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Docket No. 38302S

V.

U. S. Department of Energy
and
U. S. Department of Defense

Docket No. 38376S

V.

Aberdeen & Rockfish Railroad Company, et al.

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Dated: October 20, 2016

U.S Department of Energy	)	
and	)	
U.S. Department of Defense	)	Docket No. 38302S
v.	)	
Baltimore and Ohio Railroad Company, et al.	)	
U. S. Department of Energy	)	
and	)	
U. S. Department of Defense	)	Docket No. 38376S
v.	)	
Aberdeen & Rockfish Railroad Company, et al.	)	

The U.S. Department of Energy and the U.S Department of Defense (“DOE/DOD,” or the “Government”), and Norfolk Southern Railway Company (“NS”) parties to the above-captioned proceedings, join in presenting this motion asking the Board to approve their Settlement Agreement attached hereto and to prescribe the rate methodology set forth therein.

This is a global settlement between the Government and NS, settling all matters in controversy between the parties, and therefore, the Government and NS join in seeking dismissal

of NS as a party and the extinguishment of NS's liability for any matters arising in connection with these proceedings.

The Government and NS have attached a copy of their Settlement Agreement dated September 6, 2016, as Exhibit A. They have also attached a proposed Order as Exhibit B and a proposed Federal Register Notice as Exhibit C.

The Government and NS stress that their settlement was reached between well-informed parties with expert advisors after many years of negotiations. The Settlement Agreement between the Government and NS is substantially similar to previous settlement agreements approved by the Surface Transportation Board between the Government and Union Pacific Railroad and the Government and Burlington Northern Railway Company. The settlement that the Government and NS have reached is for the sole purpose of resolving the issues between them in these proceedings and is not binding upon them in other proceedings in which they may be or become involved or for any other purposes.

A. Summary of Action Requested from the Board

1. The Government and NS request the Board to approve their Settlement Agreement without prejudice to the Government complaints and other actions insofar as they involve all other carriers in these proceedings.¹
2. The Government and NS ask the Board to prescribe the rate methodology and the maximum revenue-to-variable cost ("R/VC") ratios to which they have agreed for the commodities and rail services that are the subject of the Settlement Agreement.

¹ The Government filed two complaints regarding the same commodities on March 27, 1981. The complaint in Docket No. 38302S, seeking reparations was served on 21 major railroads. The complaint in Docket No. 38376S, seeking rates for the future, was served on local agents for the rail industry.

3. The Government and NS ask the Board to dismiss NS as a defendant in these proceedings² and to take other steps which will be described herein to eliminate any requirement that NS participate further in these proceedings.
4. The Government and NS request the Board to extinguish NS's liability for reparations in all matters arising out of these proceedings.
5. The Government otherwise asks the Board to retain jurisdiction and to continue to hold the remainder of these proceedings in abeyance pending further settlement negotiations.

B. Commodities Involved

These proceedings involved nationwide Government movements of:

- irradiated fuel elements known as spent fuel, including radioactive parts and constituents, and spent nuclear fuel moving from a foreign country to the United States for disposal;
- empty shielded containers or "casks";
- radioactive waste materials; and
- buffer cars and escort cars used in connection with shipments of any of the above.

Due to the heavy weights of the casks that are used to move the spent fuel (as much as 100 tons per container), the Government long ago agreed with the railroads that the loaded movement and the empty return movement should be costed and priced as

² The Settlement Agreement calls for dismissal of NS as a party from both Docket Nos. 38302S and 38376S. NS should thus be dismissed as a party from the Government's pending motion to sever and consolidate tariff questions, filed Oct. 3, 1994, and the pending Petition of the Railroad Defendants to Dismiss the Complaints in Nos. 38302S and 38376S, filed on or about January 16, 1996.

separate movements. This form of costing and pricing continues in the Settlement Agreement.

The movements in issue in these proceedings are nationwide, including movements originating and terminating in the East. The Interstate Commerce Commission (“ICC”) prescribed a local and proportional Eastern rate basis some years ago³ and that rate basis is not in issue. With respect to those movements governed by the prescribed Eastern Rate basis, unlike the prior agreements, this Settlement Agreement has incorporated a method of determining rates for dedicated trains which grants NS an increment over the Eastern rates to equalize the cost of shipments nationwide.

C. Railroad Rates and Services at Issue

1. The railroad rates for regular common carrier freight train services for the commodities listed above are in issue in these proceedings. The parties to these proceedings have for many years disputed whether spent fuel can safely move in regular train service. That controversy, briefly described in the footnote,⁴ was litigated in proceedings before the ICC, and it has not been reopened in the settlement

³ I & S Docket No. 9205, Trainload Rates on Radioactive Materials, Eastern Railroads, 362 ICC 756 (1980), 364 ICC 981 (1981), sustained sub nom. Consolidated Rail Corp. v. ICC, 646 F. 2d 642 (D.C. Cir. 1981) cert. denied, 459 U.S. 1047 (1981).

⁴ When the carriers operating in the South and West filed tariffs requiring spent fuel and radioactive waste shipments to move only in special trains, rather than in regular freight service, the ICC disapproved. Radioactive Materials, Special Train Service, 359 ICC 70 (1978). The ICC later awarded the Government reparations for the mandatory special train charges. U.S. Dep’t of Energy v. Baltimore & Ohio Railroad Co., 364 ICC 951 (1981), appeal dismissed sub nom. Consolidated RailCorp. v. ICC, 685 F. 2d 687 (D.C. Cir. 1982). When the Government sought to enforce the reparations order in court, the Government settled, with the railroads paying the Government \$8 million of reparations. Paragraph 13 of the Settlement Agreement addresses the determination and charge for special or dedicated trains.

discussion. The parties fully accept those decisions of the ICC for the purposes of this Joint Motion.

