Company on June 1, 1988. Thus, Southern Railway Company, soon to become Norfolk Southern Railway Company, succeeded directly to the lease of the Yadkin Railroad Company. Yadkin Railroad Company's First Mortgage dated November 7, 1890 was paid off and released in May 1995.

In STB Finance Docket No. 33951, *Norfolk Southern Railway Company - Corporate Family Transaction Exemption - Yadkin Railroad Company*, served December 12, 2000, the Surface Transportation Board served a notice of exemption covering Norfolk Southern Railway Company's renewal of its lease and operation of

approximately 30 miles of rail line owned by Yadkin Railroad Company, then a Class III rail carrier and a subsidiary of NSR, located in the State of North Carolina. The parties scheduled consummation of the transaction for a date on or before December 31, 2000. The extension of the Norfolk Southern Railway Company lease of the Yadkin Railroad Company extends the term of the lease until 2025 with an optional 25-year extension.

In 2004, Norfolk Southern Railway Company acquired the 9.6 per cent of the Yadkin Railroad Company stock that it did not own from Roane County, North Carolina. Thus, Yadkin Railroad Company recently became a wholly-owned subsidiary of Norfolk Southern Railway Company.

All of the common stock of Winston-Salem Southbound Railway Company is held in equal amounts by CSX Transportation, Inc., and Norfolk Southern Railway Company but WSSB is independently operated.

Winston-Salem Southbound Railway Company was incorporated under a special act of the General Assembly of the State of North Carolina, January 31, 1905. The carrier was organized and the charter was dated February 13, 1905. The charter was amended several times thereafter. Norfolk and Western Railway Company, a predecessor of Norfolk Southern Railway Company, and Atlantic Cost Line Railroad Company, a predecessor of CSX Transportation, Inc., were the proprietor companies and, in July 1909, those companies agreed to finance the construction after two previous abortive attempts to have the line constructed.

The 49 miles of Winston-Salem Southbound Railway Company line between Winston-Salem, NC and Whitney, NC opened on December 17, 1910, and the remaining 38.70 miles of line between Whitney, NC and Wadesboro, NC opened on March 6, 1911. The 2.30-mile Tar Branch, connecting the original line with industries at Winston-Salem, NC, was constructed in 1912-1913. The WSSB used 9,628 feet of ACL main line plus certain yard tracks and the station at Wadesboro, NC and the Southern Railway Company passenger station and 2.85 miles of Norfolk and Western Railway tracks at Winston-Salem, NC.

The Winston-Salem Southbound Railway Company owns approximately 87.7 miles of main track between Winston-Salem, NC and Wadesboro, NC; and has rights to operate over approximately 11 miles of line under contract or trackage rights, including the portion of the subject line between Whitney, NC and Badin, NC. Winston-Salem Southbound Railway Company connects with NSR at Winston-Salem and CSXT at Wadesboro. A great historical overview of this railroad can be found in *The Winston-Salem Southbound Railway* (s.n.] (1981), written by Jeff Miller and Jim Vaughn.

Norfolk and Western Railway Company was incorporated by special act of Virginia approved on January 15, 1896, and succeeded, under a plan of reorganization, to the properties of Norfolk and Western Railroad Company, the Lynchburg and Durham Railroad Company (that had been sold first to the Norfolk, Lynchburg and Durham Railroad Company) and the Roanoke and Southern Railway Company (that had been

sold first to the Norfolk, Roanoke and Southern Railroad Company). The two companies shown in parentheses were organized on the dates of purchase for the sole purpose of acquiring and transferring the property of the named companies to Norfolk and Western Railway Company.

Norfolk and Western Railway Company's predecessor, Norfolk and Western Railroad Company, was sold at foreclosure September 15, 1896 and conveyed to Norfolk and Western Railway Company, October 1, 1896. Norfolk, Lynchburg and Durham Railroad Company conveyed the property of the Lynchburg and Durham Railroad Company that it had purchased at foreclosure September 16 or 24, 1896 to Norfolk and Western Railway Company on October 6, 1896. Norfolk, Roanoke and Southern Railroad Company conveyed the property of Roanoke and Southern Railway Company (124 miles of line between Roanoke, VA and Winston-Salem, NC) that it purchased at foreclosure November 24, 1896, together with its rights and franchises, to Norfolk and Western Railway Company on December 2, 1896.

Norfolk Southern Corporation, a non-carrier holding company, was incorporated in the Commonwealth of Virginia on July 23, 1980. Based on an Agreement of Merger and Reorganization, dated July 31, 1980, and eventual Interstate Commerce Commission approval, Norfolk Southern Corporation acquired control of Norfolk and Western Railway Company and Southern Railway Company and their subsidiaries.

On December 4, 1980, Norfolk Southern Corporation, Norfolk and Western Railway Company, and Southern Railway Company filed a joint application to the ICC in Finance Docket No. 29430 (Sub-No. 1), pursuant to which they sought authority under 49 U.S.C. 11343 for Norfolk Southern Corporation to acquire control through stock ownership of Norfolk and Western Railway Company and its subsidiary carrier companies, and of Southern Railway Company and its consolidated system companies.

Under approval granted by the ICC in Finance Docket No. 29430 (Sub-No. 1), *Norfolk Southern Corporation -- Control -- Norfolk and Western Railway Company and Southern Railway Company*, 366 I.C.C. 173 (1982), dated March 19, 1982, Norfolk Southern Corporation acquired control of Norfolk and Western Railway Company and Southern Railway Company on June 1, 1982.

Two books on the Norfolk and Western Railway Company and Southern Railway Company systems provide detailed information on the companies' history and development to the time of the Norfolk Southern consolidation. They are: E. F. Pat Striplin, *The Norfolk And Western: A History* (Roanoke, VA: The Norfolk and Western Railway Co., 1981) and Burke Davis, *The Southern Railway: Road of the Innovators* (Chapel Hill, NC: University of North Carolina Press, 1985).

Effective December 31, 1990, Southern Railway Company changed its name to Norfolk Southern Railway Company. Norfolk and Western Railway Company became a

wholly-owned subsidiary of Norfolk Southern Railway Company rather than a subsidiary of Norfolk Southern Corporation.

In October 1996, Norfolk and Western Railway Company paid the outstanding bonds issued under the Norfolk and Western Railway Company First Consolidated Mortgage of October 22, 1896, payable October 1, 1996. The mortgage trustee, Bankers Trust Company, delivered a Release, Satisfaction and Discharge to Norfolk and Western Railway Company on January 31, 1997. All Norfolk and Western Railway Company properties then became free of any system mortgage.

Pursuant to a notice of exemption filed in STB Finance Docket No. 33648, *Norfolk Southern Railway Company--Merger Exemption--Norfolk and Western Railway Company*, served August 31, 1998, Norfolk Southern Railway Company merged Norfolk and Western Railway Company into Norfolk Southern Railway Company, effective September 1, 1998.

Norfolk Southern Corporation ("NSC"), parent to Norfolk Southern Railway Company ("NSR"), entered into a Transaction Agreement (the "Conrail Transaction Agreement") among NSC; NSR; CSX Corporation ("CSX"); CSX Transportation, Inc. ("CSXT"), a wholly-owned subsidiary of CSX; Conrail Inc. ("CRR"); Conrail, a wholly-owned subsidiary of CRR; and CRR Holdings LLC, dated June 10, 1997, pursuant to which CSX and NSC indirectly acquired all the outstanding capital stock of CRR. The Conrail Transaction Agreement was approved by the Surface Transportation Board

("STB") in a decision served July 23, 1998 in STB Finance Docket No. 33388, *CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company - Control and Operating Leases/Agreements - Conrail Inc. and Consolidated Rail Corporation*, and the transaction was closed and became effective June 1, 1999.

Pursuant to the Conrail Transaction Agreement, certain Conrail assets were allocated to Pennsylvania Lines LLC ("PRR"), a wholly-owned subsidiary of Conrail. Furthermore, pursuant to the Conrail Transaction Agreement, PRR's assets, in turn, were leased to and are operated by NSR under the terms of an allocated assets operating agreement between PRR and NSR (the "NSR Operating Agreement") with an original term of twenty-five (25) years from the effective date of June 1, 1999, and two optional renewal terms of five (5) years each. The Conrail Transaction Agreement permitted NSR to operate and to enter into various transactions with regard to the assets allocated to PRR. As a result of the Conrail Transaction, Norfolk Southern Railway Company's rail operations grew to include some 7,200 miles of the Conrail system (predominately the former Pennsylvania Railroad), creating balanced rail transportation in the East to benefit customers and communities alike.

In STB Finance Docket No. 33788, *Norfolk Southern Railway Company--Trackage Rights Exemption--Over North Carolina Railroad Company*, served August 27, 1999, the Surface Transportation Board approved North Carolina Railroad Company's (NCRR) agreement to grant to NSR exclusive local and overhead freight

trackage rights over its entire line of railroad between Charlotte and Morehead City, NC. The line extends between mileposts EC-0.0+/- and EC-94.7+/-; mileposts H-0.0+/- and H-129.5+/-; and mileposts 284.0+/- and 376.5+/-, a distance of approximately 317.2 miles in Alamance, Cabarrus, Carteret, Craven, Davidson, Durham, Guilford, Johnston, Jones, Lenoir, Mecklenburg, Orange, Randolph, Rowan, Wake, and Wayne Counties, NC. Under the agreement, NSR is permitted to grant trackage rights to its subsidiaries. NSR or its predecessors had leased and operated the NCRR property since 1871 when the NCRR line between Goldsboro, NC and Charlotte, NC was leased to The Richmond and Danville Railroad Company. Pursuant to a notice of exemption in STB Finance Docket No. 34396, *Norfolk Southern Railway Company – Corporate Family Transaction Exemption – Atlantic and East Carolina Railway Company*, served October 28, 2003; Norfolk Southern Railway Company (NSR) merged Atlantic and East Carolina Railway Company (AEC) into NSR. NSR thus succeeded to the trackage rights over the portion of NCRR's line between Goldsboro, NC, and Morehead City, NC, which was once the property of the former Atlantic and North Carolina Railway Company subsidiary of the North Carolina Railroad Company.

On June 4, 2003, Norfolk Southern Corporation (NSC), CSX Corporation (CSX), and Consolidated Rail Corporation (Conrail) announced the joint filing of a petition with the STB for approval to establish direct ownership and control by CSX Transportation, Inc. (CSXT) and Norfolk Southern Railway Company (NSR), the railroad subsidiaries of CSX and NSC, respectively, of the two Conrail subsidiaries - New York Central Lines LLC (NYC) and Pennsylvania Lines LLC (PRR) that CSXT and NSR had been

managing and operating, respectively, since June 1, 1999 under operating agreements approved by the STB in the 1998 decision. The STB approved the petition, subject to certain conditions, in a decision served on November 7, 2003. The transaction was concluded on August 27, 2004 by the merger of NYC and PRR into CSXT and NSR, respectively. The transaction's effect was to replace the PRR and NYC operating agreements and allow NSR and CSXT to operate the NYC and PRR lines via direct ownership.

Stanley County was formed in 1841 from the part of Montgomery County west of the Pee Dee River. It was named for John Stanly of New Bern (1774-1834), who served several terms in the North Carolina House of Commons and two terms in the United States House of Representatives. Stanley County is home to Morrow Mountain State Park, part of the Uwharrie Mountain range, and two lakes, Lake Tillery and Badin Lake.

Badin Lake located near Badin, North Carolina facilitates a power plant which was originally developed to support a small community and aluminum reduction plant established in 1913 by a French industrialist, Adrian Badin. He established the community as a company town for his reduction plant, a subsidiary of L'Aluminum Francaise. In 1915, prior to project completion, WWI began and the French firm sold the dam and town project to Aluminum Corporation of America (Alcoa), today's current owner. In 1916, a subsidiary of Alcoa, the Tallassee Power Company, began completion of the Narrows Dam project, which was finally done in 1917. The power

plant and community were the driving factors of the growth and the development of the railroad in this locality.

Several books have been written about the history of Stanly County, North Carolina, and are available in the Stanly County library, including Sharpe, Ivey Lawrence, *Stanly County USA: The Story of an Area and an Era, 1841-1991*, Media Press, Inc., 1990, 335 p.; *Stanly County Heritage North Carolina Volume I*, published by the Stanly County Historical Book Committee, 2002, 375 p.; Stanly County (N.C.), *Historic Sites Inventory: A Comprehensive Survey of Stanly County, N. C.*, 1977, 99 p.; Foglia, Virginia Stone., *Albemarle, Stanly County Centennial, 1857-1957: The Bridge, From Yesterday--Into Tomorrow, May 11-18, 1957*, 100 p.; and, Buchanan, D. Douglas *Images of America: Stanly County*, Arcadia Publishing, 2000, 128 p.

The change contemplated in the operation of the subject railroad line between Halls Ferry Junction, NC and Whitney, NC and between Whitney, NC and Badin, NC is that Norfolk Southern Railway Company, Yadkin Railroad Company and Winston-Salem Southbound Railway Company discontinue operations over and abandon their interests in the subject line of railroad, which can no longer be maintained and operated at a profit. Inasmuch as the right-of-way and track and material are owned by Alcoa, Inc., Alcoa will undertake any disposition to be made of that right-of-way and track and material.

Summary of Documents in Carrier's Possession that Might be Useful for Documenting a Structure that is Found to be Historic

As Alcoa's predecessor arranged for this rail line to be built and as Alcoa is the active owner of the right of way, track and materials, NSR is not aware of the availability of plans for the structures on the line.

Opinion Regarding Criteria for Listing in the National Register of Historic Places

NSR does not own the right of way, track or materials associated with the line from Whitney, North Carolina to Badin, North Carolina and will not have control over the outcome of structures or places which currently exist along the line. The line passes through mostly undeveloped or lakeside areas, with some parts of the line passing through agricultural, residential, or industrial areas.

Subsurface Ground Conditions that Might Affect Archaeological Recovery

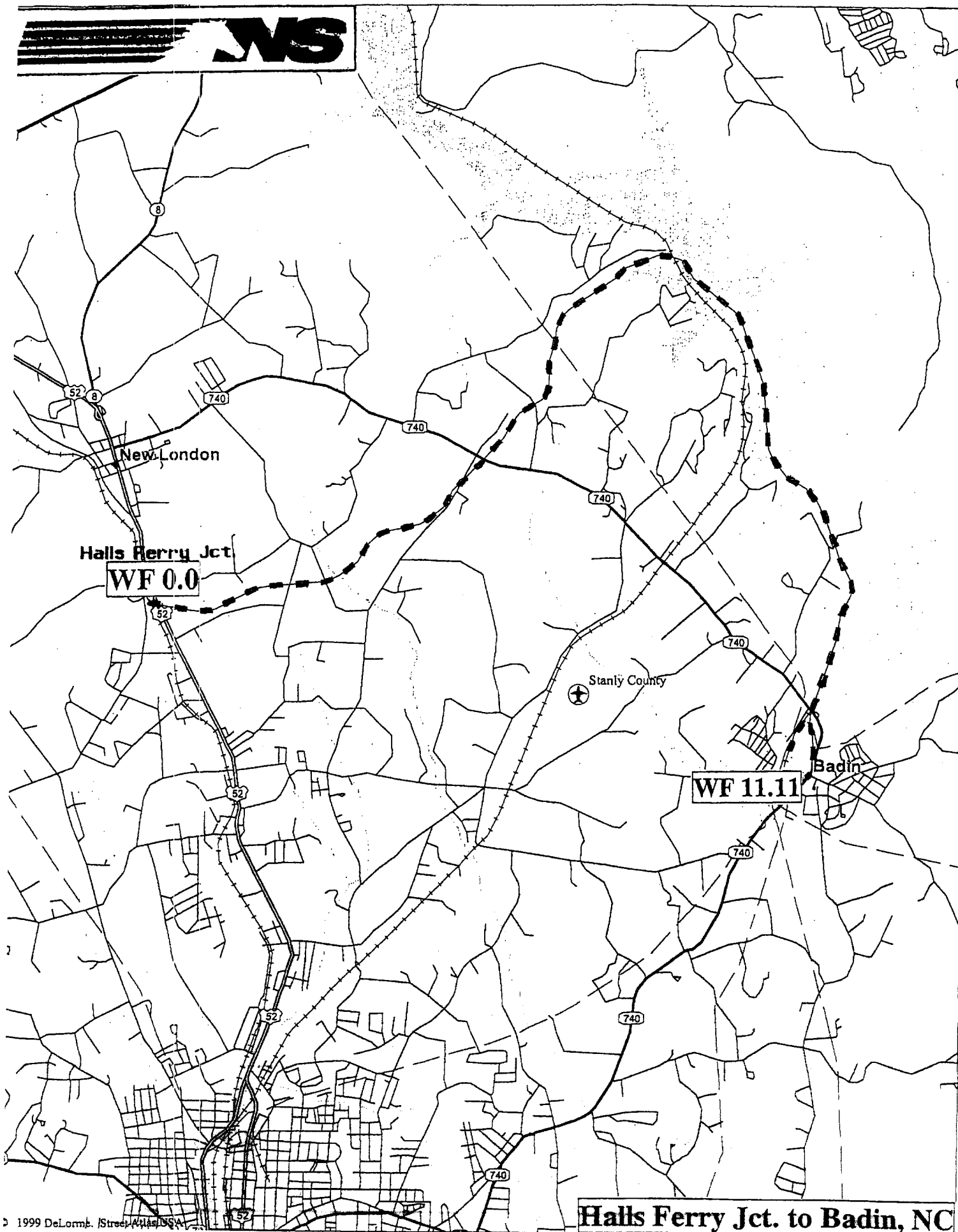
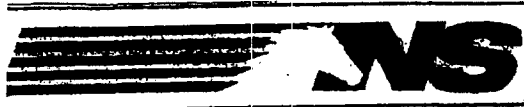
NSR is not aware of any prior subsurface ground disturbances or environmental conditions that would affect archaeological recovery. In addition, NSR does not own the right of way, track or materials and will not take part in any salvage activities.

