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VIA FEDERAL EXPRESS

The Honorable Charles D. Nottingham, Chairman
The Honorable Francis P. Mulvey, Vice Chairman
The Honorable W. Douglas Buttrey, Commissioner
Surface Transportation Board
50 E Street, SW
Washington, D.C. 20423

Dear Chairman Nottingham, Vice Chairman Mulvey, and Commissioner Buttrey:

Re: *Ex Parte 677 – Common Carrier Obligations of Railroads*

Norfolk Southern Corporation submits this letter to respond to requests made during the hearing in the above-captioned proceeding.

First, Chairman Nottingham requested that railroads provide a copy of their annual reports to demonstrate whether the railroads disclose the risks associated with the transportation of toxic inhalation hazards ("TIH") and other hazardous commodities. Enclosed is a copy of the 2007 Annual Report of Norfolk Southern. You will note on page K-13 that the second risk factor listed – second only to risks associated with government regulation and legislation – is that "NS, as a common carrier by rail, must offer to transport hazardous materials, regardless of risk."

Second, Chairman Nottingham asked about Norfolk Southern's insurance program. As I tried to explain, the issue regarding the transportation of TIHs is one of risk. Insurance costs, costs from new government regulations, and other costs associated with TIH traffic are related issues that illustrate the changing circumstances related to the transportation of TIHs, but the liability risks, which are heightened in this post-9/11 world, facing railroads who are required by the government to transport TIHs is the main issue.

Third, Chairman Nottingham asked whether railroads were prepared to transport coal and whether the railroads had the capacity to transport coal. I stated that Norfolk Southern thought it had capacity to move coal. Certainly that is true, but I should clarify.

Norfolk Southern has the capacity to handle coal from traditional origins. Some utilities are looking for coal from non traditional origins because of inadequate supplies at the mines from which such utilities have normally purchased. We are currently working with our utilities

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to negotiate contracts to insure that we have the time and money to build the infrastructure necessary to move coal from these non traditional origins

However, sufficient rail infrastructure to support movements from traditional and non traditional origins is not enough to insure an adequate supply of coal for utilities and other domestic users Overall demand – both domestic and international - for coal, the price of coal, the ability to open new mines to expand supply, the price differential between export and domestic coal, the inventory strategies of utilities, environmental regulations, including the prospects of further regulation, etc will play a role in determining whether there is an adequate supply of coal for all domestic users The Board should be concerned about all these links in the chain, many of which have little or nothing to do with railroads.

Thank you for your consideration of these matters.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James A. Hixon", written over a printed name.

James A. Hixon

Enclosure