2. In a motion filed October 3, 1994, the Government asked the ICC to sever the issues relating to the quantity of service, including the number of routes open for moving radioactive material nationwide. The ICC had earlier found that the cancellation by the Southern and Western Carriers of their participation in the Uniform Freight Classification (“UFC”) on spent fuel without reestablishing other rates and services was in conflict with prior Commission decisions barring flagouts from the UFC.⁵ This Agreement differs from those with UP and BNSF in that part of NS’s routes are covered by the Eastern prescription. As noted above, this aspect of NS service is addressed in the Settlement Agreement.
3. The parties’ agreement addresses the elements of service required of NS in moving spent fuel. The Settlement Agreement specifically describes some of the elements of service that are included in the rate for basic services under the Agreement (*e.g.* paras. 4 and 6.A.). The Settlement Agreement rests on the common carrier obligations of NS, and at the same time addresses and resolves issues relating to more specific elements of required services.
4. Also in issue in these proceedings is whether there are any special handling or other services required of nuclear commodities for which the carriers are entitled to separate and additional compensation above the line haul rates and charges. Ancillary services requested by the shipper would potentially become an issue in the

⁵ U.S. Dep’t of Energy, et al. v. Baltimore & Ohio Railroad Company, et. al., 10 I.C.C. 2d 112, 149 (1994).

absence of an agreement. The Settlement Agreement addresses and resolves the issue of rates for extra services in paragraph 6.B.

D. The Settlement Completes A Complex Proceeding With Respect to a Major Defendant

1. The underlying complaints in Docket Nos. 38302S and 38376S were filed in 1981 under Section 229 of the Staggers Rail Act of 1980.⁶ These are the last of the hundreds of complaints filed under that section.
2. The Government first began shipping spent fuel in shielded casks in the 1950's. In that period the shipments moved under quotations issued under the former Section 22 of the Interstate Commerce Act (predecessor of 49 U.S.C. 10721) as "chemicals" or other descriptions. In 1962 the Southern and Western railroads requested special permission from the ICC to file class rates that remained in effect until 1988 and were in effect at the time of the filing of the present complaints.
3. The movements that have been actively litigated since 1981 have involved nationwide shipments of naval spent fuel, empty casks, and radioactive waste.
4. The shipping containers or "casks" for spent fuel and high level radioactive waste are built to contain the radioactivity and to withstand stringent impact, drop, and fire tests mandated by the U.S. Department of Transportation and the U.S. Nuclear Regulatory Commission. These massive casks are constructed of stainless steel themselves and weigh considerably more than the load of spent fuel they are designed to hold. Such loads have moved by rail for over 50 years without any injury or fatality attributable to the radioactive nature of the commodity.

⁶ Section 229 was codified in a note to 49 U.S.C. § 10701a.

5. In 1986, the ICC ruled in Dockets 38302S and 38376S that the railroad parties were engaging in an unreasonable practice by imposing certain cost additives to their rates for transporting spent fuel and empty casks. The ICC prescribed new rates and charges and awarded the Government reparations.⁷ The Court of Appeals overturned the decision on the ground that the proceedings should have been handled as a rate reasonableness case, not an unreasonable practice case, and remanded for additional proceedings.⁸
6. On remand the ICC reopened the proceeding with the Government departments as the sole remaining complainants.⁹ Much new evidence and argument was presented by the parties under an overall R/VC test and an inquiry into comparable commodities, including whether the commodities in issue were “recyclables” that were entitled to the specially reduced rates Congress had mandated at that time for such shipments. In 1994, the ICC ruled that some of the commodities were recyclables, but directed the parties to present additional evidence.¹⁰ In the ICC Termination Act of 1995, Congress repealed the special rate for recyclables. The carriers in 1996 filed a petition with the Board under the new statute to dismiss the Government’s complaint. The petition is still pending, but was mooted for two parties, Union Pacific Railroad

⁷ Commonwealth Edison v. Aberdeen & Rockfish R.R., 2 ICC2d 642 (1986).

⁸ Union Pacific R. Co. v. ICC, 867 F. 2d 646 (D.C. Cir. 1989).

⁹ The Court of Appeals concluded that the private utility shippers, originally joined as parties to the proceedings had not shown market dominance necessary for ICC jurisdiction, and the ICC dismissed them as parties. 867 F. 2d at 649-50. The railroads on that appeal conceded market dominance in the case of Government shipments. *Id.* at 649.

¹⁰ 10 ICC 2d 112, *supra* note 5.

Company and Burlington Northern Railway Company, pursuant to settlements with the Government which the Board approved by an order entered in these dockets on July 27, 2005 (served 2005) ("August 2005 Decision"), and effective September 1, 2005, in the case of Union Pacific and a second order entered August 19, 2013 (served 2013) , and effective September 25, 2013, in the case of Burlington Northern Railway Company.

E. Proceedings Have Been Held in Abeyance Pending Settlement Negotiations

1. The proceedings now before the Board have been held in abeyance pending settlement negotiations, which began as an industry-wide effort with all major railroads. It was found, however, as the parties entered into rate discussions, that antitrust concerns required them to undertake meaningful negotiations on a carrier-by-carrier basis.
2. The settlements with Union Pacific Railroad ("UP") and Burlington Northern Railway Company ("BNSF") successfully resolved all rate-setting, shipping, and service determination between both UP and BNSF and the Government, and have governed those parties' relationships since the dates they took effect, without substantial issue. Those settlements have served as models to the Government for the current Settlement Agreement with NS.

F. The Agreement is Substantially Similar to both the UP and BNSF Settlements, Which Were Approved by the Board

1. As outlined in Section G below, the Settlement Agreement between the Government and NS is substantially similar to the Government's agreements with UP and BNSF. While adopting the rate structure and principal terms of those agreements, the

Settlement Agreement with NS also improves upon those documents in certain ways by:

- Streamlining unnecessarily redundant clauses and omitting clauses made irrelevant by differences between UP's, BNSF's, and NS's areas of service.
 - Clarifying or elaborating upon definitions and accepted practices.
 - Making explicit certain legal standards applicable regardless of their inclusion in the Agreement.
2. One significant difference between this agreement and the BNSF Agreement warrants mention. While the BNSF Settlement Agreement provides for a term of 25 years, with the possibility of extensions, the UP agreement has an unlimited term. This agreement has an unlimited term, following the model of the UP agreement.

G. Comparison of this settlement agreement with the BNSF agreement

1. The NS Settlement Agreement has five attachments. The first three are used to compute rail costs for trains in regular service. The fourth is devoted to special train rates. NS requested that the Agreement have an Attachment 5, which provides a definitive way to distinguish between Eastern and non-Eastern lines. The attachment clarifies the distinction between the two types of lines and also contains detailed depictions of the junctions between the component lines in each category.
2. In Section 1.A of the BNSF Agreement, which contains the definitions of terms used in the agreement, "commodities" include "empty shielded containers or casks for shipping or handling spent nuclear fuel or irradiated parts or constituents and having residual radioactivity." Section 1.A.(2). Because it is true that the Government moves empty cask cars which do not have residual radioactivity, in the NS

agreement we have clarified the provision by removing the phrase “having residual radioactivity” from Section 1.A.(2).