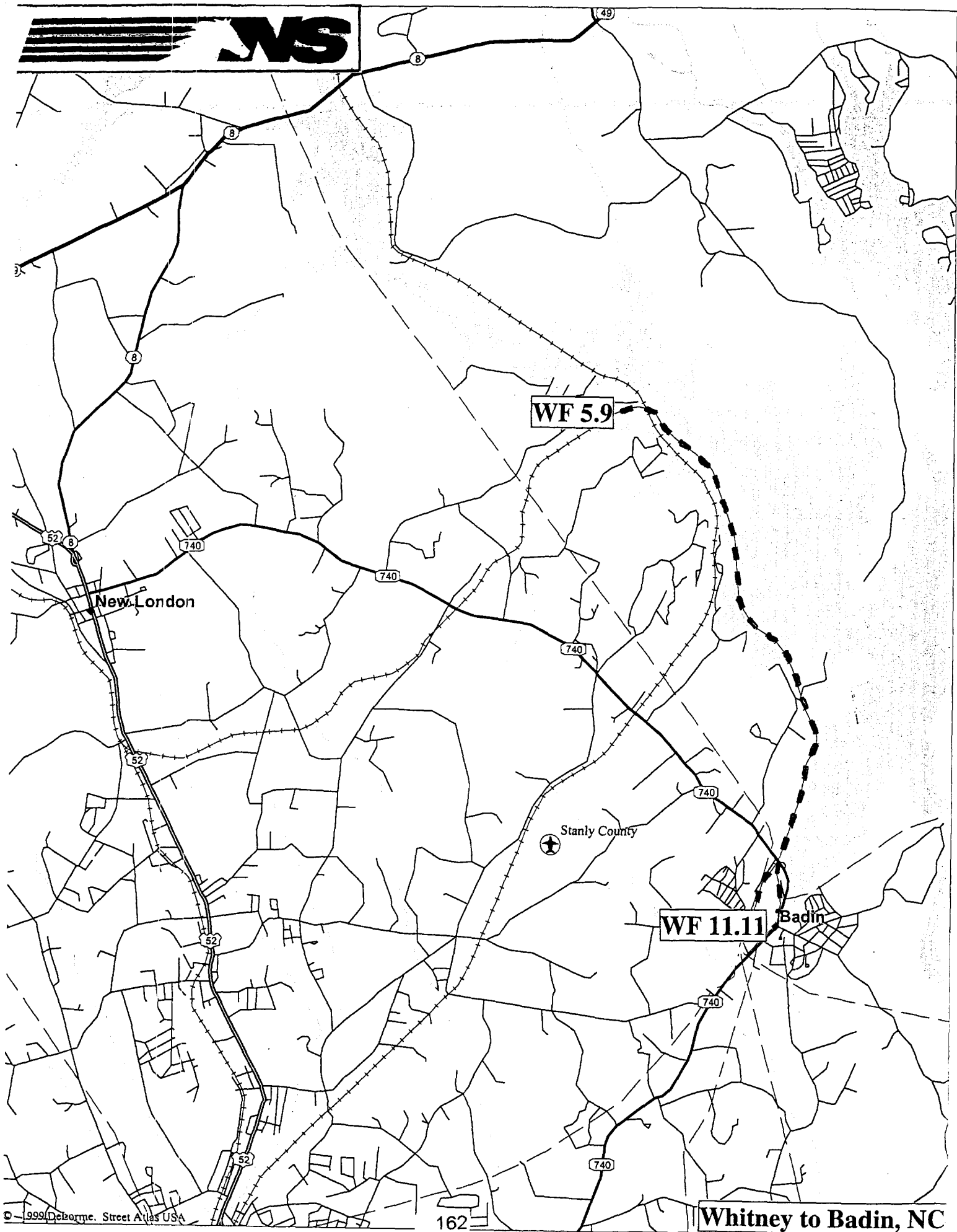
Follow-Up Information

NSR will provide any relevant and available additional information as required or appropriate.

Appendix A

Maps





Appendix B

Bridge List

NORFOLK SOUTHERN CORPORATION
BRIDGES AND STRUCTURES DEPARTMENT
BRIDGE LISTING

DRONT DIVISION

DATE RUN: 10/27/03
PAGE 87

FILEPOST	NAME OF CROSSING	NO OF SPANS	STRUCTURE	DESCRIPTION	DECK	LENGTH	TOTAL LENGTH	DATE BLT	MAX HT	ALIGN MD	TK HIGHEST	DOT ST NO	FILE MD	OLD BR NO	REMARKS
F-0.50	WATERWAY	1	CONC ARCH		BALLAST		12.00		25.0	T	1 M	HALLS FERRY JCT	NC		117-
F-1.70	WATERWAY	1	CONC ARCH		BALLAST		12.00		25.0	T	1 M	HALLS FERRY JCT	NC		117-
F-1.90	WATERWAY	1	CONC ARCH		BALLAST		10.00		12.0	T	1 M	HALLS FERRY JCT	NC		117-
F-2.10	WATERWAY	1	TIMBER STRINGER		OPEN		11.00		7.0	R 3 15	1 M	ISENHOUR	NC		117-

Appendix C

Photographs



Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

Marcellus C. Kirchner
Director Strategic Planning
(757) 629-2679
(757) 823-5807 FAX

November 8, 2005

Dr. Jeffrey J. Crow, SHPO
Division of Archives & History
4610 Mail Service Center
Raleigh, NC 27699-4610

RE: Docket No AB-290 (Sub-No. 254X), Norfolk Southern Railway Company
Abandonment – from Halls Ferry, North Carolina to Badin, North Carolina

Dear Dr. Crow:

Norfolk Southern soon expects to file with the Surface Transportation Board a Notice of Exemption seeking authority to discontinue service over 11.11 miles of rail line between Halls Ferry Junction, North Carolina (Milepost WF 0.0) and Badin, North Carolina (Milepost WF 11.11) in Stanly County, North Carolina.. Enclosed is a Historic Report describing the proposed action and any expected historic effects, as well as a map of the affected area, topographical maps and a bridge information list.

We are providing this report so that you may review the information that will form the basis for the Board's independent environmental analysis of this proceeding. If you believe any of the information is misleading or incorrect, if you believe that pertinent information is missing, or if you have any questions about the Board's environmental review process, please contact the Section of Environmental Analysis (SEA), Surface Transportation Board, 1925 K Street, N.W., Washington, D. C. 20423-0001, Telephone (202) 565-1545, and refer to the above Docket. Because the applicable statutes and regulations impose stringent deadlines for processing this action, your written comments (with a copy to us) would be appreciated as soon as possible. Please refer your comments to Donna Braun by email at donna.braun@nscorp.com or by mail to:

Donna Braun
Norfolk Southern Railway Company
3 Commercial Place
12th Floor – Strategic Planning
Norfolk, VA 23510

Page 2
November 8, 2005

Your comments will be considered by the Board in evaluating the historic impacts of the contemplated action. If there are any questions concerning this proposal, please contact Ms. Braun directly as indicated above.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marcellus C. Kirchner', with a long horizontal flourish extending to the right.

Marcellus C. Kirchner

Enclosures

cc: James Paschall

**Historic Report
Certificate of Service**

Pursuant to the requirements of 49 C.F.R § 1105.8(c), the undersigned hereby certifies that a copy of the Historic Report in Docket No. AB-290 (Sub-No. 254X) was mailed via first class mail on November 8, 2005 to the following party:

Dr. Jeffrey J. Crow, SHPO
Division of Archives & History
4610 Mail Service Center
Raleigh, NC 27699-4610



Marcellus C. Kirchner
January 19, 2006

The Stanly News & Press
P.O. Box 488
Albemarle NC 28002
(704) 982-2121

Exhibit 8

AFFIDAVIT OF INSERTION

DATE: 03/17/06

STARTDATE	CLASS	DESCRIPTION	WORDS	INS	CHG
01104358-000		NORFOLK SOUTHERN CORPORATION THREE COMMERCIAL PLACE NORFOLK VA 23510			
03/14/2006	380	NOTICE OF INTENT TO	652	1	182.56

NORTH CAROLINA, STANLY COUNTY

AFFIDAVIT OF PUBLICATION

Before the undersigned, a Notary Public of said County and State, duly commissioned, qualified, and authorized by law to administer oaths, personally appeared: Rex A. Maynor, who being first duly sworn, deposes and says: that he is Publisher of a newspaper known as THE STANLY NEWS AND PRESS, published, issued, and entered as second class mail in the City of Albemarle, in said County and State; that he is authorized to make this affidavit and sworn statement; that the notice or other legal advertisement, a true copy of which is attached hereto, was published in THE STANLY NEWS AND PRESS on the dates specified on the copy attached and that the said newspaper in which such notice, paper, document or legal advertisement was published was, at the time of each and every such publication, a newspaper meeting all of the requirements and qualifications of Section 1-597 of the General Statutes of North Carolina and was a qualified newspaper within the meaning of Section 1-597 of the General Statutes of North Carolina.

**NOTICE OF INTENT
TO DISCONTINUE RAIL SERVICE
AND ABANDON OPERATING
RIGHTS UNDER RAILROAD
LINE LEASES.**

Norfolk Southern Railway Company, Yadkin Railroad Company and Winston Salem Southbound Railway Company, give notice that on or about March 30, 2006, they intend to file with the Surface Transportation Board (STB), Washington, DC 20423, a petition for exemption under 49 U.S.C. 10502 and 49 CFR 1152 Subpart F- Exempt Abandonments, from the prior approval requirements of 49 U.S.C. 10903, permitting, as to Norfolk Southern Railroad Company, the discontinuance of rail service between milepost WF-0.00 at Halls Ferry Junction and milepost WF-11.11 at Badin, in Stanly County, North Carolina; as to Yadkin Railroad Company, the abandonment of operating rights under a lease over the line between milepost WF- 0.00 at Halls Ferry Junction and milepost WF-11.11 at Badin, in Stanly County, North Carolina; and as to Winston-Salem southbound Railway Company, the abandonment of operating rights under a lease over the line between milepost WF- 5.90 at Whitney and milepost WF-11.11 at Badin, in Stanly County, North Carolina; which traverses through United States Postal Service Zip Code 28001 in Stanly County, North Carolina. The proceeding will be docketed as No. AB-290 (Sub-No 254X) as to Norfolk Southern Railway Company, No. AB-290 (SUB-No 274X) as to Yadkin Railroad Company, and No. AB-149 (Sub No.2) as to Winston Salem Southbound Railway Company.

The STB's section of Environment Analysis generally will prepare an environment assessment in abandonment or discontinuance proceeding which will be served upon all parties of record and upon any agencies or other persons who commented during its preparation. Any other persons who would like to obtain a copy of the EA may contact the Section of Environmental Analysis, Surface Transportation Board, 1925 K

Sworn to a
17th day of

e this

0001 (See 19 CFR 1104.1 (a) and 1104.3 (a)). Questions regarding offers of financial assistance, public use or trails use may be directed to the STB's Office of Public Assistance at 202-927-7597. Copies of any comments or requests for conditions should be served on the applicant's representative: James R. Paschall, Senior General Attorney, Norfolk Southern Corporation, Three Commercial Place, Norfolk, VA 23510-9241, 757-629-2759

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Alcoa Reduces Capacity; Continues To Implement Its Long-Term, Low-Cost Production Strategy

PITTSBURGH--(BUSINESS WIRE)--July 31, 2002--Alcoa Inc. today announced a series of moves continuing implementation of its long-term, low-cost production strategy, within the context of a weak economy:

- The temporary curtailment of aluminum production at its 120,000 metric tons per year (mtpy) primary aluminum facility at Badin, North Carolina which has been operating at 90,000 mtpy since September 2000. Curtailment will begin immediately, and all production will be idled by August 16. Ingot-casting operations will continue for the next few months, but will likely end by December 31, 2002. The plant employs 377 employees in the smelting and ingot-casting operations.
- The permanent closure of capacity currently idle at its Troutdale, Oregon facility. Troutdale's entire 121,000 mtpy capacity was temporarily curtailed in June 2000.
- The permanent closure of capacity currently idle at its Rockdale, Texas facility. A total of 76,000 mtpy of Rockdale's 320,000 mtpy capacity has been idle for the past several years.
- The assets at both Troutdale and Rockdale will be dismantled.

"Our growth strategy in primary metals is based upon both moving down the cost curve while maintaining return on capital targets. As we explore projects around the world we must take a hard look at assets in the United States, where escalating energy and labor costs have made many smelters less globally competitive," said Al Renken, president of Alcoa Primary Metals. "Today's actions demonstrate that Alcoa will actively manage its assets during weak economic conditions. We regret the impact these actions will have on our employees and the communities, and we will work to make the transition as smooth as possible. Throughout the year, we will continue to explore potential adjustments - both closings and restarts - as market conditions warrant."

The cost of today's announced actions will impact third quarter 2002 earnings as a special charge of \$15 to \$20 million in after tax earnings.

Following today's adjustments, Alcoa will have 438,000 mtpy of aluminum production idled on a base capacity of 3,948,000 mtpy. The company said these actions will have no adverse impact on internal or external customers.

Alcoa is the world's leading producer of primary aluminum, fabricated aluminum and alumina, and is active in all major aspects of the industry. Alcoa serves the aerospace, automotive, packaging, building and construction, commercial transportation and industrial markets, bringing design, engineering, production and other capabilities of Alcoa's businesses to customers. In addition to aluminum products and components, Alcoa also markets consumer brands including Reynolds Wrap(R) aluminum foil, Alcoa(R) wheels, and Baco(R) household wraps. Among its other businesses are vinyl siding, closures, precision castings, and electrical distribution systems for cars and trucks. The company has 129,000 employees in 38 countries.

Alcoa (NYSE:AA)

Forward Looking Statement

Certain statements in this release relate to future events and expectations and as such constitute forward-looking statements involving known and unknown risks and uncertainties that may cause actual results, performance or achievements related to this memorandum of understanding to be different from those expressed or implied in the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include Alcoa's inability to achieve the returns necessary to implement projects, economic or competitive factors and other risk factors summarized in Alcoa's Form 10-K for the year ended December 31, 2001.

Alcoa Announces Annual Income from Continuing Operations of \$1.23 Billion, or \$1.40 per share; Highest Annual Revenues in Company History

NEW YORK--(BUSINESS WIRE)--Jan. 9, 2006--Alcoa (NYSE:AA):

Highlights:

- Income from continuing operations of \$1.23 billion, or \$1.40 per share, for 2005;
- Annual revenues increased 13 percent to an all-time record of \$26.2 billion;
- Progress executing upstream and downstream growth projects to build share in attractive growth markets;
- Fourth quarter 2005 income from continuing operations of \$210 million, or \$0.24, including a net negative impact of \$93 million, or \$0.11;
- Strong quarterly performance in alumina and primary metals with segment ATOI improving 17 and 44 percent respectively over third quarter;
- Debt-to-capital ratio of 30.8 percent at year-end, within target range despite investments in aggressive growth strategy.

Alcoa (NYSE: AA) announced today that its 2005 income from continuing operations was \$1.23 billion, or \$1.40 per diluted share, as the company took action to partially mitigate \$878 million in impacts from raw materials, energy, and other cost inflation.

For the fourth quarter, income from continuing operations was \$210 million, or \$0.24. Profitability was eroded by negative impacts totaling \$93 million, or \$0.11, including: lowered production at refineries in Jamaica and Texas due to the Gulf Coast hurricanes; an unplanned outage at the Portland, Australia smelter; the impact of strikes on operations at Spanish plants; restructuring costs for plant closings and layoffs; mark-to-market losses on metal and metal-related activities; and integration costs for the newly acquired facilities in Russia; partially offset by a favorable legal settlement for power costs. Income from continuing operations was \$0.33 in the third quarter of 2005, and \$0.39 in the fourth quarter of 2004.

"Entering 2005, we anticipated significant pressures from rising input, energy costs and other cost inflation, but actual increases were even higher, nearly \$900 million for the year," said Alain Belda, Alcoa Chairman and CEO.

"To meet that challenge, we took aggressive action, passing through significant price increases to downstream customers, improving our mix of value-added products, continuing productivity gains, and lowering taxes. That management action helped offset cost pressures and drove the top-line to the highest level in Alcoa's 117-year history," said Belda. "In the year ahead, we don't foresee the same sharp spikes on input prices, and our initiatives will gain further momentum to offset inflation and improve the bottom line.

"As we enter 2006, the vast majority of our primary metal production will benefit from the highest metal prices in more than 15 years," Belda added. "And we are working to secure future growth in attractive markets with customers around the world."

Net income in the quarter was \$224 million, or \$0.26, compared to \$289 million, or \$0.33, in the previous quarter, and \$268 million, or \$0.30, in the fourth quarter of 2004.

Annual revenues climbed 13 percent to \$26.2 billion, the highest in the company's history. Revenues for the fourth quarter rose approximately 12 percent compared to the fourth quarter of 2004, driven by higher metal prices and strength in the aerospace market.

Balance Sheet Overview

Cash from operations in the quarter was \$1 billion, helping lower the company's debt to capital ratio to 30.8 percent at year's end, down from 31.5 percent in the third quarter. In addition to that, the company completed the sale of Southern Graphic Systems for \$408 million in cash in the quarter.

For the year, cash from operations was \$1.7 billion, including the impact of a discretionary \$300 million contribution to the company's pension plans. Annual capital expenditures were \$2.1 billion, primarily used to fund growth projects.

After excluding spending on growth projects, the company's return on capital for the year was 9.5 percent. Including those investments, the company's return on capital stood at 8.3 percent.

Update on Growth Projects

"We have the most aggressive growth strategy in the industry and the best growth projects around the world. We continue to achieve the highest returns in the industry, generating the cash we need to fund our growth and maintain a strong balance sheet," said Belda.

In addition to negotiations and feasibility studies underway in Trinidad, Ghana and Guinea, the company has a comprehensive array of growth projects that are moving ahead in refining, smelting and downstream, including:

Refining

Refining growth is focused on capturing Alcoa's unique advantage of multiple options to build low-capital cost brownfield expansions of existing low operating cost facilities:

-- Alumar refinery expansion - The expansion will add 2.1 million metric tons per year ("mtpy") in capacity, bringing the low-cost refinery's total capacity to 3.5 million metric tons. Work began this quarter and the expansion is expected to be completed by the first half of 2008. This project includes creation of a bauxite mine near Juruti in Para state, which will initially produce 2.6 million mtpy of bauxite to supply the expansion.

-- Pinjarra efficiency upgrade - The project will expand the low-cost Pinjarra refinery by 657,000 mtpy to more than 4.2 million mtpy. It is scheduled to be completed in the first quarter of 2006.

-- Jamalco expansion - The Company's Alcoa World Alumina and Chemicals (AWAC) affiliate plans to expand the refinery in Clarendon, Jamaica by 1.5 million mtpy, more than doubling the refinery's capacity to approximately 2.8 million mtpy.

Smelting

Growth development work includes greenfield and brownfield smelting projects utilizing globally competitive energy sources.

-- Alumar smelter expansion - The expansion will add 63,000 mtpy to 433,000 mtpy in total. Approximately 50 percent was completed in November 2005, and the remainder is scheduled to be finished by the end of the first quarter of 2006.

-- Alcoa Fjarðal in Iceland - The company continued progress building its first greenfield smelter in 20 years, which is now approximately 40 percent complete. The 346,000 mtpy smelter is on-schedule to produce its first metal in April 2007.

-- Mosjoen, Norway anode plant - Work to build a carbon plant together with Elkem, our partners in Norway, began in the third quarter 2004 and is expected to be completed in time to ramp-up to full production in parallel with Fjarðal in late 2007.

-- Warrick, Indiana power self-generation - The company began construction work to continue its ability to self-generate power to fuel its Warrick, IN smelter and rolling mill while lowering costs through an environmental upgrade. As part of this project the company purchased the rights to mine coal in nearby Friendsville, IL.

-- Modernization of Pocos de Caldas smelter - Initial work began to upgrade this Brazilian smelter with world-class environmental controls to lower emissions and costs, and improve operational efficiency.

-- Aviles, and La Coruna, Spain Soderberg modernizations - The Aviles modernization project is approximately 40 percent complete and is scheduled to be fully operational in the second quarter of 2007. La Coruna is scheduled to be completed in the second quarter of 2008.

Fabricating and Downstream Growth

Growth work is underway to expand the company's position and lower its costs in fabricating and downstream businesses:

-- Final approval from the Ministry of Commerce in China was received and the new joint venture was formed with China International Trust & Investment (CITIC), Alcoa's equity partner in Bohai Aluminum, to produce aluminum rolled products at the Bohai plant in Qinghuangdao, China. Alcoa anticipates having the expansion commissioned by 2008.

-- To serve customers in the aerospace market, the company is expanding its heat-treated sheet and plate capacity by 50 percent. The expansion is expected to be completed by the end of next year at plants in Davenport, Iowa USA; Kitts Green, UK; Fusina, Italy; and Belaya Kalitva, Russia.

-- Alcoa Fastening Systems business is creating two new 50,000 square-foot manufacturing sites in the Suzhou Industrial Park in China, 100 km from Shanghai, to support rapidly growing commercial aviation and railway/rail car production and sub-assembly in that market.