3. In Section 4.D. regarding Equipment Utilization, the parties here provided slightly different language than in the BNSF agreement regarding unusual delays. The BNSF provision states that “When regular train service is supplied, BNSF will use commercially reasonable efforts in accordance with ordinary rail industry practice to use the next appropriate train and to provide transit times equivalent to the regular transit times and day of week schedules BNSF provides for shipments of similar size and weight.” NS and the Government here provided that: “When regular train service is supplied, NS will transport property with reasonable dispatch in accordance with the Uniform Bill of Lading. NS does not guarantee delivery within a particular time and does not guarantee rail services on any schedules, published, projected or implied.”
4. In Section 5.C., the BNSF agreement stated that the government will provide BNSF with a forecast of volumes to be shipped pursuant to the Settlement Agreement in the subsequent year. In that agreement, the Government agreed to provide BNSF with updates through, among other means, the Prospective Shipment Module. The parties do not believe this provision is pertinent to NS, and the language about the Prospective Shipment Module has been removed from the instant agreement.
5. In Section 6, dealing with Rates and Indemnification, the parties have added language which applies specifically to a portion of NS’s lines, which operate in the East. In Section 6.A., the parties have stated: “The Government agrees to limit the application of the Eastern Rate basis established by the Interstate Commerce

Commission in Trainload Rates on Radioactive Materials, East. R., 362 I.C.C. 756 (1980) *reopened*, 364 I.C.C. 981 (1981) (“the Eastern Case”) to the former lines of those Eastern Railroads specifically listed in the Eastern Case. Since the list excludes after acquired carriers, the Eastern Rate basis will be deemed for purposes of this settlement not to apply to the NS mileage that formerly composed such after acquired lines. NS’s rail lines will be divided between “Eastern” and “Non-Eastern” lines for purposes of calculating rates under the Settlement Agreement in accordance with Attachment No. 5, which is attached hereto and made a part hereof.”

Attachment 5 has a list of all railroad lines which are covered by the Eastern Rate.

6. In Section 6.B.(2), regarding Rates for Extra Services, the NS Agreement has additional language which carves out an exception for dedicated train service, the rates for which are addressed in Paragraph 13, described below.
7. In Section 7 on Updates to the rates, rather than requiring an annual process, the section now states that the updates will be done “when the STB releases new URCS and make-whole factors.”
8. Paragraph 13 regarding Train Service addresses the method for calculating the cost when the Government shipper expressly requests dedicated train service. The parties have included language regarding the rates for dedicated train service on the Eastern lines. Since the rates for such trains were not prescribed in the Eastern Rate Case and the attachments to the Agreement provide for a substantially reduced dedicated train charge, the Government, for purposes of this settlement, agrees to additions to the Eastern rate basis to make the dedicated rates uniform over the NS system for shipments of equivalent weight and distance. The Government agrees that a

standard dedicated train charge be added to the Eastern rate basis and that an extra charge be added so that the total dedicated train rate on the Eastern lines will equal the total dedicated train freight charges on the non-Eastern lines for the same weight and distance.

9. Paragraph 13.C. addresses Regular Train Service. In the BNSF agreement, the section provided that unless the parties have agreed on procedures to separate loaded cask cars from escort cars, BNSF could notify the Government five years in advance that it intends to move Covered Movements at the head end of regular trains on a regular basis. In the NS agreement, the language states that “The Government shipper has plans to provide rail cars that are structurally suitable for operation at the head end of regular trains. When these cars are available for use, the parties agree to discuss mutually acceptable safety and operating arrangement to operate regular train service on a regular basis . . . Until the Government Shipper provides suitable cars, NS may provide and charge for dedicated train service in accordance with subparagraph 13.A. If the parties are unable to reach an acceptable arrangement providing for regular train service, Paragraph 15, Dispute Resolution shall be invoked.”

H. Precis of the Settlement Agreement

1. The parties’ goal in their negotiations was to achieve a long-term, system-wide agreement on all rate and service issues relating to spent fuel and related traffic now moving or likely to move in the future. The parties have succeeded in developing a comprehensive settlement on the movement of Government-sponsored shipments of spent fuel, radioactive waste, and related traffic. The Settlement Agreement applies

to currently moving traffic and to traffic that may arise in the future, for which new rates may be needed (para.25). In addition, the Settlement Agreement was structured so that it would cover movements to or from unexpected geographic areas or in not-yet-known types of equipment.

2. The parties have reached agreement on a rate methodology based on maximum R/VC markups over NS's system-average variable costs computed under the Uniform Rail Costing System ("URCS") for common carrier service (para. 6). The rate methodology applies to movements on NS's rail lines.
3. The parties have reached agreement on the need for reliable service. The Settlement Agreement specifically discusses elements of the "Basic Services" covered in para. 4, without attempting to resolve the cost of all future service.
4. The parties established rates for "Basic Services" at agreed markups over URC's variable costs, as described in paragraph 6.A. The rate methodology is set forth in detail in Attachments Nos. 1 and 2 to the Settlement Agreement.
5. The parties agreed that they will separately negotiate rates for "Extra Services," which are activities or services that NS would not otherwise perform without extra charge in providing common carrier service for hazardous materials, under guidelines described in paragraph 6.B and the methodology of Attachment No. 3 to the Settlement Agreement. "Equitable compensation" is the governing standard between the parties under the Settlement Agreement to compensate NS for emergency responses (para. 6.C). Specific security measures are set forth in paragraph 10 of the Settlement Agreement.

6. In the event of future disagreement regarding any aspect of the Settlement Agreement, paragraph 15 provides a detailed mechanism for Alternative Dispute Resolution. The parties preserved a role for the Board if disputes that arise cannot be resolved through the Alternative Dispute Resolution Process. The parties may avail themselves of remedies in other forums only for disputes outside the exclusive or primary jurisdiction of the Board.
7. Under paragraph 25, the Settlement Agreement may be renegotiated if circumstances change in ways that render its continued performance “grossly inequitable” to either party and in a limited number of other circumstances. The parties’ belief that the Settlement Agreement covers most eventualities is confirmed in this provision, which allows renegotiation only in limited circumstances.
8. The Settlement Agreement is between the Government, as a shipper, and one railroad, NS. No private shippers are parties to the proceedings in these dockets.¹¹ However, as the parties suggest more fully below, the public should be notified of the proposed settlement through publication of an appropriate notice of this Joint Motion and the filing of the Settlement Agreement in the Federal Register prior to the Board’s reaching a decision thereon.
9. The parties share the view that the Settlement Agreement is in both parties’ interest, that it is in the public interest, and that it should be approved by the Board.

¹¹ See footnote 9, *supra*.

10. The Settlement Agreement does not purport to resolve any of the issues discussed above for any of the other remaining defendants. As the STB determined with respect to the Government's settlements with UP and BNSF, the terms and obligations of the Government's settlement with NS will be binding only between the Government and NS and will not have precedential effect regarding the reasonableness of other railroad parties' rates or their common carrier obligations. August 2005 UP Decision at 6; August 2013 BNSF Decision at 15.

I. The Board Has Jurisdiction to Approve the Settlement Agreement

1. For purposes of this Joint Motion and the Settlement Agreement only, NS concedes that the Board has jurisdiction to approve the Settlement Agreement and to prescribe rates that encompass naval, commercial, and foreign research reactor spent fuel, waste shipments, and other related shipments made by or for the Government. This concession is in keeping with the holding in Union Pacific R.R. Co. v. I.C.C., 867 F.2d at 649, that a concession of market dominance removes that issue from the proceedings.
2. Settlement of railroad rate and service controversies that have been pending for long period before this agency and the ICC, its predecessor agency, well serve the rail transportation policy of 49 U.S.C. Sec. 10101. Consistent with Section 10101(1), the Settlement Agreement allows to the maximum extent possible for competition and demand for services to establish reasonable rates. It minimizes Federal regulatory control, consistent with Section 10101(2). It also promotes an efficient rail transportation system, ensures the development and continuation of a sound rail

transportation system, and fosters sound economic conditions in transportation. See 49 U.S.C. §§ 10101(3)-(5).

3. Similarly, Board policy incorporates and expressly promotes the settlement of controversies between contesting parties. In his testimony before the Senate Committee on Commerce, Science, and Transportation, Board Chairman Daniel R. Elliott III described his commitment to “foster[ing] private settlement of rail-related disputes,” *Hearing on the Federal Role in National Rail Policy*, 6 (September 15, 2010), and to applying the Board’s expertise to mediation and arbitration processes in an effort to “expand[] the culture at the agency from one of merely judicial decision maker to one of engaged problem solver. . . .” *Id.* at 3. He also stated, “I believe that business partners usually reach a more constructive result when they can settle their disputes privately, without litigation.” *Id.* at 6, and has expressed the belief that “[b]ringing a rate case or other case should be a choice of last resort.” *Remarks prepared for Association of Transportation Law Professionals*, 3 (June 28, 2010).
4. While some of the movements covered by the Settlement Agreement are and will be local movements on NS, the majority will be interline movements involving two or more participating carriers. The Board, like the ICC before it, has jurisdiction to entertain and approve settlement terms for a carrier participating in a through rate and service. Ford Motor Co. v. ICC, 714 F.2d 1157 (D.C. Cir. 1983); August 2005 decision at 5-6. In cases involving a challenge to a through rate, the Board may permit the dismissal of one party without jeopardizing the complainant’s right to proceed against the remaining joint defendants and to forego reparations from the settling carrier. *Id.*

5. The Settlement Agreement will be implemented by NS tendering rate quotations to the Government pursuant to 49 U.S.C. § 10721 or its successor. Thus, no contract rates are involved here.¹² All the rates under the proposed methodology that the Board is asked to approve will be common carrier rates, which are fully subject to Board oversight for rate reasonableness.¹³

J. The Board Should Extinguish NS's Liability for Reparations

1. Extinguishment of NS's liability is an important element of the settlement. The Settlement Agreement is expressly contingent on the Board's extinguishing NS's liability for reparations on past shipments of Covered Movements in which it participated (para.23).
2. Full and fair settlement has been reached of NS's liability for reparations on past shipments. The parties agree that the Board, in approving the Settlement Agreement, should extinguish NS's liability for reparations on all past shipments both insofar as the Government shipper is involved and insofar as any connecting carrier may seek contribution. However, the Agreement also serves the public interest by not prejudicing the Government's right of action against any remaining defendant.
August 2005 Decision at 5-6.

K. The Board Should Prescribe the Agreed-Upon Rate Methodology

¹² No contract rate is involved in the issuance of tenders under Section 10721. Omaha Public Power District v. Burlington Norther, 3 I.C.C. 2d 123, 133-34 (1986).

¹³ See Union Pacific R.R. v. ICC, *supra* note 8, 867 F. 2d at 652.

1. The parties ask the Board to prescribe the rate methodology described in the Settlement Agreement, specifically in paragraph 6 and 13 and Attachment 1, 2, and 3 to the Settlement Agreement, as well as in the rate update provisions of paragraph 7. By agreeing to an overall rate methodology, the parties ensure a solution to the issue of rates for NS's services that will last the full term of the Agreement. August 2005 Decision at 5.
2. The requested prescription is consistent both with the Eastern Rate prescription of I & S Docket 9205 for these commodities¹⁴ and the agreements with UP and BNSF, approved by the Board in 2005 and 2013, respectively. In the Eastern Rate proceedings, the ICC prescribed maximum R/VC's on a commodity by commodity basis at various minimum weights as local and proportional rate factors applicable within the East, although most movements were through movements destined beyond the lines of the carriers covered by the prescription. Similarly, here the settlement covers but one factor in what are most often through rates. The present settlement essentially broadens the Eastern Rate model to include radioactive shipments of varying weights in varying types of service and equipment with the object of providing for NS rates and service into the long-term future. The rate structure agreed to here is consistent with that approved by the Board as to UP and BNSF.
3. The flexibility provided in the service parameters and rate methodology is needed in view of the number and variety of the covered commodities, and the continuing evolution of the origins and destinations for these commodities nationwide. The

¹⁴ I&S Docket 9205m *supra* note 3.

parties anticipate that the Settlement Agreement will effectively address service features, rate methodology, and update mechanisms for all covered commodities shipped on behalf of the government on NS rail lines, for the duration of the current Settlement Agreement.