-- Continued integration of the recently acquired Belaya Kalitva and Samara plants in the Russian Federation. The plants have already begun the process of servicing North American automotive customers and have made additional progress to qualify products for key customers in the aerospace and commercial transportation markets.

Segment and Other Results

(all comparisons on a sequential quarter basis, unless noted)

Alumina - After-tax operating income ("ATOI") was \$183 million, up 17 percent from the third quarter. Stronger overall shipments and higher pricing drove the result. Higher maintenance, energy and caustic soda costs negatively affected the segment by \$18 million. Alumina production for the quarter was 3,706 thousand metric tons ("kmt"), compared to 3,688 kmt in the third quarter of 2005, with increases coming from the Western Australian operations.

Primary Metals - Segment ATOI increased by \$74 million, or 44 percent, to \$242 million largely due to higher metal prices and a favorable legal settlement related to power costs. Total shipments declined as the company purchased less primary metal for internal use. Purchases for the quarter were 164 kmt, down from 189 kmt in the third quarter. Primary metal production for the quarter was 900 kmt, down slightly from third quarter production of 904 kmt. Increased production from the Alumar expansion was offset by the outage at the Portland smelter. Third party realized metal prices increased \$214 to \$2,177 per ton. The mark-to-market impact on metal and metal-related activity is not recognized in the segment results.

Flat Rolled Products - ATOI for the segment decreased \$19 million to \$62 million. Strong productivity improvements and favorable aerospace mix were offset by raw material and energy cost increases, seasonally lower can sheet volumes, along with higher Russian losses. Aerospace demand remained strong.

Extruded and End Products - Seasonal declines in residential and commercial building and construction coupled with overall weak market conditions in soft alloy extrusions drove ATOI down by \$26 million.

Engineered Solutions - ATOI for the segment increased to \$45 million, up 41 percent, driven by continued strong performance from the Industrial Castings and Forged Products business, Fastening Systems and Wheel Products business. Product launch costs at AFL Automotive began to abate in the quarter.

Packaging and Consumer - Segment ATOI declined \$8 million to \$20 million in the quarter. The usual seasonal strength in the consumer products business was offset by higher raw material costs, largely hurricane related.

ATOI to Net Income Reconciliation

The largest variance in reconciling items was in the "other" line item. The sequential change in the "other" line item is related to higher LIFO cost, the gain on the sale of the railroad business in the third quarter, and the mark-to-market losses on metal and metal-related activity.

Alcoa will hold its quarterly conference call at 5:00 PM Eastern Time on January 9th to present the quarter's results. The meeting will be webcast via alcoa.com. Call information and related details are available at www.alcoa.com under "Invest."

About Alcoa

Alcoa is the world's leading producer and manager of primary aluminum, fabricated aluminum and alumina facilities, and is active in all major aspects of the industry. Alcoa serves the aerospace, automotive, packaging, building and construction, commercial transportation and industrial markets, bringing design, engineering, production and other capabilities of Alcoa's businesses to customers. In addition to aluminum products and components, Alcoa also markets consumer brands including Reynolds Wrap(R) foils and plastic wraps, Alcoa(R) wheels, and Baco(R) household wraps. Among its other businesses are vinyl siding, closures, fastening systems, precision castings, and electrical distribution systems for cars and trucks. The company has 129,000 employees in 42 countries and has been named one of the top three most sustainable corporations in the world at the World Economic Forum in Davos, Switzerland. More information can be found at www.alcoa.com

Exhibit 11



Alcoa Power Generating Inc., Yadk

[About >](#) [The Yadkin Project >](#) [Lakes >](#) [Community >](#) [Environment >](#) [Relicensing >](#) [News >](#)

Badin Works

--sear

Alcoa began producing aluminum at its Badin Works, a primary aluminum smelter, in August 1917. Until recently, electricity generated at the Yadkin Project was used to support the electric power needs of Badin Works. Aluminum production at Badin was temporarily curtailed by Alcoa in August 2002, as part of a series of business decisions made by Alcoa to continue its long-term, low cost production strategy within the context of a weak economy. Today, the plant manufactures anodes and high-purity aluminum. Should Alcoa decide to restart its aluminum production operations in Badin in the future, electricity generated at the Project will again be used to support those operations. In the interim, electricity generated at the Project is used by Alcoa to support its other aluminum operations or is sold on the open market.

[Click image to enlarge.](#)

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[→ Alcoa Power Generating Inc., Yadkin Division](#)

Brunei Economic Development Board and Alcoa Sign MOU To Study Feasibility of a Brunei Smelter

PITTSBURGH & BRUNEI--(BUSINESS WIRE)--Sept. 25, 2003--The Brunei Economic Development Board (BEDB) and Alcoa Inc. today announced they have signed a Memorandum of Understanding (MOU) to undertake a feasibility study on the establishment of an aluminium smelting plant and its associated infrastructure in Brunei Darussalam.

This initiative is part of BEDB's two-pronged strategy to kick start Brunei Darussalam's economic diversification and create opportunities for its people. It is an integral part of the plans to develop downstream and manufacturing industries, power supply and infrastructure in the major industrial site of Sungai Liang.

The objective of the MOU is to commit the BEDB and Alcoa to a feasibility study that will enable both parties to arrive at a mutually acceptable determination of the overall concept of the aluminium smelting plant. The MOU also details conditions necessary before a Final Investment Decision can be made. An assessment of the environmental impact of the establishment of the aluminium smelting plant will form an integral part of the study. Alcoa will carry out the study in 2 phases over a period of 24 months, beginning in the fourth quarter of 2003. The BEDB's role under this MOU will be to provide support and assistance to Alcoa in undertaking this study.

Commenting on this MOU, Dato Haji Yusof Haji Hamid, Chairman of the BEDB said, "We are very pleased to welcome a company of Alcoa's global standing to Brunei Darussalam. Alcoa's interest to establish an aluminium smelting plant is a natural fit in BEDB's strategy to diversify Brunei Darussalam's economy. This project has the potential to bring in foreign direct investment and create some 1000 direct jobs. Local SME will also be able to take advantage of the many spin offs created."

Alcoa is the world's leading producer of primary aluminium, fabricated aluminium and alumina recording USD 20.3 billion in revenue in 2002. It operates in more than 350 locations in 40 countries and is active in all major aspects of the aluminium industry - technology, mining, refining, smelting, power generation, fabricating and recycling. Alcoa is interested in exploring the possible expansion of its primary aluminium production capacity and believes that the Brunei Darussalam project will fit in with its long-term business objectives.

"Alcoa is always exploring ways we can both build our business and lower our position on the global cost curve in terms of primary aluminium production. This feasibility study is a natural extension of that work," said Mike Baltzell, President of Alcoa Primary Development Group. "We are very careful with our Company's capital resources. Feasibility studies, such as this one, help us better understand the requirements - from a financial, social and environmental standpoint -- and the possible returns we might expect from an investment. The Brunei Economic Development Board has been extremely cooperative and strategic in the process and we look forward to continuing our work together on this study," said Baltzell.

"Our ongoing efforts to attract major players to invest in long term sustainable projects within Brunei Darussalam are evidently producing results," said John Perry, Chief Executive Officer of the BEDB, "It is now essential that we capture that interest by focussing on the implementation of our strategy."



Exhibit 13

Markets >[contact us >](#) [country sites >](#) [custo](#)[About Alcoa >](#) [Community >](#) [Environment >](#) [News >](#) [Invest >](#) [Careers >](#) [Products >](#)

Aluminum Ingot Products

[--sear](#)[→ Overview](#)[→ Capabilities](#)[→ Map of Locations](#)[→ Global Capacity](#)[→ Global Cast House System](#)[→ Products](#)[→ Making Aluminum](#)[→ News](#)[→ Growth Initiatives](#)[→ China Strategy](#)[→ Businesses/Contacts](#)[→ MSDS Search](#)**Key Facts**

- **27 smelters on 5 continents**
- **9 refineries on 4 continents**
- **4.0 mmt aluminum capacity; 13% of world's metal**
- **14.0 mmt of alumina; 24% of world's capacity**
- **\$5.2 billion in 3rd party sales**
- **\$3.1 billion in intersegment metal sales**

Our strategy is clear: continue our position as the world's foremost producer; strengthen and expand our base; continue to lower our costs; and build for the future.

Because of the lead times necessary to build or expand a smelter, along with our stringent sustainability and capital outlay criteria, we are in various stages on a number of expansion programs.

Our smelting opportunities are vast: a new greenfield smelter in Iceland scheduled to begin production in 2007; expansion projects in Québec and Brazil; finalizing the Pingguo joint venture in China; a memorandum of understanding to acquire a 26% stake in Alba in Bahrain; and a feasibility study to construct a smelter in Brunei... and we continued to invest in power opportunities – the underpinning of smelting – in Rockdale (TX) and Brazil.

--2003 Alcoa Annual Report

Alcoa, Government of the Republic of Ghana Agree to Re-Start Valco Smelter

NEW YORK & ACCRA, Ghana--(BUSINESS WIRE)--Aug. 4, 2005--Alcoa (NYSE:AA) and the Government of the Republic of Ghana today announced they have finalized agreements to re-start the Valco aluminum smelter in Tema, Ghana.

Plans are already underway to re-start 3 potlines at Valco representing 120,000 metric tons per year (mtpy). The parties anticipate that the re-start will be implemented in the first quarter of 2006 at which time production at the facility is expected to be approximately 10,000 metric tons a month.

Alcoa and the Government are continuing discussions to develop an integrated aluminum industry in Ghana that would include bauxite mining, alumina refining, aluminum production, and rail transportation infrastructure upgrades, as outlined in their memorandum of understanding signed in January 2005. Alcoa's participation in the bauxite and alumina operations in Ghana will be through its Alcoa World Alumina and Chemicals (AWAC) global enterprise, which is 60 percent owned by Alcoa and 40 percent owned by Alumina Limited of Australia.

According to the re-start agreements, Ghana will be the managing owner of the smelter and will receive technical, operational and commercial support from Alcoa. In addition, Alcoa will serve as Valco's exclusive distributor for export sales of metal produced at the smelter. Alumina, the key raw material for aluminum production, will be supplied via an interim supply agreement between AWAC and Valco. Power for the smelter will be supplied by the Volta River Authority ("VRA"). Costs for the re-start, estimated at USD \$20 Million, will be funded by debt financing obtained by Valco.

Alcoa and Gov. of Iceland to Begin Feasibility Studies on a New 250,000 mtpy Renewable Energy-Powered Smelter in North Iceland; Smelter Could Be One of the First Geothermal-Powered in the World

REYKJAVIK & NEW YORK--(BUSINESS WIRE)--March 1, 2006--Alcoa (NYSE:AA) and the Government of Iceland have agreed to begin detailed feasibility studies for the development of a 250,000 metric ton per year (mtpy) aluminum smelter based principally on geothermal energy, at Bakki near Husavik in North Iceland. The agreement comes after Alcoa selected Husavik following an extensive joint public comparative study which weighed three prospective sites in North Iceland. The other sites were at Brimnes near Skagafjordur and Dynses near Akureyri. It is the first time that such an exhaustive public comparative study has been conducted for industrial site selection in Iceland.

Alcoa's final assessment factored in work by a joint committee comprising representatives of the three Municipalities, Invest in Iceland (a development agency of the Icelandic Government) and Alcoa, as well as consultants to the committee and to Alcoa. The assessment took into account a complete range of economic, social, and environmental factors covering site geology and topography, climate, coastal marine conditions, harbor facilities, transportation, power supply, community demographics, community acceptance, labor market, employment potential, aesthetics, archaeological importance, ecology, and other factors.

In announcing Bakki as the site chosen for further, detailed studies, Valgerdur Sverrisdottir, Minister for Industry and Commerce said the establishment of an aluminum smelter based on renewable hydro or geothermal energy in North Iceland was an essential element in the government's economic development strategy.

"It is essential that we use our clean and renewable energy sources to broaden and strengthen our economy through regional industrial development that will deliver stable, long-term, sustainable benefits. Aluminum smelting is an ideal industry for this purpose. We have seen the benefits that have flowed from such development in the south and west. Alcoa's Fjarðal smelter, which is currently under construction, is stimulating renewal in East Iceland. And now we need to seek similar development for the North," she said.

Bernt Reitan Executive Vice President Alcoa, and President Alcoa Global Primary Products said that Alcoa was delighted to have been chosen first to participate in the comparative site selection study, and now the detailed feasibility studies.

"This is not yet a decision to build a smelter," said Reitan. "This could conceivably be one of the first geothermal-powered smelters in the world, so we have a great deal of work ahead of us to prove the feasibility of this project -- particularly around the cost, and timing of delivery, of power -- but this is an outstanding opportunity to continue building our successful relationship with the Government and people of Iceland. It is a country where Alcoa's commitment to sustainable development is expected and embraced, the business environment is supportive and transparent, the Regional authorities welcome responsible development, and the workforce is highly educated and skilled in a wide variety of disciplines. We feel very much at home here," said Reitan.

If detailed feasibility studies prove the viability of the proposed smelter, it is not expected that ground would be broken before 2010.

Exhibit 16

Alcoa Announces Construction Completed and Production Started on Alumar Aluminum Smelter Expansion in Brazil

NEW YORK & SAO LUIS, Brazil--(BUSINESS WIRE)--March 7, 2006--Alcoa (NYSE:AA) Chairman and CEO Alain Belda announced today that construction on the expansion of its Alumar smelter in Sao Luis, Maranhao, Brazil, has been completed and start-up of full production has begun. The expansion will add 63,000 mtpy of aluminum, bringing total capacity there to 438,000 mtpy. Mr. Belda made the announcement during his presentation on Alcoa's global growth strategy at Citigroup's Annual Global Industrial Manufacturing Conference in New York today. During his presentation, Mr. Belda said that consumption of aluminum products, both upstream and downstream, is expected to double over the next 14 years due to evolving demographics around the world.

The expansion of the Alumar smelter took place in two stages: 48 of the new pots were put into operation in November 2005 and the start up of the remaining 52 pots began today and is expected to be completed by the end of the month. The total expected incremental production in 2006 is approximately 50,000 metric tons. When the current expansion is fully operational, Alcoa will increase its stake in the Sao Luis aluminum production operation to 60%, representing approximately 263,000 mtpy.

"Alumar is recognized worldwide as one of the world's largest industrial complexes for producing alumina and aluminum, and it is one of the most modern smelters in the Alcoa system. This project was completed within the original timetable and budget and most importantly it was completed safely," said Alcoa Chairman and CEO Alain Belda.

A copy of Mr. Belda's presentation can be found at
http://www.alcoa.com/global/en/investment/citigroup_gimc_06.asp

The expansion of the Alumar Consortium's aluminum plant is part of an overall investment plan Alcoa implemented for its primary metal production operations in Brazil, totaling US\$1.6 billion and includes the expansion of the Sao Luis refinery and the creation of the Juruti bauxite mine.

For aluminum production, the Alumar consortium is formed by Alcoa (60%) and BHP Billiton (40%)

Alcoa Signs Agreement in Principle to Build World-Class Aluminum Smelter in Trinidad and Tobago; Alcoa to Begin Environmental Impact Assessment

NEW YORK & Trinidad and Tobago--(BUSINESS WIRE)--Feb. 16, 2006--Alcoa (NYSE:AA) today announced that it has signed an Agreement in Principle with the Government of the Republic of Trinidad and Tobago to build a world-class 341,000 metric-tons-per-year aluminum smelter (mtpy) in the Cap-de-Ville area in southwestern Trinidad. This agreement follows the signing of a Memorandum of Understanding in May 2004 for participation by Alcoa in the development of an aluminum industry in Trinidad and Tobago.

Under the terms of the agreement, Alcoa will begin an environmental impact assessment (EIA) for the location in Cap-de-Ville as part of the company's commitment to sustainable development principles. The company will also complete detailed feasibility studies to determine the full scope and cost of the proposed project.

It is anticipated that Alcoa would build a 341,000 mtpy aluminum smelter, an associated anode plant, and cast house. Project plans call for the production of 240,000 mtpy of billet and forging stock, and also include possible downstream facilities. The facilities would be powered by a self-contained power plant fueled by natural gas. The new smelter and related facilities are projected to cost approximately \$1.5 billion.

Alcoa will hold 100% interest in the smelter with the Government of the Republic of Trinidad and Tobago an active partner in the provision or facilitation of requisite infrastructure.

It is expected that upon completion, the smelter and associated facilities would permanently employ approximately 750 to 800 people directly and indirectly through associated jobs in the region.

Construction would not begin until the completion of the EIA, and final approvals by Alcoa's Board of Directors and by the Government of the Republic of Trinidad and Tobago. First metal production would be expected in late 2008. Employment during the two-year construction period for the smelter is expected to average approximately 1,500 additional jobs.

In making the announcement, Alcoa Chairman and CEO, Alain Belda, reaffirmed that the new Trinidad and Tobago smelter underlines Alcoa's belief in the future of the Caribbean region as a major supplier of global alumina and aluminum markets.

"With the competitive and efficient energy source, the access to skilled labor, and efficient proximity to alumina supplies and customers, the Trinidad smelter will be ideally placed to compete for its share of the world market in primary aluminum," said Belda. "It also creates a solid foundation for the development of an integrated aluminum industry to further diversify and strengthen the economy of Trinidad and Tobago. In terms of technology, design, and environmental performance, this will be a world-class facility," added Belda.

The Trinidad and Tobago smelter would be Alcoa's third major primary products facility in the Caribbean basin. The company operates a 1.25 million mtpy alumina refinery in Clarendon Jamaica, through a venture between Alcoa World Alumina and Chemicals (AWAC) -- a global alliance between Alcoa and Alumina Ltd., with Alcoa holding 60 percent - and the government of Jamaica. Alcoa has plans for a 1.5 million mtpy expansion of the Jamalco facility, bringing total capacity to 2.7 million mtpy. And in Suriname, the company has bauxite mining, alumina refining and hydropower facilities, including its recently expanded 2.2 million mtpy Suralco alumina refinery in Paranam, jointly owned through AWAC with BHP Billiton.

Alcoa has had operations in Trinidad and Tobago for more than 60 years where its Tembladora Transfer Station loads approximately 525,000 metric tons of alumina from Suriname for shipment throughout the world each year.

Alcoa Lodges Application for Certificate of Environmental Clearance for Proposed Aluminum Smelter in Trinidad

NEW YORK--(BUSINESS WIRE)--March 13, 2006--Alcoa (NYSE:AA) today announced that it has lodged an application to the Environmental Management Authority (EMA) of the Government of the Republic of Trinidad and Tobago for a Certificate of Environmental Clearance (CEC) for a proposed aluminum smelter in the Cap-de-Ville area in southwestern Trinidad.

Lodgment of the application will result in development by the EMA of Terms of Reference for completion of a comprehensive Environmental Impact Assessment (EIA) for the proposed facility. Terms of Reference are essentially instructions for conducting the EIA. The EIA process requires that the Terms of Reference must be open for public review before they are finalized. This ensures that members of the local community, non-governmental organizations, and members of the public in general can determine whether or not the Terms of Reference cover all the questions that must be answered in order to allow a proper evaluation of the effects--positive and negative--that the project will have on the environment and community.

"We are committed to a full and open Environmental Impact Assessment process to ensure all citizens of Trinidad and Tobago have the opportunity to participate and be heard. In keeping with this commitment, we have posted our CEC application on Alcoa's Trinidad and Tobago website and welcome its widespread distribution," said Randy Overbey, Alcoa's president of Primary Metals Development.

The EIA is a detailed study which identifies the environmental and social conditions currently existing and then determines likely effects of the project on those conditions and what must be done to mitigate any negative effects. Environmentally, the EIA must consider potential effects on soil, water, air, plants, and animals. Socially, it must consider potential effects on people, their health, and their communities.