L. The Board Should Establish a Procedural Schedule to Allow Interested Parties to Comment On The Request For Approval of the Settlement Agreement

The Government and NS believe that it would be appropriate under the circumstances to provide the public with notice and an opportunity to comment on their request for Board approval of their Settlement Agreement. Accordingly, we respectfully request that, as soon as reasonably possible, the Board publish a notice of the parties' request in the Federal Register. A suggested Form of Notice is attached as Exhibit C. We suggest that comments on the parties' request (including any argument or evidence supporting or opposing approval of the Settlement Agreement) be due 45 days later, with the parties' rebuttal in support of their request (if any) due 30 days thereafter. The proposed schedule would provide interested persons with a full and fair opportunity to comment on the parties' request.

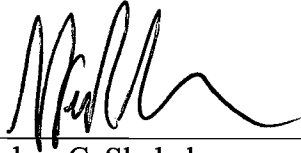
The parties' request and the actions to be taken pursuant to a Board order approving the Settlement Agreement do not constitute a major Federal action within the meaning of the National Environmental Policy Act, 42 U.S.C. §§ 4332 *et seq.*, as defined by 40 C.F.R. § 1508.18 and applied by the Board in 49 C.F.R. § 1105.5. Nor does the requested action by the Board constitute a major regulatory action within the meaning of the Energy Policy and Conservation Act, 42 U.S.C. § 6362(b), or the Board's regulations in 49 C.F. R. Part 1105

CONCLUSION

On the basis of the foregoing *Joint Motion* and the attached Settlement Agreement, the Government and NS ask the Board to:

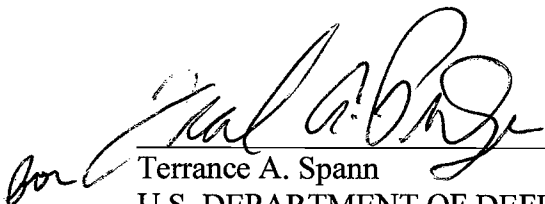
1. Publish notice in the attached form of notice of the filing of this Joint Motion in the Federal Register.
2. Establish the procedural schedule described above.
3. Adopt the attached Order approving the Settlement Agreement, and specifically,
 - (a) Prescribe the rate methodology,
 - (b) Dismiss NS from these proceedings,
 - (c) Extinguish NS's liability for reparations, and
 - (d) Relieve NS from any further requirement to participate in these Proceedings, except in response to a properly issued subpoena under the Board's rules.

Respectfully submitted,



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EXHIBIT A

SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT

BETWEEN

**U.S. DEPARTMENT OF DEFENSE
U.S. DEPARTMENT OF ENERGY**

AND

NORFOLK SOUTHERN RAILWAY COMPANY

IN

**DOCKET NO. 38302S, U.S. DEPARTMENT OF ENERGY AND
U.S. DEPARTMENT OF DEFENSE V. BALTIMORE AND OHIO
RAILROAD CO., ET AL.,**

**DOCKET NO. 38376S, U.S. DEPARTMENT OF ENERGY AND
U.S. DEPARTMENT OF DEFENSE V. ABERDEEN AND
ROCKFISH RAILROAD CO., ET AL.**

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TABLE OF ABBREVIATIONS

AAR	Association of American Railroads
ADR	Alternative Dispute Resolution
CFR	Code of Federal Regulations
DOD	United States Department of Defense
DOE	United States Department of Energy
DOT	United States Department of Transportation
FRA	Federal Railroad Administration
GSA	General Services Administration
NRC	United States Nuclear Regulatory Commission
NS	Norfolk Southern Railway Company
STB	United States Surface Transportation Board
URCS	Uniform Rail Costing System
USC	United States Code

SETTLEMENT AGREEMENT

The United States Department of Energy ("DOE") and the United States Department of Defense ("DOD") (collectively, "the Government") and Norfolk Southern Railway Company ("NS"), parties to these proceedings, hereby agree to settle all claims of the Government against NS and its predecessor railroads and all issues between these parties remaining for decision in these proceedings in accordance with the terms and conditions set forth below.

1. DEFINITIONS.

A. Commodities. The parties intend by this Settlement Agreement to settle all rate, service, practice, and other issues in and related to these proceedings for all past and future movements over the lines of NS by or for the Government, including naval, utility, and all other shipments of the following commodities:

- (1) nuclear reactor fuel elements, irradiated and requiring protective shielding, also known as spent fuel, as well as irradiated parts or constituents, in shielded containers or casks including spent nuclear fuel moving from a foreign country to the United States for disposal ("Foreign Fuel");
- (2) empty shielded containers or casks for shipping or handling spent fuel or irradiated parts or constituents;
- (3) radioactive waste materials having no reclamation value and requiring either a) protective shielding or b) labeling, marking, or placarding; and

(4) escort and buffer cars used in connection with shipments of any of the commodities listed above.

B. Covered Movements. All such shipments referenced in subparagraph 1.A.(1) through 1.A.(4)) will be referred to collectively in this Settlement Agreement as "Covered Movements" provided however that Covered Movements do not include (i) shipments exempted at the time of movement from the regulation of the United States Surface Transportation Board ("STB") or its predecessor pursuant to 49 U.S.C. § 10505, or (ii) shipments substantially greater than "Plate F" dimensions that weigh in excess of the weight limitations specified in paragraph 8.A. If the parties are unable to agree as to whether a particular shipment is substantially greater than "Plate F" dimensions, either party may seek to resolve the dispute pursuant to the procedures set forth in Section 15 below. Weight and dimensions are subject to NS Engineering approval prior to movement.

C. Government Shipper. "Government Shipper" includes the Government or a Government-designated shipper or receiver, provided, however, that (i) such Government-designated shipper or receiver shall only be a Government contractor or subcontractor unless NS consent is obtained; or (ii) such Government-designated shipper shall only include utility shippers and utility shipments when title to the commodity to be transported as a Covered Movement is assumed by the Government pursuant to 10 C.F.R. 961.11 Subpart B, Article IV, B.1. Upon request, the Government will provide written confirmation prior to shipment that a shipment is a Covered Movement being tendered by a properly designated Government Shipper and is subject to Price Anderson Act protection, as further described in subparagraph 6.E.