"The EIA process provides a sound scientific basis for determining what measures need to be taken to protect the environmental and community health," said Overbey.

Smelter Details

It is anticipated that Alcoa would build a 341,000 metric-tons-per-year (mtpy) aluminum smelter, an associated anode plant, and cast house. It is expected that upon completion, the smelter and associated facilities would permanently employ approximately 750 to 800 people directly and indirectly through associated jobs. Employment during the two-year construction period for the smelter is expected to average approximately 1,500 additional jobs.

Project plans call for the production of 240,000 mtpy of billet and forging stock, and also include possible downstream facilities. The facilities which would be powered by an on-site, natural gas-fires power plant are projected to cost approximately US\$1.5 billion.

Alcoa will hold 100% interest in the smelter, with the Government of the Republic of Trinidad and Tobago an active partner in the provision and facilitation of requisite infrastructure.

Construction would not begin until the completion of the EIA, final costs are determined, and final approvals by Alcoa's Board of Directors and by the Government of the Republic of Trinidad and Tobago. First metal production would be expected in late 2008.

Alcoa has had operations in Trinidad and Tobago for more than 60 years. Its Tembladora Transfer Station loads approximately 525,000 metric tons of alumina from Suriname for shipment throughout the world each year.

Alcoa Sets New 3-Year Cost-Savings Challenge; Company Seeks Additional \$1.2 Billion in Annual Savings by 2006; Would Bring Total Savings to More Than \$3.3 Billion Since 1998

PITTSBURGH--(BUSINESS WIRE)--Jan. 22, 2004--

Alcoa Also Reaffirms and Strengthens Its Return On Capital Goal

At a meeting with analysts and investors today, Alcoa Chairman and Chief Executive Officer, Alain Belda, announced a new company-wide, three-year cost savings challenge, following the successful completion of Alcoa's 2001-2003 cost-savings program in which it achieved \$1.012 billion in annual savings. Belda also reaffirmed and expanded upon the Company's goal of striving to join the first quintile of S&P Industrials in return on capital (ROC) performance.

The new 2004-2006 cost-savings program, which is based on the principles of the Alcoa Business System, calls for a reduction of \$1.2 billion in annual expenditures by the end of 2006. Upon completion of this program, the company's third three-year cost savings challenge, Alcoa will have eliminated more than \$3.3 billion in costs, while building closer ties to its customers and building for the future. Cost savings within this program are sustainable reductions in expenditures and exclude certain items such as energy and currency impacts. These savings have helped offset unfavorable effects since the beginning of the first challenge, including those in energy, health and welfare benefits, currency, and declines in price and mix.

"Alcoans' continued implementation of The Alcoa Business System - our management system that begins with an understanding of customers' requirements, identifies the activities and items needed to meet the requirements, and then enables all employees throughout the company to eliminate anything that is unnecessary - has dramatically increased our productivity and brought us closer to our customers," said Belda.

"Since 1998 the Alcoa Business System has helped deliver more than \$2.1 billion in cost savings," added Belda. "Through our employees' continued application of ABS, we will seek to eliminate an additional \$1.2 billion in waste; it is important to note that this is not a people-reduction initiative."

Significant savings have been garnered in a number of areas of the company, including, procurement via improved purchasing practices and global sourcing, manufacturing productivity via improved flow paths, and administrative savings through streamlined processes. These areas and others throughout the company will continue in this new cost savings drive.

At the meeting with analysts and investors, Belda also discussed the company's goal of providing superior returns, including a renewal of its aspiration to join the first quintile of S&P Industrials in return on capital (ROC) performance. Belda said that in pursuit of this ROC goal, the company would seek to provide, at a minimum, returns in excess of the cost of capital, regardless of general economic and aluminum cycles. The cost of capital is currently approximately 9%.

Alcoa's fourth quarter ROC on an annualized basis was 7.6%, versus a company ROC of 4.2% in 2002. The first quintile hurdle currently is approximately 16 percent.

Belda noted that the company's most senior executives will now have more of their compensation at-risk, and directly linked to the attainment of financial goals relative to the performance of other top-tier companies. This will be achieved through a new performance share design, which is at risk depending on Alcoa's relative ROC performance each year.

STB Docket No. AB-290 (Sub-No. 254X)
Norfolk Southern Railway Company
- Discontinuance -
Halls Ferry – Badin, NC

WORKPAPERS

- a. Locomotive Summary Information
- b. Financials – background
- c. Financials spreadsheet
- d. Locomotive ROI
- e. Locomotive Depreciation
- f. Crew materials
- g. Locomotive service
- h. Locomotive repairs
- i. Locomotive fuel
- j. Working capital
- k. Locomotive Holding
- l. Car cost
- m. Cost of capital
- n. GDP Implicit Price Deflator
- o. NSR R-1 data
- p. URCS off-branch costs
- q. Car days on branch
- r. Crew costs

Locomotive Cost

Category	GMA Horsepower Classification	Unit Initial and Number	Year of Last Purchase or Rebuild	Historic Cost	Indexed Cost	
					10/1/04 - 9/30/05	2005 3/1/06 - 2/28/07
1	999 HP and under					
2	1,000 HP - 1,499 HP					
3	1,500 HP - 1,749 HP	NS (SOU) 2403	1982	664,705	1,067,052	
4	1,750 HP - 1,999 HP	NS (NW) 0056	1957	222,575		
5	2,000 HP - 2,499 HP	NS (SOU) 5801	1980	791,186	1,374,773	1,408,311 1,584,998
6	2,500 HP - 2,999 HP					
7	3,000 HP - 3,599 HP	NS (SOU) 4641	1989	1,161,730	1,635,899	
8	3,600 HP AND OVER	NS (NS) 7512	2004	1,547,000	1,721,117	
9	Booster	NS (SOU) 0965	1990	241,543	326,938	

NS Locomotive Summary Information

Cat	GMA Horsepower Classification	Total*	Total Active	Average Age		Average Tons	As of 2/22/2006			
				2004	2005		2004	2005	2006	Indexed Locomotive Cost
							2004	10/04 - 9/05	2005	3/06 - 2/07
1	999 HP and under	1	0							
2	1,000 HP - 1,499 HP	10	6	31.0	32.0	33.0				
3	1,500 HP - 1,749 HP	193	163	26.4	27.4	28.4	129.6		\$1,067,052	
4	1,750 HP - 1,999 HP	10	7	47.6	48.6	49.6	184.0			
5	2,000 HP - 2,499 HP	506	387	30.2	31.2	32.2	131.3	1,193,108	1,259,568	1,374,773
6	2,500 HP - 2,999 HP	0	0							\$1,584,998
7	3,000 HP - 3,599 HP	753	653	25.9	26.9	27.9	174.5	1,388,981	1,466,429	1,635,899
8	3,600 HP and over	1,873	1,849	8.4	9.4	10.4	200.9	1,461,336	1,542,819	1,721,117
9	Booster	73	58	26.8	27.8	28.8	144.8	277,591	293,069	326,938
186	Grand Total:	3,419	3,123							

*Total includes active, leased, and in-shop locomotives. Does not include retired locomotives. Average age calculated for active locomotives only.

Locomotive Cost Indices

Category	GMA Horsepower Classification	Year of Last Purchase or Rebuild	Adjustment Required to 1982 Series	Adjustment Factor	2000					2004		2005*		3/1/06 - 2/28/07	
					135.70	135.20	134.90	136.30	143.90	157.08	160.53	181.10	181.10	181.10	181.10
1	999 HP and under			28.87	4.70	4.68	4.67	4.72	4.98	5.56	6.27				
2	1,000 HP - 1,499 HP			not calculated											
3	1,500 HP - 1,749 HP	1982	none	100.00	1.36	1.35	1.35	1.36	1.44	1.61	1.81				
4	1,750 HP - 1,999 HP	1957	not calculated	not calculated											
5	2,000 HP - 2,499 HP	1980	1980 to 1982	90.40	1.50	1.50	1.49	1.51	1.59	1.74	1.78	2.00			
6	2,500 HP - 2,999 HP	None													
7	3,000 HP - 3,599 HP	1989	1989 to 1982	114.00	1.19	1.19	1.18	1.20	1.26	1.41	1.59				
8	3,600 HP AND OVER	2004	2004 to 1982	144.29	0.94	0.94	0.93	0.94	1.00	1.11	1.26				
9	Booster	1990	1990 to 1982	118.60	1.14	1.14	1.14	1.15	1.21	1.35	1.53				

* Based in part on AAR RCAF forecast.

1980= 313.1 (1947=100)
 1980= 90.4 (1982=100)
 = 3.4635

Halls Ferry Jct. to Badin, NC -
Milepost WF 0.0 to WF 11.11

Background Data:

Base Year: 10/04 - 09/05 2005 Q 3
Forecast Year: 03/06 - 02/07 2007 Q 1

(Numbers in red change once a year)
(Numbers in blue change for specific branch line)

Beginning Milepost: 0.00
Ending Milepost: 11.11
Miles to abandon: 11.11
Trips per year: 251 crew starts

Traffic:
Orig or Term on branch
Haulage
Totals

Cars	Revenue	Per Car
112	\$ 251,449	\$ 2,245
173	\$ 9,541	\$ 55
285	\$ 260,990	

*From WSSB (CSX)

1
00
00

Minutes	Hours	Task
66.7	1.11	11.11 miles transit @ 10 mph
90.0	1.50	switching at Badin, Whitney & Halls Ferry Jct
30.0	0.50	Set off/on at Halls Ferry Jct.
66.7	1.11	11.11 miles transit @ 10 mph
253.3	4.22	Total round trip time on branch

Crew Stats:

	Gross earnings	Productivity	Fringe	Add to Net	Hours attributable to branch	Total Hours/day	% on branch	Total Earnings Attributable to Branch
Conductor	\$ 50,320	\$ 18,648	\$ 22,183	\$ 523	4.22	8	53%	\$ 48,381
Brakeman	\$ 49,521	\$ 20,232	\$ 22,435	\$ 1,651	4.22	8	53%	\$ 49,524
Engineer	\$ 66,638		\$ 21,434	\$ 816	4.22	8	53%	\$ 46,910
Totals	\$ 166,478		\$ 66,052	\$ 2,990				\$ 144,814

Loco Stats: (from loco master)

Category Loco Used: 5
 Number Used: 1
 Average Tons 131.3
 2005 Age 31.2

1. Loco Unit Hours**A. For ownership (Depreciation & ROI)**

4.222 hrs/trip * 251 trips/yr = 1059.722 hours/year

B. For Usage (fuel)

4.222 hrs/trip * 251 trips/yr = 1059.722 hours/year

2. Loco Unit Miles**Running:**

Milepost 11.11 less MP 0 = 11.11 miles
 11.11 miles * 2 = 22.22 miles per round trip
 22.22 miles * 251 trips/yr = 5577.22 miles

Switching:

approx. 1 hr. 30 minutes
 1.50 hours * 6 MPH * 251 Trips/yr = 2259 miles

TOTAL:

5577.22 + 2259 = 7836.22 LUM

3. Loco Gross Ton Miles

7836.22 LUM * 131.3 tons = 1,028,896 LGTM

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11

3/21/2006

	ACCOUNT NO.	BASE YEAR 10/04 - 09/05	FORECAST YEAR 03/06 - 02/07	Spreadsheet/Source
GDP deflator adjustment:			3.73%	From GDP Deflator Spreadsheet
Revenues:				
1 a. Freight Originated or Terminated on branch	101	\$251,449	\$260,826	
b. Haulage performed on branch	104	\$9,541	9,897	
c. Demurrage	106	0	0	
d. Other		0	0	
2 Bridge traffic (assignable to branch)		0	0	
3 All other revenue and income		0	0	
4 Total revenues attributable (Lines 1 through 3)		260,990	270,723	
Avoidable cost:				
5 On-branch costs (from spreadsheets)				
a. Maintenance of way and structures		200,500	207,977	From Engineering
b. Maintenance of equipment				
1 Locomotives:				
Repairs & maintenance	11-21-41 L	1,838	1,907	Loco Repairs
	21-21-41 M	3,443	3,571	Loco Repairs
	41-21-41 P	163	169	Loco Repairs
	61-21-41 G	1	1	Loco Repairs
Fringe benefits	12-21-00 G	693	719	Loco Repairs
Depreciation	62-21-00 G	0	0	Loco Depreciation
Total Locomotives		6,138	6,367	
2 Other		0	0	
Total Equipment		6,138	6,367	
c. Transportation				
1 Train operations				
Engine crews	11-31-56 L	46,910	48,659	Transportation
	21-31-56 M	0	0	Crew Materials
Train crews	11-31-57 L	97,904	101,555	Transportation
	21-31-57 M	12	12	Crew Materials
Train inspect. & lubr.	11-31-62 L	436	452	Crew Materials
	21-31-62 M	1	1	Crew Materials
Locomotive fuel		46,984	48,736	Loco Fuel
Servicing locomotives	11-31-69 L	757	785	Loco Service
	21-31-69 M	358	371	Loco Service
	41-31-69 P	204	212	Loco Service
	61-31-69 G	0	0	Loco Service
Fringe benefits	12-31-00 G	0	0	Included in labor
Total transportation		193,566	200,783	
d. General administrative		0	0	
e. Deadheading, taxi and hotel		0	0	Transportation
f. Overhead movement		0	0	
g. Freight car costs (other than return on freight cars)		6,586	6,831	Car Cost
h. Return on value - locomotives		0	0	Loco ROI
i. Return on value - freight cars		9,540	9,895	Car Cost
j. Revenue taxes		0	0	
k. Property taxes		0	0	
l. Total (Lines 5a through 5k)		416,330	431,853	
m. Holding gain (loss)-locomotives			0	Loco Holding
n. Holding gain (loss)-freight cars			2,819	Car Cost
o. Net on-branch costs (Lines 5l-(5m+5n))		416,330	429,034	
6 Off-branch costs				
a. Off-branch costs (other than return on freight cars)		203,746	211,344	Cost Dept.
b. Return on value - freight cars		(205)	(213)	Cost Dept.
c. Holding gain (loss)-freight cars			(24)	Cost Dept.
d. Net off-branch costs (a+b-c)		203,541	211,155	
7 Total avoidable costs (Line 5o + 6d)		619,871	640,189	
Subsidization costs:				
8 Rehabilitation			516,602	Rehabilitation from Milepost WF 0.0 to Milepost WF 5.80.
9 Administrative costs			0	
10 Casualty reserve account			0	
11 Total subsidization costs (Lines 8 thru 10)			516,602	
12 Valuation of road properties (Lines 12a thru 12c)				
(a) Working capital			17,651	Working Capital
(b) Income tax consequences			0	Working Capital
(c) Net liquidation value			0	Working Capital
Total valuation of properties			17,651	Working Capital
13 Nominal rate of return			14.87%	Pre Tax nominal rate
14 Nominal return on value (Line 12 * Line 13)			2,625	
15 Holding gain (loss) on road properties			0	
16 Return on value (Line 14-15)			2,625	
17 Avoidable loss (profit) from operations (Line 7 - 4) (excludes nominal return on value and opportunity cost, which are avoidable costs).		358,881	369,466	
18 Avoidable Loss Including Return on Value (Line 4-7+16)			372,091	
19 Avoidable Loss Including Subsidization Costs and Return on Value (Line 4-7+11+16)			888,693	

LOCOMOTIVE RETURN ON INVESTMENT
Halls Ferry Jct. to Badin, NC - Milepost WF
Base Year
10/04 - 09/05

 GMA'S LOCO
 CAT 5

A. SYSTEM LOCO UNIT HOURS	10,817,203
B. SYSTEM LOCO UNITS	3,291.5
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,286
D. REPLACEMENT COST	\$1,374,773
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$49,217
G. LOCO AGE	31.2
H. ACCUMULATED DEPRECIATION (LINE F x LINE G)	\$1,535,570
I. NET INVESTMENT (LINE D - LINE H)	\$0
J. COST OF CAPITAL	
K. ANNUAL ROI (LINE I x LINE J)	\$0
L. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.00
O. LOCO UNIT HOURS ON BRANCH	1059.722
P. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE N x LINE O)	1060.0
Q. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE P / LINE C)	0.323
R. ANNUAL ROI ON BRANCH (LINE K x LINE Q)	\$0
S. TOTAL ROI (SUM OF LINE R AMOUNTS)	\$0

Net Investment for Category 5 locomotives is equal to zero because the annual depreciation rate times the average age exceeds 100%.

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11
 3/21/2006

	Forecast Year 03/06 - 02/07 -----
	GMA'S LOCO CAT 5 -----
A. SYSTEM LOCO UNIT HOURS	10,817,203
B. SYSTEM LOCO UNITS	3,292
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,286
D. REPLACEMENT COST	\$1,584,998
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$56,743
G. LOCO AGE	32.2
H. ACCUMULATED DEPRECIATION (LINE F x LINE G)	\$1,827,125
I. NET INVESTMENT (LINE D - LINE H)	\$0
J. COST OF CAPITAL	14.87%
K. ANNUAL ROI (LINE I x LINE J)	\$0
L. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.00
O. LOCO UNIT HOURS ON BRANCH	1059.722
P. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE N x LINE O)	1060.0
Q. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE P / LINE C)	0.323
R. ANNUAL ROI ON BRANCH (LINE K x LINE Q)	\$0
S. TOTAL ROI (SUM OF LINE R AMOUNTS)	\$0

Net Investment for Category 5 locomotives is equal to zero because the annual depreciation rate times the average age exceeds 100%.

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11
3/21/2006

LOCOMOTIVE DEPRECIATION

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11

	Base Year 10/04 - 09/05 -----
	GMA'S LOCO CAT 5 -----
A. SYSTEM LOCO UNIT HOURS	10,817,203
B. SYSTEM LOCO UNITS	3,292
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,286
D. REPLACEMENT COST	\$1,374,773
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$0
G. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
H. TOTAL LOCO UNITS IN SAMPLE	1
I. RATIO LOCO UNITS BY CATEGORY (LINE G / LINE H)	1.0
J. LOCO UNIT HOURS ON BRANCH	1,060
K. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE I x LINE J)	1,060
L. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE K / LINE C)	0.323
M. ANNUAL DEPRECIATION ON BRANCH (LINE F x LINE L)	\$0
N. TOTAL DEPRECIATION (SUM OF LINE M AMOUNTS)	\$0

Net Investment for Category 5 locomotives is equal to zero because the annual depreciation rate times the average age exceeds 100%.

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11
3/21/2006

LOCOMOTIVE DEPRECIATION

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11

Forecast Year
03/06 - 02/07
-----GMA'S LOCO
CAT 5

A. SYSTEM LOCO UNIT HOURS	10,817,203
B. SYSTEM LOCO UNITS	3,292
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,286
D. REPLACEMENT COST	\$1,584,998
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$0
G. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
H. TOTAL LOCO UNITS IN SAMPLE	1
I. RATIO LOCO UNITS BY CATEGORY (LINE G / LINE H)	1.0
J. LOCO UNIT HOURS ON BRANCH	1,060
K. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE I x LINE J)	1,060
L. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE K / LINE C)	0.323
M. ANNUAL DEPRECIATION ON BRANCH (LINE F x LINE L)	\$0
N. TOTAL DEPRECIATION (SUM OF LINE M AMOUNTS)	\$0

Net Investment for Category 5 locomotives is equal to zero because the annual depreciation rate times the average age exceeds 100%.

Crew Materials

CREW MATERIALS (TRAIN & ENGINE) AND TRAIN INSPECTION AND LUBRICATION

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11

Base Year
10/04 - 09/05

	ENGINE CREW MATERIAL (21-31-56)	TRAIN CREW MATERIAL (21-31-57)	TRAIN INSPECTION & LUBRICATION	
			WAGES (11-31-62)	MATERIALS (21-31-62)
A. SYSTEM EXPENSES	\$56,000	\$1,520,000	\$53,624,000	\$161,000
B. CAR MILE PORTION RATIO	69%	69%	69%	69%
C. SYSTEM CAR MILE EXPENSES (LINE A x LINE B)	\$38,640	\$1,048,800	\$37,000,560	\$111,090
D. SYSTEM CAR MILES L & E (RR OWN & LEA, PVT & NO PAY MI)	4,655,590,000	4,655,590,000	4,655,590,000	4,655,590,000
E. SYSTEM EXPENSES PER CAR MILE L/E (LINE C / LINE D)	\$0.0000083	\$0.0002253	\$0.0079476	\$0.0000239
F. BRANCH CAR MILES L & E	6,333	6,333	6,333	6,333
G. BRANCH CAR MILE EXPENSES (LINE E x LINE F)	\$0	\$1	\$50	\$0
H. CARLOAD PORTION RATIO	31%	31%	31%	31%
I. SYSTEM CAR LOAD EXPENSES (LINE A x LINE H)	\$17,360	\$471,200	\$16,623,440	\$49,910
J. SYSTEM CARLOADS (QCS-COST DEPT)	12,273,466	12,273,466	12,273,466	12,273,466
K. SYSTEM EXPENSES PER CARLOAD (LINE I / LINE J)	\$0.00141	\$0.03839	\$1.35442	\$0.00407
L. BRANCH CARLOADS	285	285	285	285
M. BRANCH CARLOAD EXPENSES (LINE K x LINE L)	\$0	\$11	\$386	\$1
TOTAL EXPENSES (LINE G + LINE M)	\$0	\$12	\$436	\$1

Loco Service

SERVICING LOCOMOTIVES

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11

	Base Year 10/04 - 09/05
A. BRANCH LOCO UNIT MILES	7,836
B. SYSTEM LOCO UNIT MILES	174,442,542
C. RATIO (LINE A/ LINE B)	0.000045
D. SYSTEM LABOR EXPENSE (ACC 11-31-69) (R-1, Sch. 410, Line 411)	\$16,857,000
E. BRANCH LABOR EXPENSE (LINE C x LINE D)	\$757
F. SYSTEM MATERIAL EXPENSE (ACC 21-31-69)	\$7,966,000
G. BRANCH MATERIAL EXPENSE (LINE C x LINE F)	\$358
H. SYSTEM PURCHASED EXPENSE (ACC 41-31-69)	\$4,532,000
I. BRANCH PURCHASED EXPENSE (LINE C x LINE H)	\$204
J. SYSTEM GENERAL EXPENSE (ACC 61-31-69)	\$0
K. BRANCH GENERAL EXPENSE (LINE C x LINE J)	\$0

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11
3/21/2006

Loco Repairs

LOCOMOTIVE REPAIRS AND MAINTENANCE

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11	Base Year 10/04 - 09/05 -----
A. BRANCH TONS PER UNIT	131
B. BRANCH LOCO UNIT MILES	7,836
C. BRANCH LOCO GTM (LINE A x LINE B)	1,028,896
D. SYSTEM LOCO GTM	31,979,527,000
E. RATIO (LINE C / LINE D)	0.000032
F. RATIO ROAD PORTION	0.929
G. SYSTEM LABOR EXPENSE (ACC 11-21-41)	\$61,530,000
H. BRANCH LABOR EXPENSE (LINE'S E x F x G)	\$1,838
I. SYSTEM MATERIAL EXPENSE (ACC 21-21-41)	\$115,262,000
J. BRANCH MATERIAL EXPENSE (LINE'S E x F x I)	\$3,443
K. SYSTEM PURCHASED EXPENSE (ACC 41-21-41)	\$5,442,000
L. BRANCH PURCHASED EXPENSE (LINE'S E x F x K)	\$163
M. SYSTEM GENERAL EXPENSE (ACC 61-21-41)	\$43,000
N. BRANCH GENERAL EXPENSE (LINE'S E x F x M)	\$1
O. FRINGE RATE	37.71%
P. TOTAL FRINGES (LINE H x LINE O)	\$693

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11
3/21/2006

Loco Fuel

LOCOMOTIVE FUEL

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11

Base Year
10/04 - 09/05

GMA'S LOCO
CAT 5

A. GMA'S REPAIR & SUPPLIES
COSTS PER LOCO UNIT HR.
(AS OF 7/1/82)

\$55.60

B. GMA'S FUEL PORTION

0.64

C. FUEL EXPENSE PER LOCO UNIT HR.
(LINE A x LINE B)

\$35.58

D. AAR'S CRC INDEX - FUEL
(ANNUAL 1982 TO CURRENT YEAR)

1.246

E. FUEL EXPENSE PER LOCO UNIT HR.
(LINE C x D)

\$44.34

F. LOCO UNITS BY CATEGORY
(20% SAMPLE)

1

G. TOTAL LOCO UNITS IN SAMPLE

1

H. RATIO LOCO UNITS BY CATEGORY
(LINE F / LINE G)

1.00

I. TOTAL LOCO UNIT HOURS
ON BRANCH

1,060

J. LOCO UNIT HOURS ON BRANCH
BY LOCO CATEGORY
(LINE H x LINE I)

1,060

K. FUEL EXPENSES BY CATEGORY
(LINE E x LINE J)

\$46,984

L. TOTAL FUEL EXPENSES
(SUM OF LINE K AMOUNTS)

\$46,984

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11
3/21/2006

Working Capital

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11

Working Capital	03/06 - 02/07 Forecast <u>Year</u>
On branch avoidable cost	431,853
less loco dep	0
less frt car dep	1,332
subtotal	430,521
@ 15 days on branch cash avoidable cost (provision 49 CFR 1152.34)	
15/365= 0.041	
Working Capital	17,651

Income Tax Consequences

NLV * 37% Tax Rate

Present (begin forecast year) NLV =

0

0 Nominal opportunity cost

End of Forecast Year NLV =

0 * 37% =

0 Income tax consequences

Holding gain road properties

0

Opportunity cost

0

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11

3/21/2006

**LOCOMOTIVE RETURN ON INVESTMENT
LESS HOLDING GAIN(LOSS)**

Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11

 FORECAST YEAR
GMA'S LOCO
CAT 5
-

A. SYSTEM LOCO UNIT HOURS	10,817,203
B. SYSTEM LOCO UNITS	3,292
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,286
D. REPLACEMENT COST (END OF FORECAST YEAR)	1,584,998
E. REPLACEMENT COST (BEGINNING OF FORECAST YEAR)	1,374,773
F. HOLDING GAIN(LOSS) AT REPLACEMENT (LINE D - LINE E)	210,225
G. TOTAL YEARS DEPRECIATION (100% / 3.86%)	27.9
H. LOCOMOTIVE AGE	32.2
I. NET BASE INVESTMENT YEARS (LINE G - LINE H)	0.0
J. REPL. LESS DEPR. ADJUSTMENT RATIO (LINE I / LINE G)	0.000
K. HOLDING GAIN(LOSS) AT REPL. LESS DEPR. (LINE F x LINE J)	0
L. LOCO UNITS BY CATEGORY	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.0
O. LOCO UNIT HOURS ON BRANCH	1059.722
P. LOCO UNIT HOURS ON BRANCH BY LOCO CAT (LINE N x LINE O)	1059.722
Q. RATIO LUH ON BR. TO SYS LUH PER LOCO UNIT (LINE P / LINE C)	0.322
R. HOLDING GAIN(LOSS) BY LOCO CAT. (LINE K x LINE Q)	0
S. HOLDING GAIN(LOSS) (SUM OF LINE R AMOUNTS)	0
T. RETURN ON INVESTMENT (SEE BASE YEAR ROI SHEET)	0
U. ROI MINUS HOLDING GAIN(LOSS) (LINE T - LINE S)	0

 Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11
3/21/2006

CAR COST (DAILY)
Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11

CAR DESCRIPTION	AAR CAR TYPE	(1) ICC CAR GROUP	(2) NUMBER OF CARS	(3) AVG. CAR DAYS ON- BRANCH PER CAR	(4) CAR DAYS ON BRANCH (COL 2x3)	A		C		D		G
						(5) COST PER CAR DAY (REPAIR & DEPR)	(6) DAILY COST (REPAIR & DEPR) (COL 4x5)	(7) COST PER CAR DAY (ROI)	(8) DAILY COST (ROI) (COL 4x7)	(9) COST PER CAR DAY (DEPR)	(10) DAILY COST (DEPR) (COL 4x9)	(11) HOLDING GAIN(LOSS) PER CAR DAY
Box-plain 40	B	01	0	7.5	0		\$0		\$0		\$0	
Box-plain 50	B	02	26	7.5	195		\$0		\$0		\$0	
	B	PVT2	0	N/A	0		\$0		\$0		\$0	
Box-equipped	A	03	70	7.5	525	\$10.9960	\$5,773	\$16.1410	\$8,474	\$2.1520	\$1,130	\$4.77
Gondola-plain	G/J	04	0	7.5	0	\$2.5960	\$0	\$13.4310	\$0	\$4.7000	\$0	\$3.97
Gondola-equipped	E	05	0	7.5	0	\$2.1630	\$0	\$15.9110	\$0	\$0.0690	\$0	\$4.70
Hopper-covered	C	06	16	7.5	120	\$5.7420	\$689	\$8.8800	\$1,066	\$0.9370	\$112	\$2.62
	C	PVT6	0	N/A	0		\$0		\$0		\$0	
Hopper-open top GS	H	07	0	7.5	0	\$4.2670	\$0	\$14.4970	\$0	\$3.4040	\$0	\$4.28
Hopper-open S S	C/J/K	08	0	7.5	0	\$5.0110	\$0	\$19.0100	\$0	\$2.9420	\$0	\$5.62
Reefer-mechanical	R	09	0	7.5	0	\$26.2120	\$0		\$0		\$0	
Reefer-non mech	R	10	0	7.5	0	\$15.7670	\$0	\$12.0000	\$0	\$2.8870	\$0	\$3.55
Flat-TOFC/COFC	P	11	0	7.5	0		\$0		\$0		\$0	
Flat-multi level	V	12	0	7.5	0	\$97.2140	\$0	\$7.3220	\$0	(\$0.1730)	\$0	\$2.16
Flat-gen service	F	13	0	7.5	0	\$0.8640	\$0	\$15.4460	\$0	\$3.0930	\$0	\$4.56
Flat-other	F	14	0	7.5	0	\$12.2530	\$0	\$10.0530	\$0	\$1.7270	\$0	\$2.97
	F	PVT14	0	N/A	0		\$0		\$0		\$0	
Tank--Under 22,000 gals.	T	15	0	N/A	0		\$0		\$0		\$0	
Tank--22,000 gals. and over	T	16	0	N/A	0		\$0		\$0		\$0	
All Other Cars	F/L/M/S	17	0	7.5	0	\$2.7803	\$0	\$12.2410	\$0	\$2.1747	\$0	\$3.62
	F/L/M/S	PVT17	0	N/A	0		\$0		\$0		\$0	
TOTAL			112				\$6,462		\$9,540		\$1,242	
							(REPAIR & DEPR)		(ROI)		(DEPR)	(HOL)

CAR COST (MILEAGE)
Halls Ferry Jct. to Badin, NC - Milepost WF 0.0 to WF 11.11
0

CAR DESCRIPTION	AAR CAR TYPE	ICC CAR GROUP	(1)	(2) NUMBER OF CARS	(3) LOADED CAR MI. ON BRANCH	(4) RATIO LOADED TO EMPTY	(5) LD & MTY CAR MI. ON BRANCH (COL. 3x4)	(6) COST PER CAR/MI (REPAIR & DEPR)	(7) MILEAGE COST (REPAIR & DEPR) (COL. 5x6)	(8) COST PER CAR/MI (DEPR)	(9) MILEAGE COST (DEPR) (COL. 5x8)
Box-plain 40	B	01		0	0	2	0		\$0		\$0
Box-plain 50	B	02		26	289	2	578		\$0		\$0
	B	PVT2		0	0	2	0		\$0		\$0
Box-equipped	A	03		70	778	2	1,555	\$0.0670	\$104	\$0.0240	\$37
Gondola-plain	G/J	04		0	0	2	0	\$0.0590	\$0	\$0.0460	\$0
Gondola-equipped	E	05		0	0	2	0	\$0.0220	\$0	\$0.0010	\$0
Hopper-covered	C	06		16	178	2	356	\$0.0550	\$20	\$0.0120	\$4
	C	PVT6		0	0	2	0	\$0.0639	\$0		\$0
Hopper-open top GS	H	07		0	0	2	0	\$0.0610	\$0	\$0.0480	\$0
Hopper-open S.S.	C/J/K	08		0	0	2	0	\$0.0840	\$0	\$0.0520	\$0
Reefer-mechanical	R	09		0	0	2	0	\$0.1200	\$0		\$0
Reefer-non mech	R	10		0	0	2	0	\$0.0910	\$0	\$0.0260	\$0
Flat-TOFC/COFC	P	11		0	0	2	0	\$0.1200	\$0	\$0.0060	\$0
Flat-multi level	V	12		0	0	2	0	\$0.1100	\$0	\$0.1090	\$0
Flat-gen service	F	13		0	0	2	0	\$0.0630	\$0	\$0.0430	\$0
Flat-other	F	14		0	0	2	0	\$0.0710	\$0	\$0.0170	\$0
	F	PVT14		0	0	2	0	\$0.3925	\$0		\$0
Tank--Under 22,000 gals.	T	15		0	0	2	0	\$0.1335	\$0		\$0
Tank--22,000 gals. and over	T	16		0	0	2	0	\$0.2210	\$0		\$0
All Other Cars	F/L/M/S	17		0	0	2	0	\$0.0152	\$0	\$0.0078	\$0
	F/L/M/S	PVT17		0	0	2	0	\$0.0000	\$0		\$0
TOTAL				112	1,244		2,489		\$124		\$42

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TOTAL - DAILY & MILEAGE		
REPAIRS AND DEPRECIATION	ROI	DEPRECIATION (ONLY)
DAILY: \$6,462	\$9,540	\$1,242
MILEAGE: \$124	N/A	\$42
TOTAL: \$6,586	\$9,540	\$1,284
HOLDING GAIN(LOSS)	\$2,819	
ROI LESS HOLDING GAIN(LOSS)	\$6,721	

2004 Railroad Cost of Capital

	Debt	Common Equity	
1) Nominal Cost	0.053	0.132	
2) Real Cost $((1+J7)/\text{deflator})-1$	0.026	0.103	
3) Market Weight	0.385	0.615	
4) After Tax			
a. Nominal $J7*J9$	0.0202	0.0809	10.11%
b. Real $J8*J9$	0.0098	0.0631	7.30%
5) Pre-tax (change in equity only)			
a) Nominal $4a/(1-\text{tax rate}^*)$	0.0202	0.1285	14.87%
b) Real $4b/(1-\text{tax rate}^*)$	0.015630	0.100209	11.58%
6) Holding Gain			3.29%

*Assume 37% tax rate

Gross Domestic Product Implicit Price Deflator
Chain Type Index (Series 2000=100)
Source: Global Insight, January-February 2006

UQCSS:JPGDP.Q	Mean for Four Quarters Ending this Quarter	Period Represented	Change	Spreadsheet where factor is used
1999Q1	97.2740			
1999Q2	97.7010			
1999Q3	98.0220			
1999Q4	98.4750			
2000Q1	99.2920			
2000Q2	99.7800			
2000Q3	100.2410			
2000Q4	100.6870			
2001Q1	101.5070			
2001Q2	102.2900			
2001Q3	102.6900			
2001Q4	103.1220			
2002Q1	103.5530			
2002Q2	103.9440			
2002Q3	104.3470			
2002Q4	104.9260			
2003Q1	105.7240			
2003Q2	106.0190			
2003Q3	106.5000			
2003Q4	106.9960	106.3087	2003	
2004Q1	107.9510			
2004Q2	108.9760			
2004Q3	109.3710			
2004Q4	110.1110	109.0995	2004	2.63% Cost of Capital
2005Q1	110.9500			
2005Q2	111.6550			
2005Q3	112.5670	111.3171	Base Year	
2005Q4	113.1409	112.0751	2005	2.73%
2006Q1	113.9720			
2006Q2	114.6474			
2006Q3	115.1573			
2006Q4	115.7446	114.8785	2006	
2007Q1	116.3305	115.4682	Forecast Year	3.73% Financial Exhibit

2004 NSR R-1 Data

R-1 INFORMATION 2004

Sch 755:

	<u>FGHT</u>	<u>PSGR</u>
A) Ln 7 Train Miles	77,666,184	
B) Ln 11 Locomotive Unit Miles	174,442,542	
C) Ln 12 Locomotive Unit Miles Trn Swtg	9,042,515	
D) Ln 98 GTM Road Locomotives (000s)	31,979,527	
E) Ln 115 Trn Hrs Rd Svc	4,017,129	
F) Ln 116 Trn Swtg Hrs	869,001	
G) (Ln 116 * 6 mph) Trn Mi Rd Trn Swtg	5,214,006	
H) (A+G) Total Freight Train Miles	82,880,190	
I) [(Ln 11+Ln12)/Item H] Loco Units per Train	2.21	
J) [(Ln 115+Ln 116)*Item I] Loco Units Hours	10,817,203	
K) Ln 117 Yard Switching Hours	2,154,976	
L) Ln 13 Loco Unit Miles Yard Switching	13,243,542	
M) (Ln 117*6mph) Yard Switching Miles	12,929,856	
N) (Ln 13/Item M) Loco Units per Yard Switch	1.02	
O) (Ln 117*Item N) Loco Unit Hours Yard Switch	2,207,257	

2004 NSR R-1 Data

NS 2004 System Car Miles L&E

R-1, Sch 755:

Line 30	1,380,755,000 RR L
Line 46	981,482,000 RR E
Line 64	1,168,083,000 PVT L
Line 82	729,610,000 PVT E
Line 84	395,660,000 No Payment
	4,655,590,000

NS 2004 O&T's (excl DUP & incl TRL/CONT)

QCS 2004 L.Anderson-Acct (hardcopy only)

	Carloads			
Ln 48 Col B	Local	4,933,859 *	2 =	9,867,718
Ln 48 Col d	Fwd	555,907 *	1 =	555,907
Ln 48 Col f	Rc'd	1,849,841 *	1 =	1,849,841
Ln 48 Col h	Bridge	<u>58,666</u> *	0 =	0
		7,398,273		12,273,466

2004 NSR R-1 Data

2004 FRINGE BENEFITS (Sch 410)

Note: Copy previous year fringe % in final column prior to making any changes

<u>Acc Group</u>		2004 Labor (000)	2004 Fringes (000)	2004 Fringe %	2003 Fringe %
WS	Run	118,974	73,141	61.48%	73.51%
	Swtg	7,891	2,706	34.29%	37.78%
	Oth	26,235	5,442	20.74%	21.65%
ME	Loco	75,659	28,533	37.71%	42.11%
	Fght Cars	49,247	15,860	32.21%	36.47%
	Oth	1,473	3,567	242.16%	352.85%
Transport.	Trn Op	682,410	219,493	32.16%	36.58%
	Yd Op	226,854	74,906	33.02%	36.63%
	Trn & Yd Op	530	155	29.25%	39.66%
	SPSVCOP	34,288	5,062	14.76%	17.26%
	Admin Supp	31,816	13,873	43.60%	42.67%
GA	Gen & Admin	12,262	6,332	51.64%	42.83%
MWS Composite		153,100	81,289	53.10%	