2. BILLING AND INVOICING.

A. Bills of Lading. During the pendency of a legally effective prescription by the STB or its successor implementing this Settlement Agreement, NS will offer on a continuing basis to the Government, based on 49 USC 10721 or its successor, the transportation services further described herein. The Covered Movements to which the rates apply must be shipped by a Government shipper on shipping papers referencing this Settlement Agreement and the order of the Surface Transportation Board approving this Settlement Agreement with the following legend:

"Transportation under the tender and bill of lading is subject to a Settlement Agreement dated [to be inserted] between the Government and the Norfolk Southern Railway Company and an order of the Surface Transportation Board in Dockets 38302S and 38376S served [date to be inserted]."

The Government Shipper will provide NS a bill of lading prior to shipment specifying the NS tender it is shipping under and the transportation and services requested. Shipping papers will include:

(1) Government-issued bills of lading which may be submitted electronically using NS-provided Electronic Data Interchange ("EDI") software at no cost to the Government Shipper (such electronic bills of lading may be in addition, and are not intended to replace, a bill of lading required in accordance with Federal traffic management policies and procedures); and

(2) commercial bills of lading endorsed with the further following legend: "Transportation under this tender is for the Government and the actual

total transportation charges paid to the carrier(s) by the consignor or consignee are to be paid or reimbursed by the Government according to Contract No. [Insert Number]. This may be confirmed by contacting the agency at [Insert telephone number or E-mail address]"; provided, however, that NS may elect, with no less than 30 days' notice, during the Term of this Settlement Agreement to require that all Covered Movements be submitted on a Government-issued bill of lading as described in subsection (1) above.

B. Invoices. Regardless of the type of bill of lading used (as described in subparagraph 2.A. above), the Government Shipper authorizes individual carrier invoicing for movements over through routes involving railroads other than NS. NS will issue a separate invoice for only its portion of the Covered Movement and collect payment for only its portion of the Covered Movement. NS, at its option, consistent with Federal agency payment procedures, may tender either paper invoices or electronic invoices for all payments under this Settlement Agreement. Electronic invoices, if used, shall be delivered via EDI using a mutually agreeable clearinghouse.

C. Government Representations. Except as provided in subparagraphs 3.A. and 6.E., the Government agrees and represents that if a Government Shipper ships Covered Movements via NS or accepts Covered Movements routed via NS it will do so subject to the terms of this Settlement Agreement. The Government further agrees and represents that the Government has the authority to enter into this Settlement Agreement and to agree to the rates and terms provided under this Settlement Agreement for the type of bills of lading listed in subparagraph 2.A. above. The Government further represents that it has the authority to petition the STB to prescribe

the rate levels and other terms provided in this Settlement Agreement. When the Government gives a Government Shipper responsibility for Covered Movements, it will require the Government Shipper to agree to be bound by the terms of this Settlement Agreement. NS retains all rights to obtain from the Government Shipper prompt and full payment for NS's services. If the Government Shipper is a federal entity, then NS will be paid in accordance with the Prompt Payment Act, 31 U.S.C. 3901 *et seq.*, and the payment of transportation statute, 31 U.S.C. 3726, or their successors. If the Government Shipper is a contractor designated by and/or shipping on behalf of the Government, then NS has the same rights for full and prompt payment as it has against any commercial shipper. NS may at its option require payment in advance from the Government Shipper when the Government Shipper is a contractor, unless that contractor acting as the Government Shipper has posted a payment bond adequate to ensure that NS will be paid for all services it provides.

3. SCOPE OF SETTLEMENT AGREEMENT.

A. Other Agreements and Tenders. The Government and NS may agree to transportation of otherwise Covered Movements on terms and conditions different from those in this Settlement Agreement. Nothing in this Settlement Agreement supersedes the terms and conditions of previously issued tenders applicable to otherwise Covered Movements.

B. Conflicts with Tender Form. In the event of a conflict between the terms of this Settlement Agreement and the terms and conditions contained in the Government tender form, the terms of the Settlement Agreement shall govern in the absence of an agreement to the contrary.

C. Applicability. NS's obligations under this Settlement Agreement are limited to transportation of Covered Movements over NS's rail lines (excluding rail lines operated and owned or leased by another carrier) as of the Effective Date of this Settlement Agreement, except as provided for in subparagraph 6.A.(1).

4. SERVICE.

A. General. During the pendency of a legally effective prescription by the STB or its predecessor implementing this Settlement Agreement, NS undertakes to provide transportation of Covered Movements, including all services normally provided without extra charge by common carriers by rail under 49 USC 11101(a), between all points on NS's rail lines as described in 3.C. above as of the date of this Settlement Agreement.

B. Routing and Diversion. When NS serves as originating or terminating carrier, pickup or delivery of a shipment shall occur at the Government Shipper's request on any day of the week on reasonable notice without payment of any surcharge for such pickup or delivery if such request can be accommodated using NS's regularly scheduled operations. If NS must provide additional service to accommodate such request, the Government Shipper agrees to pay the applicable charges set forth in NS Tariff NS 8002-A, subject to the limitation set forth in Section 6.B.(2) below, in effect on the date such service is provided. NS will control selection of routes internal to its system consistent with subparagraph 4.F. below, but NS agrees to consult with the Government when unusual circumstances, such as public demonstrations or other governmental concerns, would make an alternative route preferable.

C. Car Placement and Handling. In making up a train, the escort car, buffer car(s) and loaded cask car(s) should be placed as a group in the train. This group must be placed in the clear of adjacent tracks and rail switch points while in a yard or siding. Escort cars will be used when required by regulation or, in the absence of such regulation, at the discretion of the Government. An escort car moving alone, or a group of cars that includes an escort car, must not be humped or cut off in motion with the engine detached. Government Shipper agrees that any riders in escort cars or buffer cars will comply with NS's safety rules and operating practices.

D. Equipment Utilization. All cars supplied by the Government Shipper for Covered Movements shall be used in the exclusive service of the Government Shipper, and NS shall route all such cars and empty casks to the location designated by the Government Shipper. Recognizing that the Government Shipper needs to maintain efficient use of such cars and empty casks, NS will exert commercially reasonable efforts in accordance with ordinary rail industry practice to prevent such cars and empty casks from being subject to unusual delays. When regular train service is supplied, NS will transport property with reasonable dispatch in accordance with the Uniform Bill of Lading. NS does not guarantee delivery within a particular time and does not guarantee rail services on any schedules, published, projected or implied.

E. Limitations. NS shall not be responsible under this Settlement Agreement for any non-rail transportation, storage, loading or unloading. NS is not required by this Settlement Agreement to develop any new facilities, such as new rail lines, sidings, or transloading facilities, except as provided in subparagraph 6.D. below.