2004 NSR R-1 Data

R-1 2004 Information

Investment in Equipment: Diesel Locomotives

			Beg Yr		End Yr	Avg Yr
Sch 710	Ln 1 Col (b)	Fght	3,148 Col (J)		3,435	3,292
	Ln 2 Col (b)	Psgr	0 Col (J)		0	0
	Ln 4 Col (b)	Swtg	187 Col (J)		193	190
	Ln 9 Col (b)	Aux	<u>74</u> Col (J)		<u>74</u>	<u>74</u>
			3,409		3,702	3,556
Sch 332	Ln 31 col(d)	Depr	3.58%			
(Reprs)					Labor	
Sch 415	Ln 1 Col (b)	Yd	12,844,000	7.1%		
	Ln 2 Col (b)	Rd	<u>166,834,000</u>	92.9%		
	Ln 5 Col (b)	Total	\$179,678,000			
(Loco Fuel)						
Sch 410	Ln 409 Col (h)		411,555,000	91.7%	53,624	Ln 408 Col (b)
	Ln 425 Col (h)		<u>37,475,000</u>	8.3%	<u>0</u>	Ln 425 Col (b)
			\$449,030,000		\$53,624	\$395,406
(Svc Loco)						
Sch 410	Ln 411 Col (h)		29,355,000	97.8%	16,857	Ln 411 Col (b)
	Ln 427 Col (h)		<u>670,000</u>	2.2%	<u>670</u>	Ln 427 Col (b)
			\$30,025,000		\$17,527	\$12,498

2004 NSR R-1 Data

CREW MATERIALS (Sch 410)

Engine Crew Material	
In 402 Col (c)	56,000
Train Crew Material	
In 403 Col (c)	1,520,000
Train Insp. & Lubrication	
Wages In 408 Col (b)	53,624,000
Materials In 408 Col (c)	161,000

SERVICING LOCOMOTIVES (Sch 410)

System Labor Expense	
In 411 Col (b)	16,857,000
System Material Expense	
In 411 Col (c)	7,966,000
System Purchased Expense	
In 411 Col (d)	4,532,000
System General Expense	
In 411 Col (e)	-

LOCOMOTIVE REPAIR (Sch 410)

System Labor Expense	
In 411 Col (b)	61,530,000
System Material Expense	
In 411 Col (c)	115,262,000
System Purchased Expense	
In 411 Col (d)	5,442,000
System General Expense	
In 411 Col (e)	43,000

Hals Ferry - Badin, NC
URCS Costs

2004 URCS LEVEL																
URCS OUTPUT ---->																
output line variables ---->																
INBOUND move parameters ----->																
210		URCS class	miles	car type	lines references -->	tons	circuitry	Net GTM's	URCS COST	e/l ratio	105	111	Deduct car cost	URCS Car Mile Cost632 + sum 634--646	URCS Car day cost sum 641--646	Total car cost
NS	OD		325	Covered Hopper		111	1	36075	880.1915	2.06124		669.903	\$ 52.50	120.601296	\$ 173.10	
NS	OD		325	Covered Hopper		111	1	36075	880.1915	2.06124		669.903	\$ 52.50	120.601296	\$ 173.10	
NS	OD		325	Covered Hopper		111	1	36075	880.1915	2.06124		669.903	\$ 52.50	120.601296	\$ 173.10	
NS	OD		325	Covered Hopper		111	1	36075	880.1915	2.06124		669.903	\$ 52.50	120.601296	\$ 173.10	
NS	OD		325	Covered Hopper		110	1	35750	877.376832	2.06124		669.903	\$ 52.50	120.601296	\$ 173.10	
NS	OD		325	Covered Hopper		111	1	36075	880.1915	2.06124		669.903	\$ 52.50	120.601296	\$ 173.10	
NS	OD		325	Covered Hopper		110	1	35750	877.376832	2.06124		669.903	\$ 52.50	120.601296	\$ 173.10	
NS	OD		325	Covered Hopper		111	1	36075	880.1915	2.06124		669.903	\$ 52.50	120.601296	\$ 173.10	
NS	OD		325	Covered Hopper		110	1	35750	877.376832	2.06124		669.903	\$ 52.50	120.601296	\$ 173.10	
NS	OD		325	Covered Hopper		111	1	36075	880.1915	2.06124		669.903	\$ 52.50	120.601296	\$ 173.10	
NS	OD		325	Covered Hopper		110	1	35750	877.376832	2.06124		669.903	\$ 52.50	120.601296	\$ 173.10	
NS	OD		325	Covered Hopper		111	1	36075	880.1915	2.06124		669.903	\$ 52.50	120.601296	\$ 173.10	
NS	RD		912	Box, Equip. Gen. Service		97	1	88464	1845.66457	2.01232		1835.23584	\$ 171.43	170.56389	\$ 342.00	
NS	RD		916	Box, Equip. Gen. Service		96	1	87936	1845.37134	2.01232		1843.28512	\$ 172.17	171.156233	\$ 343.33	
NS	RD		916	Box, Equip. Gen. Service		96	1	87936	1845.37134	2.01232		1843.28512	\$ 172.17	171.156233	\$ 343.33	
NS	RD		940	Box, Equip. Gen. Service		96	1	90240	1890.41516	2.01232		1891.5808	\$ 176.61	174.710287	\$ 351.32	
NS	RD		912	Box, Equip. Gen. Service		96	1	87552	1837.86404	2.01232		1835.23584	\$ 171.43	170.56389	\$ 342.00	
NS	RD		517	Box, Equip. Gen. Service		96	1	49632	1096.51796	2.01232		1040.36944	\$ 98.31	112.070077	\$ 210.38	
NS	RD		549	Box, Equip. Gen. Service		97	1	53253	1161.29901	2.01232		1104.76368	\$ 104.24	116.808817	\$ 221.05	
NS	RD		525	Box, Equip. Gen. Service		96	1	50400	1111.53257	2.01232		1056.468	\$ 99.79	113.254762	\$ 213.05	
NS	RD		891	Box, Equip. Gen. Service		96	1	85536	1798.45071	2.01232		1792.97712	\$ 167.54	167.454093	\$ 335.00	
NS	RD		843	Box, Equip. Gen. Service		96	1	80928	1708.36308	2.01232		1696.38576	\$ 158.66	160.345984	\$ 319.00	
NS	RD		517	Box, Equip. Gen. Service		96	1	49632	1096.51796	2.01232		1040.36944	\$ 98.31	112.070077	\$ 210.38	
NS	RD		517	Box, Equip. Gen. Service		96	1	49632	1096.51796	2.01232		1040.36944	\$ 98.31	112.070077	\$ 210.38	
NS	RD		525	Box, Equip. Gen. Service		96	1	50400	1111.53257	2.01232		1056.468	\$ 99.79	113.254762	\$ 213.05	
NS	RD		517	Box, Equip. Gen. Service		96	1	49632	1096.51796	2.01232		1040.36944	\$ 98.31	112.070077	\$ 210.38	
NS	RD		843	Box, Equip. Gen. Service		96	1	80928	1708.36308	2.01232		1696.38576	\$ 158.66	160.345984	\$ 319.00	
NS	RD		649	Box, Equip. Gen. Service		97	1	62953	1349.82947	2.01232		1305.99568	\$ 122.75	131.617377	\$ 254.37	
NS	RD		839	Box, Equip. Gen. Service		96	1	80544	1700.85578	2.01232		1688.33648	\$ 157.92	159.753641	\$ 317.67	
NS	RD		887	Box, Equip. Gen. Service		96	1	85152	1790.9434	2.01232		1784.92784	\$ 166.80	166.86175	\$ 333.67	

RE Holland MCSD

Hals Ferry - Badin, NC
URCS Costs

NS	RD	868 Box, Equip. Gen. Service	96	1	83328	1755.28372	2.01232	1746.69376	\$ 163.29	164.048124	\$ 327.33
OUTBOUND move parameters ----->											
RD	URCS class	miles	car type	tons	circuitry	Net GTM's	URCS COST e/l ratio	total train miles	URCS Car Mile Cost632 +	URCS Car day cost sum 641--	Total car cost
NS	RT	332	Box, General Service	75	1	24900	1500.11727	671.802	\$ 78.82	807.5181	\$ 886.34
NS	RD	819	Box, Equip. Gen. Service	74	1	60606	1509.05576	2.01232	\$ 154.22	156.791929	\$ 311.01
NS	RD	819	Box, Equip. Gen. Service	76	1	62244	1523.07971	2.01232	\$ 154.22	156.791929	\$ 311.01
NS	RD	819	Box, General Service	76	1	62244	2314.1666	2.0235	\$ 188.60	947.66551	\$ 1,136.26
NS	RD	809	Box, General Service	75	1	60675	2282.70742	2.0235	\$ 186.33	938.715074	\$ 1,125.05
NS	RD	809	Box, General Service	75	1	60675	2282.70742	2.0235	\$ 186.33	938.715074	\$ 1,125.05
NS	RD	817	Box, General Service	71	1	58007	2274.28511	2.0235	\$ 188.15	945.875423	\$ 1,134.02
NS	RD	798	Box, General Service	75	1	59850	2255.81549	2.0235	\$ 183.84	928.869594	\$ 1,112.71
NS	RD	798	Box, General Service	75	1	59850	2255.81549	2.0235	\$ 183.84	928.869594	\$ 1,112.71
NS	RD	797	Box, General Service	74	1	58978	2246.54533	2.0235	\$ 183.62	927.974551	\$ 1,111.59
NS	RD	798	Box, General Service	76	1	60648	2262.6494	2.0235	\$ 183.84	928.869594	\$ 1,112.71
NS	RD	797	Box, General Service	76	1	60572	2260.1962	2.0235	\$ 183.62	927.974551	\$ 1,111.59
NS	RD	797	Box, General Service	74	1	58978	2246.54533	2.0235	\$ 183.62	927.974551	\$ 1,111.59
NS	RD	786	Box, General Service	74	1	58164	2219.74667	2.0235	\$ 181.13	918.129071	\$ 1,099.26
NS	RD	797	Box, General Service	74	1	58978	2246.54533	2.0235	\$ 183.62	927.974551	\$ 1,111.59
NS	RD	797	Box, General Service	76	1	60572	2260.1962	2.0235	\$ 183.62	927.974551	\$ 1,111.59
NS	RD	798	Box, General Service	76	1	60648	2262.6494	2.0235	\$ 183.84	928.869594	\$ 1,112.71
NS	RD	797	Box, General Service	75	1	59775	2253.37076	2.0235	\$ 183.62	927.974551	\$ 1,111.59
NS	RD	797	Box, General Service	68	1	54196	2205.5927	2.0235	\$ 183.62	927.974551	\$ 1,111.59
NS	RD	797	Box, General Service	76	1	60572	2260.1962	2.0235	\$ 183.62	927.974551	\$ 1,111.59
NS	RT	779	Box, Equip. Gen. Service	74	1	57646	1594.5104	2.01232	\$ 147.39	203.698434	\$ 351.09
NS	RT	706	Box, General Service	75	1	52950	2414.44293	2.0235	\$ 163.49	1142.26442	\$ 1,305.75
NS	RT	706	Box, General Service	76	1	53656	2420.54268	2.0235	\$ 163.49	1142.26442	\$ 1,305.75
NS	RT	706	Box, General Service	76	1	53656	2420.54268	2.0235	\$ 163.49	1142.26442	\$ 1,305.75
NS	RT	706	Box, General Service	75	1	52950	2414.44293	2.0235	\$ 163.49	1142.26442	\$ 1,305.75
NS	RT	706	Box, General Service	75	1	52950	2414.44293	2.0235	\$ 163.49	1142.26442	\$ 1,305.75
NS	RT	684	Box, General Service	76	1	51984	2366.57228	2.0235	\$ 158.51	1122.57346	\$ 1,281.08
NS	RT	694	Box, General Service	76	1	52744	2391.10428	2.0235	\$ 160.77	1131.52389	\$ 1,292.29
NS	RD	1969	Box, General Service	76	1	149644	5135.34669	2.0235	\$ 448.93	1976.96568	\$ 2,425.90

Hals Ferry - Badin, NC
URCS Costs

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Hals Ferry - Badin, NC
URCS Costs

\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,708	\$	1,372		1,696.4	2,012	2,833,425,08	8,181,165,48	10,9961	16,1412	0,0666	0	89,9607456	132,054,102	113,02	-	335,037247
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,791	\$	1,440		1,784.9	2,012	2,981,3144	8,550,41	10,9961	16,1412	0,0666	0	94,0209878	138,014,164	118,92	-	350,956704
\$	1,708	\$	1,372		1,696.4	2,012	2,833,425,08	8,181,165,48	10,9961	16,1412	0,0666	0	89,9607456	132,054,102	113,02	-	335,037247
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,708	\$	1,372		1,696.4	2,012	2,833,425,08	8,181,165,48	10,9961	16,1412	0,0666	0	89,9607456	132,054,102	113,02	-	335,037247
\$	1,679	\$	1,344		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,088	\$	860		1,040.4	2,012	1,737,6996	5,445,3992	10,9961	16,1412	0,0666	0	59,8780423	87,8954601	69,32	-	217,088544
\$	1,112	\$	881		1,056.5	2,012	1,764,58857	5,512,53457	10,9961	16,1412	0,0666	0	60,6162681	88,9791077	70,39	-	219,982991
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,107	\$	876		1,056.5	2,012	1,764,58857	5,512,53457	10,9961	16,1412	0,0666	0	60,6162681	88,9791077	70,39	-	219,982991
\$	1,697	\$	1,363		1,684.3	2,012	2,813,25835	8,130,81395	10,9961	16,1412	0,0666	0	89,4070762	131,241,367	112,22	-	332,866412
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,697	\$	1,363		1,684.3	2,012	2,813,25835	8,130,81395	10,9961	16,1412	0,0666	0	89,4070762	131,241,367	112,22	-	332,866412
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,853	\$	1,491		1,851.3	2,012	3,092,2314	8,827,3434	10,9961	16,1412	0,0666	0	97,0661694	142,484,211	123,35	-	362,896296
\$	1,853	\$	1,491		1,851.3	2,012	3,092,2314	8,827,3434	10,9961	16,1412	0,0666	0	97,0661694	142,484,211	123,35	-	362,896296
\$	1,845	\$	1,483		1,851.3	2,012	3,092,2314	8,827,3434	10,9961	16,1412	0,0666	0	97,0661694	142,484,211	123,35	-	362,896296
\$	1,845	\$	1,483		1,851.3	2,012	3,092,2314	8,827,3434	10,9961	16,1412	0,0666	0	97,0661694	142,484,211	123,35	-	362,896296
\$	1,253	\$	996		1,219.5	2,012	2,036,83938	6,192,280,18	10,9961	16,1412	0,0666	0	68,0908049	99,9510403	81,25	-	249,289264
\$	1,253	\$	996		1,219.5	2,012	2,036,83938	6,192,280,18	10,9961	16,1412	0,0666	0	68,0908049	99,9510403	81,25	-	249,289264
\$	1,753	\$	1,409		1,744.7	2,012	2,914,09198	8,382,57158	10,9961	16,1412	0,0666	0	92,1754232	135,305045	116,24	-	343,720587
\$	1,761	\$	1,416		1,744.7	2,012	2,914,09198	8,382,57158	10,9961	16,1412	0,0666	0	92,1754232	135,305045	116,24	-	343,720587
\$	1,761	\$	1,416		1,744.7	2,012	2,914,09198	8,382,57158	10,9961	16,1412	0,0666	0	92,1754232	135,305045	116,24	-	343,720587
\$	1,746	\$	1,401		1,744.7	2,012	2,914,09198	8,382,57158	10,9961	16,1412	0,0666	0	92,1754232	135,305045	116,24	-	343,720587
\$	1,697	\$	1,363		1,684.3	2,012	2,813,25835	8,130,81395	10,9961	16,1412	0,0666	0	89,4070762	131,241,367	112,22	-	332,866412
\$	3,120	\$	2,525		3,253.9	2,012	5,434,9328	14,676,5124	10,9961	16,1412	0,0666	0	161,384096	236,897014	216,79	-	615,074964
\$	1,697	\$	1,363		1,684.3	2,012	2,813,25835	8,130,81395	10,9961	16,1412	0,0666	0	89,4070762	131,241,367	112,22	-	332,866412
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,753	\$	1,409		1,744.7	2,012	2,914,09198	8,382,57158	10,9961	16,1412	0,0666	0	92,1754232	135,305045	116,24	-	343,720587
\$	1,697	\$	1,363		1,684.3	2,012	2,813,25835	8,130,81395	10,9961	16,1412	0,0666	0	89,4070762	131,241,367	112,22	-	332,866412
\$	3,161	\$	2,567		3,253.9	2,012	5,434,9328	14,676,5124	10,9961	16,1412	0,0666	0	161,384096	236,897014	216,79	-	615,074964
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,697	\$	1,363		1,684.3	2,012	2,813,25835	8,130,81395	10,9961	16,1412	0,0666	0	89,4070762	131,241,367	112,22	-	332,866412
\$	1,697	\$	1,363		1,684.3	2,012	2,813,25835	8,130,81395	10,9961	16,1412	0,0666	0	89,4070762	131,241,367	112,22	-	332,866412
\$	1,733	\$	1,391		1,730.6	2,012	2,890,56413	8,320,82813	10,9961	16,1412	0,0666	0	91,5294755	134,356854	115,30	-	341,187946
\$	1,780	\$	1,430		1,772.9	2,012	2,961,14768	8,500,05848	10,9961	16,1412	0,0666	0	93,4673184	137,201429	118,12	-	348,785869
\$	1,780	\$	1,430		1,772.9	2,012	2,961,14768	8,500,05848	10,9961	16,1412	0,0666	0	93,4673184	137,201429	118,12	-	348,785869
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,701	\$	1,366		1,688.3	2,012	2,819,980,059	8,147,597,79	10,9961	16,1412	0,0666	0	89,5916327	131,512279	112,49	-	333,590024
\$	1,755	\$	1,410		1,746.7	2,012	2,917,4531	8,390,9635	10,9961	16,1412	0,0666	0	92,2677014	135,440501	116,37	-	344,082393