F. Practices. The rates agreed to herein include NS's handling and routing of Covered Movements, except for those commodities in subparagraph 1.A.(4) and except as agreed by the parties for commodities in subparagraph 1.A.(2), using the procedures and practices as outlined in AAR Circular OT-55-O or its replacements for other hazardous materials, which currently provide for:

- (1) 50 MPH speed restriction
- (2) Use of siding or auxiliary track as specified for a "Key Train"
- (3) Emergency brake application response as specified for a "Key Train"
- (4) Journal wayside detector report response as specified for a "Key Train"
- (5) Wayside defective bearing detectors as specified for "Key Routes"
- (6) Main track inspection by inspection cars as specified for "Key Routes"
- (7) Meeting or passing track as specified for "Key Trains"
- (8) Exercising maximum reasonable efforts to achieve coupling of Covered Movements at speeds not to exceed 4 MPH
- (9) Covered Movements cut off in motion must be handled in not more than 2-car cuts except for movements involving an escort car, which shall be handled as described in subparagraph 4.C above. Cars cut off in motion to be directly coupled to a Covered Movement car must be handled in not more than 2-car cuts.

G. Recovery and Cleanup Procedures. NS will maintain written procedures for recovery and cleanup in the event of an accident or incident. NS will provide a copy or description of its procedures to the Government within one month of the effective date of this Settlement Agreement. NS will be entitled to rely heavily on Government technical assistance and participation in recovery and cleanup of any accident or incident. Although the Government is not obligated to commit Government employees to perform recovery and cleanup, the Government will arrange for experienced personnel to guide NS and its contractors.

H. Notice and Surveillance. NS will notify the Government Shipper noted in the shipping papers of any problems or accidents or any intention to delay a shipment for weather or other reasons affecting normal operations. NS will promptly notify the Government Shipper of the exact location at which the carrier intends to hold any shipment beyond normal operational delays. Government Shipper escorts accompanying shipments will maintain 24-hour surveillance of any parked shipment.

I. Regulations and Safety. NS will comply with all applicable regulations and requirements of the DOT, FRA, and any other governmental entity having authority to promulgate such regulations and requirements. These regulations include, but are not limited to, FRA rail safety regulations regarding track, equipment, and operating personnel (train crews). The Government will ensure that shipments handled under this Settlement Agreement are tendered in compliance with all applicable DOT, FRA, and NRC regulations. The parties agree that the Covered Movements must be transported safely. If either party becomes aware of substantial evidence not heretofore disclosed to the other party indicating that any aspect of the transportation of Covered Movements

(including, but not limited to, equipment and operating practices) creates a material risk of an accident or mechanical failure, it must notify the other party immediately. The parties will meet promptly to determine how to respond to the evidence. If the parties cannot agree on a response, the parties will resolve their disagreement using the procedure set forth in paragraph 15 of this Settlement Agreement. During the pendency of the disagreement, NS or the Government may take actions to mitigate the potential risk. The costs of taking those actions will be allocated in accordance with the resolution of the dispute.

5. RATE PROCESS.

A. Establishment. Upon request, NS shall provide rates for the Covered Movements in the form of tenders or rate quotations under 49 USC 10721 or its successor from origins (which shall be established and normally used interchange points for hazardous materials) to destinations (which shall be established and normally used interchange points for hazardous materials) specified by the Government Shipper using the methodology of Attachment No. 1 hereto, as supplemented by Attachment Nos. 2, 3, and 4 hereto, in the tender format specified by the Government. Attachment Nos. 1, 2, 3, and 4 are hereby made a part of this Settlement Agreement.

B. Future Tenders. NS recognizes that shipments may vary in terms of origin, destination, interchange point, loaded or empty cask weight, and tare weight. NS will provide a tender or rate quotation based on the information supplied within 30 days of receiving a written request from the Government Shipper containing the origin and destination of a movement on NS and applicable weights.

C. Shipment Forecast. Prior to the start of each calendar year, the Government will provide NS with a forecast of volumes to be shipped pursuant to this Settlement Agreement in the subsequent year, specifying commodity, origins and destination. During the year, the Government will provide NS with updates to the forecast.

6. RATES AND INDEMNIFICATION.

A. Basic Services. All tenders or rate quotations shall be based on the most current NS system average variable unit costs computed under URCS and the methodology set forth in Attachment No. 1, as supplemented by Attachment Nos. 2, 3, and 4 (hereinafter "Shipment Costs").

The Government agrees to limit the application of the Eastern Rate basis established by the Interstate Commerce Commission in *Trainload Rates on Radioactive Materials, East. R.*, 362 I.C.C. 756 (1980), *reopened*, 364 I.C.C. 981 (1981) (the "Eastern Case") to the former lines of those Eastern Railroads specifically listed in the Eastern Case. Since the list excludes after acquired carriers, the Eastern Rate basis will be deemed for purposes of this settlement not to apply to the NS mileage that formerly composed such after acquired lines. NS's rail lines will be divided between "Eastern" and "Non-Eastern" lines for purposes of calculating rates under this Settlement Agreement in accordance with Attachment No. 5, which is attached hereto and made a part hereof.

Rates for all Covered Movements moving over the NS Eastern lines shall not exceed 2.006 times Shipment Costs. The multiplier (2.006) identified above is the "Applicable Markup" for Covered Movements over the Eastern lines.

Rates for naval shipments with the ultimate origin or destination of Scoville, Idaho, moving over the NS Non-Eastern lines will be at a rate not exceeding 2.5 times Shipment Costs.

Rates for all other Covered Movements over the Non-Eastern lines shall not exceed 3.51 times Shipment Costs. (Naval spent fuel may be shipped from Scoville to any destination over the Non-Eastern lines at a rate not to exceed 2.5 times Shipment Costs, but reshipment beyond that destination will be subject to a rate not to exceed 3.51 times Shipment Costs). The multipliers (2.5 and 3.51) identified above are the "Applicable Markups" for each type of Covered Movement over the Non-Eastern lines.

To implement the foregoing distinctions in the computation of Shipment Costs at the relevant markups, NS shall calculate its determination of freight charges for regular train service in Attachment No. 1, lines 129(a) and 130(a), for the fraction of the shipment miles that occur on Eastern lines and the fraction of the shipment miles that occur on Non-Eastern lines, applying the respective Applicable Markups to each.