Hals Ferry - Badin, NC
URCS Costs

\$	1,755	\$	1,410	1,746.7	2,012	2,9174531	8.3909635	10.9961	16.1412	0.0666	0	92.2677014	135.440501	116.37	-	344.082393
line 700	Adjusted URCS Cost -- excluding car 7	line 111 total train miles	e/l ratio line	line 436	total days	rents repairs & depr per day	ROI per day	Rents Repairs & Depre per	Pvt tank car cost per loaded	ROI per day	Repairs & Depre per	Pvt tank car cost per loaded	total dollars			
\$	1,500	\$	596	671.8	2,024	1.12209185	7.71452185	-31.3145	-44.4359	0.2207	0	-241.576167	-342.801602	148.25	-	-436.124579
\$	1,509	\$	1,180	1,648.1	2,012	2.75275817	7.97975937	10.9961	16.1412	0.0666	0	87.7460681	128.803159	109.80	-	326.353907
\$	1,523	\$	1,195	1,648.1	2,012	2.75275817	7.97975937	10.9961	16.1412	0.0666	0	87.7460681	128.803159	109.80	-	326.353907
\$	2,314	\$	1,160	1,657.2	2,024	2.76805188	8.02409313	-31.3145	-44.4359	0.2207	0	-251.270227	-356.557675	365.72	-	-242.106933
\$	2,283	\$	1,140	1,637.0	2,024	2.73425393	7.93970768	-31.3145	-44.4359	0.2207	0	-248.627742	-352.807933	361.26	-	-240.180163
\$	2,283	\$	1,140	1,637.0	2,024	2.73425393	7.93970768	-31.3145	-44.4359	0.2207	0	-248.627742	-352.807933	361.26	-	-240.180163
\$	2,274	\$	1,123	1,653.2	2,024	2.76129229	8.00721604	-31.3145	-44.4359	0.2207	0	-250.74173	-355.807727	364.83	-	-241.721579
\$	2,256	\$	1,125	1,614.8	2,024	2.69707619	7.84688369	-31.3145	-44.4359	0.2207	0	-245.721008	-348.683217	356.34	-	-238.060716
\$	2,256	\$	1,125	1,614.8	2,024	2.69707619	7.84688369	-31.3145	-44.4359	0.2207	0	-245.721008	-348.683217	356.34	-	-238.060716
\$	2,247	\$	1,117	1,612.7	2,024	2.69369639	7.83844514	-31.3145	-44.4359	0.2207	0	-245.456759	-348.308243	355.90	-	-237.868038
\$	2,263	\$	1,132	1,614.8	2,024	2.69707619	7.84688369	-31.3145	-44.4359	0.2207	0	-245.721008	-348.683217	356.34	-	-238.060716
\$	2,260	\$	1,131	1,612.7	2,024	2.69369639	7.83844514	-31.3145	-44.4359	0.2207	0	-245.456759	-348.308243	355.90	-	-237.868038
\$	2,247	\$	1,117	1,612.7	2,024	2.69369639	7.83844514	-31.3145	-44.4359	0.2207	0	-245.456759	-348.308243	355.90	-	-237.868038
\$	2,220	\$	1,103	1,590.5	2,024	2.65651865	7.74562115	-31.3145	-44.4359	0.2207	0	-242.550025	-344.183527	350.98	-	-235.748591
\$	2,247	\$	1,117	1,612.7	2,024	2.69369639	7.83844514	-31.3145	-44.4359	0.2207	0	-245.456759	-348.308243	355.90	-	-237.868038
\$	2,260	\$	1,131	1,612.7	2,024	2.69369639	7.83844514	-31.3145	-44.4359	0.2207	0	-245.456759	-348.308243	355.90	-	-237.868038
\$	2,263	\$	1,132	1,614.8	2,024	2.69707619	7.84688369	-31.3145	-44.4359	0.2207	0	-245.721008	-348.683217	356.34	-	-238.060716
\$	2,253	\$	1,124	1,612.7	2,024	2.69369639	7.83844514	-31.3145	-44.4359	0.2207	0	-245.456759	-348.308243	355.90	-	-237.868038
\$	2,206	\$	1,076	1,612.7	2,024	2.69369639	7.83844514	-31.3145	-44.4359	0.2207	0	-245.456759	-348.308243	355.90	-	-237.868038
\$	2,260	\$	1,131	1,612.7	2,024	2.69369639	7.83844514	-31.3145	-44.4359	0.2207	0	-245.456759	-348.308243	355.90	-	-237.868038
\$	1,595	\$	1,226	1,567.6	2,012	2.61831333	11.6440825	10.9961	16.1412	0.0666	0	128.039257	187.949855	104.44	-	420.430925
\$	2,414	\$	1,091	1,428.6	2,024	2.38613507	10.8705376	-31.3145	-44.4359	0.2207	0	-340.405128	-483.041952	315.26	-	-508.18578
\$	2,421	\$	1,097	1,428.6	2,024	2.38613507	10.8705376	-31.3145	-44.4359	0.2207	0	-340.405128	-483.041952	315.26	-	-508.18578
\$	2,421	\$	1,097	1,428.6	2,024	2.38613507	10.8705376	-31.3145	-44.4359	0.2207	0	-340.405128	-483.041952	315.26	-	-508.18578
\$	2,414	\$	1,091	1,428.6	2,024	2.38613507	10.8705376	-31.3145	-44.4359	0.2207	0	-340.405128	-483.041952	315.26	-	-508.18578
\$	2,414	\$	1,091	1,428.6	2,024	2.38613507	10.8705376	-31.3145	-44.4359	0.2207	0	-340.405128	-483.041952	315.26	-	-508.18578
\$	2,367	\$	1,068	1,384.1	2,024	2.31177959	10.6848896	-31.3145	-44.4359	0.2207	0	-334.59166	-474.792519	305.44	-	-503.946885
\$	2,391	\$	1,081	1,404.3	2,024	2.34557754	10.769275	-31.3145	-44.4359	0.2207	0	-337.234145	-478.542261	309.90	-	-505.873655
\$	5,135	\$	2,692	3,984.3	2,024	6.65481581	17.7284196	-31.3145	-44.4359	0.2207	0	-555.156071	-787.778003	879.25	-	-463.685491

\$	203,746	IN & OUT	\$	(24)
216				
\$	177,548	Inbound SUM of HOLDING Gains ---->	\$	1,135
Ajusted URCS costs with car days		Holding Gain (Loss) per day * -- days * Carloads		Holding gain
\$	842	1,0289	8,1561257	
\$	842	1,0289	8,1561257	
\$	842	1,0289	8,1561257	
\$	842	1,0289	8,1561257	
\$	839	1,0289	8,1561257	
\$	842	1,0289	8,1561257	
\$	842	1,0289	8,1561257	
\$	839	1,0289	8,1561257	
\$	842	1,0289	8,1561257	
\$	839	1,0289	8,1561257	
\$	839	1,0289	8,1561257	
\$	842	1,0289	8,1561257	
\$	839	1,0289	8,1561257	
\$	839	1,0289	8,1561257	
\$	839	1,0289	8,1561257	
\$	839	1,0289	8,1561257	
\$	842	1,0289	8,1561257	
\$	1,846	1,8702	16,3830056	
\$	1,846	1,8702	16,4457826	
\$	1,846	1,8702	16,4457826	
\$	1,892	1,8702	16,8224446	
\$	1,838	1,8702	16,3830056	
\$	1,086	1,8702	10,1837771	
\$	1,151	1,8702	10,685993	
\$	1,101	1,8702	10,3093311	
\$	1,798	1,8702	16,0534264	
\$	1,707	1,8702	15,3001024	
\$	1,086	1,8702	10,1837771	
\$	1,086	1,8702	10,1837771	
\$	1,101	1,8702	10,3093311	
\$	1,086	1,8702	10,1837771	
\$	1,707	1,8702	15,3001024	
\$	1,343	1,8702	12,255418	
\$	1,699	1,8702	15,2373254	
\$	1,791	1,8702	15,9906494	

Hals Ferry - Badin, NC
URCS Costs

\$ 1,699	1.8702	15.2373254
\$ 1,707	1.8702	15.3001024
\$ 1,699	1.8702	15.2373254
\$ 1,791	1.8702	15.9906494
\$ 1,707	1.8702	15.3001024
\$ 1,699	1.8702	15.2373254
\$ 1,707	1.8702	15.3001024
\$ 1,678	1.8702	15.2373254
\$ 1,699	1.8702	15.2373254
\$ 1,699	1.8702	15.2373254
\$ 1,699	1.8702	15.2373254
\$ 1,699	1.8702	15.2373254
\$ 1,077	1.8702	10.1837771
\$ 1,101	1.8702	10.3093311
\$ 1,699	1.8702	15.2373254
\$ 1,096	1.8702	10.3093311
\$ 1,695	1.8702	15.2059369
\$ 1,699	1.8702	15.2373254
\$ 1,695	1.8702	15.2059369
\$ 1,699	1.8702	15.2373254
\$ 1,854	1.8702	16.5085596
\$ 1,854	1.8702	16.5085596
\$ 1,846	1.8702	16.5085596
\$ 1,846	1.8702	16.5085596
\$ 1,245	1.8702	11.5805653
\$ 1,245	1.8702	11.5805653
\$ 1,753	1.8702	15.6767644
\$ 1,760	1.8702	15.6767644
\$ 1,760	1.8702	15.6767644
\$ 1,745	1.8702	15.6767644
\$ 1,695	1.8702	15.2059369
\$ 3,140	1.8702	27.4474515
\$ 1,695	1.8702	15.2059369
\$ 1,699	1.8702	15.2373254
\$ 1,753	1.8702	15.6767644
\$ 1,695	1.8702	15.2059369
\$ 3,182	1.8702	27.4474515
\$ 1,699	1.8702	15.2373254
\$ 1,695	1.8702	15.2059369
\$ 1,695	1.8702	15.2059369
\$ 1,732	1.8702	15.5669046
\$ 1,779	1.8702	15.8964839
\$ 1,779	1.8702	15.8964839
\$ 1,699	1.8702	15.2373254
\$ 1,699	1.8702	15.2373254
\$ 1,699	1.8702	15.2373254
\$ 1,699	1.8702	15.2373254
\$ 1,754	1.8702	15.6924586

\$	1,754		1.8702	15.6924586
\$	26,199	Outbound SUM of HOLDING	Gains ---->	\$ (1,158)
Ajusted URCS costs with car days	Holding Gain (Loss) per day *	_ days *	Holding gain	
\$	160	-5.1484	-39.7178089	
\$	1,507	1.8702	14.9234404	
\$	1,521	1.8702	14.9234404	
\$	918	-5.1484	-41.3116203	
\$	900	-5.1484	-40.8771663	
\$	900	-5.1484	-40.8771663	
\$	881	-5.1484	-41.2247295	
\$	887	-5.1484	-40.3992669	
\$	887	-5.1484	-40.3992669	
\$	879	-5.1484	-40.3558215	
\$	894	-5.1484	-40.3992669	
\$	893	-5.1484	-40.3558215	
\$	879	-5.1484	-40.3558215	
\$	867	-5.1484	-39.877922	
\$	879	-5.1484	-40.3558215	
\$	893	-5.1484	-40.3558215	
\$	894	-5.1484	-40.3992669	
\$	886	-5.1484	-40.3558215	
\$	838	-5.1484	-40.3558215	
\$	893	-5.1484	-40.3558215	
\$	1,646	1.8702	21.7763172	
\$	583	-5.1484	-55.9663894	
\$	589	-5.1484	-55.9663894	
\$	589	-5.1484	-55.9663894	
\$	583	-5.1484	-55.9663894	
\$	583	-5.1484	-55.9663894	
\$	564	-5.1484	-55.0105906	
\$	575	-5.1484	-55.4450446	
\$	2,228	-5.1484	-91.2738332	

Badin Avg On Branch Days Oct 2004 <--> Sep 2005

STB car type	STB owner	Data	Total
2	RR	Sum of Trans Wb Sn	54
		Sum of cross days	349.94691
2 Sum of Trans Wb Sn			54
2 Sum of cross days			349.94691
3	priv	Sum of Trans Wb Sn	13
		Sum of cross days	68.7669775
	RR	Sum of Trans Wb Sn	116
		Sum of cross days	985.5591188
3 Sum of Trans Wb Sn			129
3 Sum of cross days			1054.326096
(	priv	Sum of Trans Wb Sn	2
		Sum of cross days	32.53525083
	RR	Sum of Trans Wb Sn	42
		Sum of cross days	312.6333233
(Sum of Trans Wb Sn			44
(Sum of cross days			345.1685742
15	priv	Sum of Trans Wb Sn	5
		Sum of cross days	86.4343075
15 Sum of Trans Wb Sn			5
15 Sum of cross days			86.4343075
Total Sum of Trans Wb Sn			232
Total Sum of cross days			1835.875888

**Avg ON
BRANCH
Time (Days)**

6.5
6.5
5.3
8.5
8.2
16.3
7.4
7.8
17.3
17.3
7.9

Average Cars on Branch (Days) 7.5

Crew Costs Local P91
October 2004 through September 2005

			Brakeman	Conductor	Engineer		
			Occ Clm				
Train Num	Ca Cd	Data	B1	CO	EN	ET	Grand Total
P91P3	AB	Sum of Add To Net Amt	\$ -	\$ -			\$ -
		Sum of Gross Amt	\$ -	\$ 400.00			\$ 400.00
		Sum of Prod Fund					
	AE	Sum of Add To Net Amt	\$ 1,458.94	\$ 504.96	\$ 653.71		\$ 2,617.61
		Sum of Gross Amt	\$ -	\$ -	\$ -		\$ -
		Sum of Prod Fund					
	AN	Sum of Add To Net Amt		\$ -			\$ -
		Sum of Gross Amt		\$ 167.01			\$ 167.01
		Sum of Prod Fund					
	AS	Sum of Add To Net Amt	\$ -	\$ -			\$ -
		Sum of Gross Amt	\$ -	\$ -			\$ -
		Sum of Prod Fund					
	D7	Sum of Add To Net Amt			\$ -		\$ -
		Sum of Gross Amt			\$ 350.00		\$ 350.00
		Sum of Prod Fund					
	DM	Sum of Add To Net Amt	\$ -	\$ -	\$ -		\$ -
		Sum of Gross Amt	\$ -	\$ -	\$ -		\$ -
		Sum of Prod Fund					
	FC	Sum of Add To Net Amt	\$ -				\$ -
		Sum of Gross Amt	\$ -				\$ -
		Sum of Prod Fund					
	HO	Sum of Add To Net Amt	\$ -	\$ -	\$ -		\$ -
		Sum of Gross Amt	\$ 2,225.84	\$ 1,884.60	\$ 1,679.20		\$ 5,789.64
		Sum of Prod Fund					
	HW	Sum of Add To Net Amt	\$ -	\$ -	\$ -		\$ -
		Sum of Gross Amt	\$ 373.85	\$ 389.74	\$ 434.00		\$ 1,197.59
		Sum of Prod Fund	\$ 72.00	\$ 72.00			\$ 144.00
	IW	Sum of Add To Net Amt	\$ -	\$ -	\$ -		\$ -
		Sum of Gross Amt	\$ 165.01	\$ 172.02	\$ 191.56		\$ 528.59
		Sum of Prod Fund					
	M1	Sum of Add To Net Amt	\$ 168.00	\$ 6.00	\$ 126.00	\$ 6.00	\$ 306.00
		Sum of Gross Amt	\$ -	\$ -	\$ -	\$ -	\$ -
		Sum of Prod Fund					
	M2	Sum of Add To Net Amt	\$ 24.00	\$ 12.00	\$ 36.00		\$ 72.00
		Sum of Gross Amt	\$ -	\$ -	\$ -		\$ -
		Sum of Prod Fund					
	OM	Sum of Add To Net Amt			\$ -		\$ -
		Sum of Gross Amt			\$ 1,047.69		\$ 1,047.69
		Sum of Prod Fund					
	OT	Sum of Add To Net Amt	\$ -	\$ -	\$ -		\$ -
		Sum of Gross Amt	\$ 29,329.06	\$ 33,962.19	\$ 37,008.40		\$ 100,299.65
		Sum of Prod Fund					
	PE	Sum of Add To Net Amt		\$ -			\$ -
		Sum of Gross Amt		\$ -			\$ -
		Sum of Prod Fund					
	PL	Sum of Add To Net Amt		\$ -	\$ -		\$ -
		Sum of Gross Amt		\$ -	\$ -		\$ -
		Sum of Prod Fund					
	RC	Sum of Add To Net Amt	\$ -	\$ -			\$ -
		Sum of Gross Amt	\$ 1,680.10	\$ 2,592.31			\$ 4,272.41
		Sum of Prod Fund					
	RE	Sum of Add To Net Amt			\$ -		\$ -
		Sum of Gross Amt			\$ 27.96		\$ 27.96
		Sum of Prod Fund					
	RO	Sum of Add To Net Amt		\$ -			\$ -
		Sum of Gross Amt		\$ 180.00			\$ 180.00
		Sum of Prod Fund					
	SE	Sum of Add To Net Amt			\$ -		\$ -

Crew Costs Local P91
October 2004 through September 2005

		Brakeman	Conductor	Engineer		
	Sum of Gross Amt			\$ 15.00		\$ 15.00
	Sum of Prod Fund					
SM	Sum of Add To Net Amt	\$ -				\$ -
	Sum of Gross Amt	\$ 319.27				\$ 319.27
	Sum of Prod Fund					
SQ	Sum of Add To Net Amt	\$ -	\$ -	\$ -		\$ -
	Sum of Gross Amt	\$ 132.97	\$ 340.23	\$ 371.91		\$ 845.11
	Sum of Prod Fund					
ST	Sum of Add To Net Amt	\$ -	\$ -	\$ -	\$ -	\$ -
	Sum of Gross Amt	\$ 37,225.46	\$ 42,742.14	\$ 47,399.83	\$ 400.00	\$ 127,767.43
	Sum of Prod Fund	\$ 17,352.00	\$ 18,072.00			\$ 35,424.00
V1	Sum of Add To Net Amt	\$ -		\$ -		\$ -
	Sum of Gross Amt	\$ 1,051.48		\$ 4,770.63		\$ 5,822.11
	Sum of Prod Fund	\$ 288.00				\$ 288.00
VC	Sum of Add To Net Amt	\$ -	\$ -	\$ -		\$ -
	Sum of Gross Amt	\$ 6,346.56	\$ 1,451.51	\$ 10,023.07		\$ 17,821.14
	Sum of Prod Fund	\$ 2,520.00	\$ 504.00			\$ 3,024.00
VP	Sum of Add To Net Amt			\$ -		\$ -
	Sum of Gross Amt			\$ 326.68		\$ 326.68
	Sum of Prod Fund					
P91P3	Sum of Add To Net Amt	\$ 1,650.94	\$ 522.96	\$ 815.71	\$ 6.00	\$ 2,995.61
P91P3	Sum of Gross Amt	\$ 78,849.60	\$ 84,281.75	\$ 103,645.93	\$ 400.00	\$ 267,177.28
P91P3	Sum of Prod Fund	\$ 20,232.00	\$ 18,648.00			\$ 38,880.00
Total	Sum of Add To Net Amt	\$ 1,650.94	\$ 522.96	\$ 815.71	\$ 6.00	\$ 2,995.61
Total	Sum of Gross Amt	\$ 78,849.60	\$ 84,281.75	\$ 103,645.93	\$ 400.00	\$ 267,177.28
Total	Sum of Prod Fund	\$ 20,232.00	\$ 18,648.00			\$ 38,880.00
	Gross ST earnings	\$ 49,520.54	\$ 50,319.56	\$ 66,637.53		
	Productivity Fund	\$ 20,232.00	\$ 18,648.00	\$ -		
	Add to Net	\$ 1,650.94	\$ 522.96	\$ 815.71		

STB Docket No. AB-149 (Sub-No. 2X)
Winston-Salem Southbound Railway Company
- Abandonment of Operating Rights-
Whitney – Badin, NC

WORKPAPERS

- a. Financials – background
- b. Financials spreadsheet
- c. Locomotive ROI
- d. Locomotive Depreciation
- e. Crew materials
- f. Locomotive service
- g. Locomotive repairs
- h. Locomotive fuel
- i. Working capital
- j. Locomotive Holding

WSSB Whitney-Badin, NC Abandonment
Winston Salem Southbound Railway Company
Proposed Abandonment of Operating Rights
Whitney, NC to Badin, NC
Milepost WF 5.90 to WF 11.11

Background Data:

	Ending Quarter
Base Year:	10/04 - 09/05 2005 Q 3
Forecast Year:	03/06 - 02/07 2007 Q 1

Hypothetical Case

(Numbers in red change once a year)

(Numbers in blue change for specific branch line)

Note: Engine/crew operates in dedicated service 3 days - 8 hours day/per week.

Beginning Milepost:	5.90	Number days per week serve branch line?	3.0
Ending Milepost	11.11	Crew size?	3
Miles to abandon	5.21	Roundtrip mileage crew taxied	0
Trips per year:	156	Hours per day required to serve line (includes switching)	5.6 Dedicated Crew
Revenue			
Traffic:	CL's	Revenue	Per Car
NS Traffic to WSSB	112	\$ 13,597	\$ 121.40
CSX traffic to WSSB	173	\$ 29,998	\$ 173.40
Totals	285	\$ 43,595	
Cost to move cars in existing WSSB service	Cars	Cost	Cost per car
Wadesboro - Whitney	173	\$ 28,199	\$ 163
Lexington - High Rock	112	\$ 10,192	\$ 91
Total		\$ 38,391	
	Miles	Minutes	Hours
	5.2	31.2	0.52 5.2 miles transit @ 10 mph on branch
		210.0	Making up train at High Rock, switching at Whitney and Badin, tying up train at High Rock
		61.6	Train from High Rock to Whitney and return to High Rock, NC at a weighted average of 22 mph (30 mph running speed, 10 mph within yard limits)
	22.6	31.2	0.52 5.2 miles transit @ 10 mph on branch
	5.2		Total round trip time required to service branch/sole customer, Alcoa, Inc.
	33.0	334.0	5.6
	31.5% of trip miles of new assignment are on-branch		

Crew Stats:

	Gross earnings	Productivity	Fringe	Add to Net	Days per Week	Hours attributable to Badin service per week	% in Badin svc.	Total Earnings Attributable to Badin Service
Conductor	\$ 45,762	\$ -	\$ 14,719	\$ -	3	17	42%	\$ 25,254
Brakeman	\$ 44,254	\$ -	\$ 14,234	\$ -	3	17	42%	\$ 24,421
Engineer	\$ 48,415	\$ -	\$ 15,573	\$ -	3	17	42%	\$ 26,718
Totals	\$ 138,432		\$ 44,526					\$ 76,393

Loco Stats: (from loco master)

Category Loco Used: 5
 Number Used: 1
 Average Tons: 131.3
 2005 Age: 31.2

1. Loco Unit Hours

A. For ownership (Depreciation & ROI)
 5.6 hrs/trip * 156 trips/yr = 868.4945455 hours/year

B. For Usage (fuel)

5.6 hrs/trip * 156 trips/yr = 868.4945455 hours/year

2. Loco Unit Miles

Running: Milepost 16.50 33
 11.11 miles * 5.9 = 33 miles per round trip
 less MP 2 156 trips/yr = 5148.00 miles
 6 MPH * 156 Trips/yr = 3276 miles
 Switching: 3.50 hours * 3276 = 8424.00 LUM

TOTAL:

5148.00 + 3276 = 8424.00 LUM

3. Loco Gross Ton Miles

8424.00 LUM * 131.3 tons = 1,106,071 LGTM

Winston Salem Southbound Railway Company
 3/27/2006

Proposed Abandonment of Operating Rights

Whitney, NC to Badin, NC

M

WSSB Whitney-BadIn, NC Abandonment

	ACCOUNT NO.	BASE YEAR 10/04 - 09/05	FORECAST YEAR 03/06 - 02/07	Spreadsheet/Source
GDP deflator adjustment:			3.73%	From GDP Deflator Spreadsheet
Revenues:				
1 a. Freight Org'd or Trm'd on branch	101	\$0	\$0	
b. Switching	104	\$43,595	\$45,221	
c. Demurrage	106	0	0	
d. Other		0	0	
2 Bridge traffic (assignable to branch)		0	0	
3 All other revenue and income		0	0	
4 Total revenues attributable (Lines 1 through 3)		\$ 43,595	\$ 45,221	
Avoidable cost:				
5 On-branch costs (from spreadsheets)				
a. Maintenance of way and structures		\$ 111,350	\$ 115,502	From Engineering
b. Maintenance of equipment				
1 Locomotives:				
Repairs & maintenance	11-21-41 L	\$ 1,976	\$ 2,050	Loco Repairs
	21-21-41 M	3,702	3,840	Loco Repairs
	41-21-41 P	175	182	Loco Repairs
	61-21-41 G	1	1	Loco Repairs
Fringe benefits	12-21-00 G	745	773	Loco Repairs
Depreciation	62-21-00 G	0	0	Loco Depreciation
Total Locomotives		\$ 6,599	\$ 6,846	
2 Other		0	0	
Total Equipment		\$ 6,599	\$ 6,846	
c. Transportation				
1 Train operations				
Engine crews	11-31-56 L	\$ 26,718	\$ 27,714	Transportation
	21-31-56 M	0	0	Crew Materials
Train crews	11-31-57 L	49,675	51,527	Transportation
	21-31-57 M	12	12	Crew Materials
Train inspect. & lubr.	11-31-62 L	410	425	Crew Materials
	21-31-62 M	1	1	Crew Materials
Locomotive fuel		38,506	39,942	Loco Fuel
Servicing locomotives	11-31-69 L	814	844	Loco Service
	21-31-69 M	385	399	Loco Service
	41-31-69 P	219	227	Loco Service
	61-31-69 G	0	0	Loco Service
Fringe benefits	12-31-00 G	0	0	Included in labor
Total transportation		\$ 116,740	\$ 121,091	
d. General administrative		0	0	
e. Deadheading, taxi and hotel		0	0	Transportation
f. Overhead movement Wadesboro - Whitney and Lexington - High Rock		38,391	39,823	
g. Freight car costs (other than return on freight cars)		0	0	
h. Return on value - locomotives		0	0	Loco ROI
i. Return on value - freight cars		0	0	
j. Revenue taxes		0	0	
k. Property taxes		0	0	
l. Total (Lines 5a through 5k)		\$ 273,080	\$ 283,262	
m. Holding gain (loss)-locomotives		0	0	Loco Holding
n. Holding gain (loss)-freight cars		0	0	
o. Net on-branch and off-branch costs (Lines 5h(5m+5n))		\$ 273,080	\$ 283,262	
7 Total avoidable costs (Line 5o + 6d)		273,080	283,262	
Summary of avoidable costs:				
On-branch costs		\$ 150,221	\$ 155,822	
Off-branch costs		122,860	127,441	
Total		\$ 273,080	\$ 283,263	
Subsidization costs:				
8 Rehabilitation			0	
9 Administrative costs			0	
10 Casualty reserve account			0	
11 Total subsidization costs (Lines 8 thru 10)			0	
12 Valuation of road properties (Lines 12a thru 12c)				
(a) Working capital			6,389	Working Capital
(b) Income tax consequences			0	Working Capital
(c) Net liquidation value			0	Working Capital
Total valuation of properties			6,389	Working Capital
13 Nominal rate of return			14.87%	Pre Tax nominal rate
14 Nominal return on value (Line 12 * Line 13)			950	
15 Holding gain (loss) on road properties			0	
16 Return on value (Line 14-15)			950	
17 Avoidable loss (profit) from operations (Line 7 - 4)		229,485	238,041	
(excludes nominal return on value and opportunity cost, which are avoidable costs).				
18 Avoidable Loss Including Return on Value (Line 4-7+16)			238,991	
19 Avoidable Loss Including Subsidization Costs and Return on Value (Line 4-7+11+16)			238,991	

Winston Salem Southbound Railway Company

Proposed 3/27/2006

LOCOMOTIVE RETURN ON INVESTMENT
WSSB Whitney-Badin, NC Abandonment
Base Year
10/04 - 09/05

 GMA'S LOCO
 CAT 5

A. SYSTEM LOCO UNIT HOURS	10,817,203
B. SYSTEM LOCO UNITS	3,291.5
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,286
D. REPLACEMENT COST	\$1,374,773
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$49,217
G. LOCO AGE	31.2
H. ACCUMULATED DEPRECIATION (LINE F x LINE G)	\$1,535,570
I. NET INVESTMENT (LINE D - LINE H)	\$0
J. COST OF CAPITAL	14.87%
K. ANNUAL ROI (LINE I x LINE J)	\$0
L. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.00
O. LOCO UNIT HOURS ON BRANCH	868.4945455
P. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE N x LINE O)	868.0
Q. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE P / LINE C)	0.264
R. ANNUAL ROI ON BRANCH (LINE K x LINE Q)	\$0
S. TOTAL ROI (SUM OF LINE R AMOUNTS)	\$0

Net Investment for Category 5 locomotives is equal to zero because the annual depreciation rate times the average age exceeds 100%.

	Forecast Year 03/06 - 02/07 -----
	GMA'S LOCO CAT 5 -----
A. SYSTEM LOCO UNIT HOURS	10,817,203
B. SYSTEM LOCO UNITS	3,292
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,286
D. REPLACEMENT COST	\$1,584,998
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$56,743
G. LOCO AGE	32.2
H. ACCUMULATED DEPRECIATION (LINE F x LINE G)	\$1,827,125
I. NET INVESTMENT (LINE D - LINE H)	\$0
J. COST OF CAPITAL	14.87%
K. ANNUAL ROI (LINE I x LINE J)	\$0
L. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.00
O. LOCO UNIT HOURS ON BRANCH	868.4945455
P. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE N x LINE O)	868.0
Q. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE P / LINE C)	0.264
R. ANNUAL ROI ON BRANCH (LINE K x LINE Q)	\$0
S. TOTAL ROI (SUM OF LINE R AMOUNTS)	\$0

Net Investment for Category 5 locomotives is equal to zero because the annual depreciation rate times the average age exceeds 100%.

LOCOMOTIVE DEPRECIATION

WSSB Whitney-Badin, NC Abandonment

Base Year
10/04 - 09/05

GMA'S LOCO
CAT 5

A. SYSTEM LOCO UNIT HOURS	10,817,203
B. SYSTEM LOCO UNITS	3,292
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,286
D. REPLACEMENT COST	\$1,374,773
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$0
G. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
H. TOTAL LOCO UNITS IN SAMPLE	1
I. RATIO LOCO UNITS BY CATEGORY (LINE G / LINE H)	1.0
J. LOCO UNIT HOURS ON BRANCH	868
K. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE I x LINE J)	868
L. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE K / LINE C)	0.264
M. ANNUAL DEPRECIATION ON BRANCH (LINE F x LINE L)	\$0
N. TOTAL DEPRECIATION (SUM OF LINE M AMOUNTS)	\$0

Net Investment: for Category 5 locomotives is equal to zero because the annual depreciation rate times the average age exceeds 100%.

LOCOMOTIVE DEPRECIATION

WSSB Whitney-Badin, NC Abandonment

Forecast Year
03/06 - 02/07
-----GMA'S LOCO
CAT 5

A. SYSTEM LOCO UNIT HOURS	10,817,203
B. SYSTEM LOCO UNITS	3,292
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,286
D. REPLACEMENT COST	\$1,584,998
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$0
G. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
H. TOTAL LOCO UNITS IN SAMPLE	1
I. RATIO LOCO UNITS BY CATEGORY (LINE G / LINE H)	1.0
J. LOCO UNIT HOURS ON BRANCH	868
K. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE I x LINE J)	868
L. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE K / LINE C)	0.264
M. ANNUAL DEPRECIATION ON BRANCH (LINE F x LINE L)	\$0
N. TOTAL DEPRECIATION (SUM OF LINE M AMOUNTS)	\$0

Net Investment for Category 5 locomotives is equal to zero because the annual depreciation rate times the average age exceeds 100%.

Crew Materials

CREW MATERIALS (TRAIN & ENGINE) AND TRAIN INSPECTION AND LUBRICATION

WSSB Whitney-Badin, NC Abandonment

	Base Year 10/04 - 09/05			
	ENGINE CREW MATERIAL (21-31-56)	TRAIN CREW MATERIAL (21-31-57)	TRAIN INSPECTION & LUBRICATION	
			WAGES (11-31-62)	MATERIALS (21-31-62)
A. SYSTEM EXPENSES	\$56,000	\$1,520,000	\$53,624,000	\$161,000
B. CAR MILE PORTION RATIO	69%	69%	69%	69%
C. SYSTEM CAR MILE EXPENSES (LINE A x LINE B)	\$38,640	\$1,048,800	\$37,000,560	\$111,090
D. SYSTEM CAR MILES L & E (RR OWN & LEA, PVT & NO PAY MI)	4,655,590,000	4,655,590,000	4,655,590,000	4,655,590,000
E. SYSTEM EXPENSES PER CAR MILE L/E (LINE C / LINE D)	\$0.0000083	\$0.0002253	\$0.0079476	\$0.0000239
F. BRANCH CAR MILES L & E	2,970	2,970	2,970	2,970
G. BRANCH CAR MILE EXPENSES (LINE E x LINE F)	\$0	\$1	\$24	\$0
H. CARLOAD PORTION RATIO	31%	31%	31%	31%
I. SYSTEM CAR LOAD EXPENSES (LINE A x LINE H)	\$17,360	\$471,200	\$16,623,440	\$49,910
J. SYSTEM CARLOADS (QCS-COST DEPT)	12,273,466	12,273,466	12,273,466	12,273,466
K. SYSTEM EXPENSES PER CARLOAD (LINE I / LINE J)	\$0.00141	\$0.03839	\$1.35442	\$0.00407
L. BRANCH CARLOADS	285	285	285	285
M. BRANCH CARLOAD EXPENSES (LINE K x LINE L)	\$0	\$11	\$386	\$1
TOTAL EXPENSES (LINE G + LINE M)	\$0	\$12	\$410	\$1

SERVICING LOCOMOTIVES**WSSB Whitney-Badin, NC Abandonment****Base Year
10/04 - 09/05**

A. BRANCH LOCO UNIT MILES	8,424
B. SYSTEM LOCO UNIT MILES	174,442,542
C. RATIO (LINE A/ LINE B)	0.000048
D. SYSTEM LABOR EXPENSE (ACC 11-31-69) (R-1, Sch. 410, Line 411)	\$16,857,000
E. BRANCH LABOR EXPENSE (LINE C x LINE D)	\$814
F. SYSTEM MATERIAL EXPENSE (ACC 21-31-69)	\$7,966,000
G. BRANCH MATERIAL EXPENSE (LINE C x LINE F)	\$385
H. SYSTEM PURCHASED EXPENSE (ACC 41-31-69)	\$4,532,000
I. BRANCH PURCHASED EXPENSE (LINE C x LINE H)	\$219
J. SYSTEM GENERAL EXPENSE (ACC 61-31-69)	\$0
K. BRANCH GENERAL EXPENSE (LINE C x LINE J)	\$0

Winston Salem Southbound Railway Company
3/27/2006

Proposed Abandonment

Loco Repairs

LOCOMOTIVE REPAIRS AND MAINTENANCE

WSSB Whitney-Badin, NC Abandonment

Base Year
10/04 - 09/05

A. BRANCH TONS PER UNIT	131
B. BRANCH LOCO UNIT MILES	8,424
C. BRANCH LOCO GTM (LINE A x LINE B)	1,106,071
D. SYSTEM LOCO GTM	31,979,527,000
E. RATIO (LINE C / LINE D)	0.000035
F. RATIO ROAD PORTION	0.929
G. SYSTEM LABOR EXPENSE (ACC 11-21-41)	\$61,530,000
H. BRANCH LABOR EXPENSE (LINE'S E x F x G)	\$1,976
I. SYSTEM MATERIAL EXPENSE (ACC 21-21-41)	\$115,262,000
J. BRANCH MATERIAL EXPENSE (LINE'S E x F x I)	\$3,702
K. SYSTEM PURCHASED EXPENSE (ACC 41-21-41)	\$5,442,000
L. BRANCH PURCHASED EXPENSE (LINE'S E x F x K)	\$175
M. SYSTEM GENERAL EXPENSE (ACC 61-21-41)	\$43,000
N. BRANCH GENERAL EXPENSE (LINE'S E x F x M)	\$1
O. FRINGE RATE	37.71%
P. TOTAL FRINGES (LINE H x LINE O)	\$745

Winston Salem Southbound Railway Company
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Proposed Abandonment of Opera

Loco Fuel

LOCOMOTIVE FUEL

WSSB Whitney-Badin, NC Abandonment

Base Year
10/04 - 09/05

GMA'S LOCO
CAT 5

A. GMA'S REPAIR & SUPPLIES COSTS PER LOCO UNIT HR. (AS OF 7/1/82)	\$55.60
B. GMA'S FUEL PORTION	0.64
C. FUEL EXPENSE PER LOCO UNIT HR. (LINE A x LINE B)	\$35.58
D. AAR'S CRC INDEX - FUEL (ANNUAL 1982 TO CURRENT YEAR)	1.246
E. FUEL EXPENSE PER LOCO UNIT HR. (LINE C x D)	\$44.34
F. LOCO UNITS BY CATEGORY (20% SAMPLE)	1
G. TOTAL LOCO UNITS IN SAMPLE	1
H. RATIO LOCO UNITS BY CATEGORY (LINE F / LINE G)	1.00
I. TOTAL LOCO UNIT HOURS ON BRANCH	868
J. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE H x LINE I)	868
K. FUEL EXPENSES BY CATEGORY (LINE E x LINE J)	\$38,506
L. TOTAL FUEL EXPENSES (SUM OF LINE K AMOUNTS)	\$38,506

Winston Salem Southbound Railway Company
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Proposed Abandonment

Working Capital

WSSB Whitney-Badin, NC Abandonment

Working Capital	03/06 - 02/07
	Forecast Year
On branch avoidable cost	155,822
less loco dep	0
less frt car dep	0
subtotal	155,822
@ 15 days on branch cash avoidable cost (provision 49 CFR 1152.34)	
15/365= 0.041	
Working Capital	6,389

Income Tax Consequences

NLV * 37% Tax Rate

Present (begin forecast year) NLV =

0

0 Nominal opportunity cost

End of Forecast Year NLV =

0 * 37% =

0 Income tax consequences

Holding gain road properties

0

Opportunity cost

0

Winston Salem Southbound Railway Company
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Proposed Abandonment of Operating Rights

LOCOMOTIVE RETURN ON INVESTMENT
LESS HOLDING GAIN(LOSS)

WSSB Whitney-Badin, NC Abandonment

	FORECAST YEAR GMA'S LOCO CAT 5
A. SYSTEM LOCO UNIT HOURS	10,817,203
B. SYSTEM LOCO UNITS	3,292
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,286
D. REPLACEMENT COST (END OF FORECAST YEAR)	1,584,998
E. REPLACEMENT COST (BEGINNING OF FORECAST YEAR)	1,374,773
F. HOLDING GAIN(LOSS) AT REPLACEMENT (LINE D - LINE E)	210,225
G. TOTAL YEARS DEPRECIATION (100% / 3.86%)	27.9
H. LOCOMOTIVE AGE	32.2
I. NET BASE INVESTMENT YEARS (LINE G - LINE H)	0.0
J. REPL. LESS DEPR. ADJUSTMENT RATIO (LINE I / LINE G)	0.000
K. HOLDING GAIN(LOSS) AT REPL. LESS DEPR. (LINE F x LINE J)	0
L. LOCO UNITS BY CATEGORY	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.0
O. LOCO UNIT HOURS ON BRANCH	868.4945455
P. LOCO UNIT HOURS ON BRANCH BY LOCO CAT (LINE N x LINE O)	868.4945455
Q. RATIO LUH ON BR. TO SYS LUH PER LOCO UNIT (LINE P / LINE C)	0.264
R. HOLDING GAIN(LOSS) BY LOCO CAT. (LINE K x LINE Q)	0
S. HOLDING GAIN(LOSS) (SUM OF LINE R AMOUNTS)	0
T. RETURN ON INVESTMENT (SEE BASE YEAR ROI SHEET)	0
U. ROI MINUS HOLDING GAIN(LOSS) (LINE T - LINE S)	0

Winston Salem Southbound Railway Company
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Proposed Abandonme