Costs will be based on actual point-to-point mileage that the Covered Movement travels on NS rail lines and shall not include mileage on lines owned or leased by connecting Class I, Class II or Class III railroads, except as provided for in subparagraph 6.A.1 below. NS intends to charge and the Government Shipper will pay charges at the maximum rate levels specified above, but NS may at any time serve notice of reduced rates to meet competition or for any other reason.

- (1) Switching Charges. The Government Shipper shall be accorded full benefit of any reciprocal and interline switching agreements in force between NS and other carriers. If a connecting carrier independently

requires NS to pay amounts for their handling of Covered Movements greater than the per mile Shipment Costs identified herein, such amount, without further markup, will be included in the total NS-provided rate, and the Government Shipper will be obligated to compensate NS for such additional amounts, without further markup. NS will use commercially reasonable efforts to notify the Government of any attempt by a reciprocal or interline switching carrier to require NS to pay such additional amounts, fees, or costs.

(2) URCS Substitute. The Settlement Agreement shall be subject to any updates, revisions or adjustments to the URCS costing methodology implemented by the STB during the Term of this Settlement Agreement. In the event that the STB or its successors cease to update the URCS costing methodology, the parties will determine the most appropriate substitute costing methodology that most closely matches the economic structure of URCS methodology or, if unable to agree on a methodology, will renegotiate this Settlement Agreement pursuant to paragraph 25 to the extent necessary to resolve this matter. If a substitute costing methodology is utilized, the ratios to Shipment Costs set forth above and all other ratios to costs in this Settlement Agreement shall be recomputed using the substitute costing methodology for purposes of the subsequent adjustment to rates and other payments. The same procedures set forth in this paragraph will apply if any substitute costing methodology adopted for use hereunder becomes unavailable.

B. Extra Services.

(1) Scope of Extra Services. The rates provided pursuant to subparagraph 6.A. of this Settlement Agreement cover only common carrier transportation services on NS lines that would be provided without extra charge for other shipments involving hazardous materials, taking into account the weights of Covered Movements and consistent with NS's obligations as a common carrier; provided, however, that NS agrees to treat all of the services identified in subparagraphs 4.C., 4.D., 4.F., 4.H., 4.I., and 10.B. as encompassed within NS's rate for Basic Services. If the Government Shipper asks NS to perform any other activity or service, other than Emergency Responses, in connection with Covered Movements that NS would not otherwise perform without extra charge in providing common carrier service for hazardous materials, such activities or services shall be considered "Extra Services." Such Extra Services shall be provided by NS as additional common carrier services or in all other respects ancillary services to NS's common carrier services. NS will offer such Extra Services, as may be required from time to time, in tenders or rate quotations published under 49 USC 10721 or its successor. Extra Services include, but are not limited to, additional costs of accommodating shipments exceeding Plate "F" dimensions. NS will not unreasonably withhold Extra Services requested by the Government Shipper; provided, however, that NS will not be obligated to provide Extra Services that would disrupt normal operations, require it to provide beyond its own line of

railroad either service or equipment (except as required for normal interchange), or require NS to perform non-transportation services, except for upgrading or rehabilitation of track or rail facilities as provided in subparagraph 6.D.

(2) Rates for Extra Services. With the exception of dedicated train service, the charge for which is set by paragraph 13 of this Settlement Agreement, NS shall be paid for Extra Services as set forth in NS Tariff NS 8002-A in effect on the date such Extra Services are provided to the extent charges for such Extra Services are contained therein. The parties understand that the charges set forth in Tariff NS 8002-A are of general application and are not established specifically for shipments under this Settlement Agreement. If Tariff NS 8002-A does not contain charges for such Extra Services that are specific to the costs of the request of the Government Shipper, NS shall be paid for Extra Services as follows:

- (a) The Government Shipper and NS will negotiate the estimated variable cost of performing the Extra Service ("Extra Expense"). NS will then establish a rate for the Extra Service as the product of the Extra Expense multiplied by the Applicable Markup as provided in subparagraph 6.A. ("Extra Service Rate"), except as otherwise provided in subparagraphs 6.B.3. through 6.B.5.

(b) To facilitate the process for determining Extra Expense, the following will apply, unless otherwise specifically agreed by the Government and NS.

(i) Extra Expense for labor, other than for train operations, associated with providing Extra Services will be calculated by application of the methodology in Attachment 3.

(ii) Extra Expense for purchased services associated with providing Extra Services will be based on the expected invoiced cost of purchased service and the estimated expected overhead costs associated with arranging and paying for the purchased service.

(iii) Extra Expense for materials associated with providing Extra Services will be the estimated delivered cost, including taxes and shipping and handling, whether provided by NS or a third party, and the estimated expected overhead costs associated with providing the materials.

(c) Upon completion of any Extra Service NS shall provide to the Government Shipper information detailing actual costs incurred in the performance of the Extra Service. The requirement to provide cost-performance information will not be used by the Government Shipper as a basis for an adjustment to the Extra Service Rate for any Extra Services already performed.

(d) In the event that the Government Shipper and NS cannot agree on the amount of compensation for Extra Services, the matter may be resolved under paragraph 15, Dispute Resolution.

(3) Fees and Permits. The Government Shipper will pay all governmental permits, fees, or charges applicable to NS's transportation of Covered Movements and, to the extent they constitute Extra Services, for any associated Extra Services. The Extra Service Rate shall be the product of NS's Extra Expense and a Markup of 1.8.

(4) Advance Requirements by Other Parties. The Government or Government Shipper will pay NS for Extra Services requested in advance of a shipment by other governmental authorities, including local, state, federal, and tribal authorities, and by persons acting for them, including Government Shippers, to the extent they impose additional costs on Covered Movements and 50 percent or more of the shipments incurring the additional costs on the NS are Covered Movements. NS will use commercially reasonable efforts to notify the Government of each such requirement to give the Government an opportunity to discuss the Extra Services with the other governmental authority or party to verify the need for the Extra Services. The Extra Service Rate shall be the product of NS's Extra Expense and a Markup of 1.8.

(5) Meetings. If the Government Shipper invites NS to meetings, exercises, hearings, or other gatherings in connection with Covered Movements, NS will notify the Government Shipper if it considers the

requested participation to be Extra Services or voluntary participation by virtue of its interest in attending. If NS considers its participation Extra Services, the Government Shipper will then determine whether it wishes NS to participate. If the Government Shipper requests NS's participation, the Extra Service Rate will be the product of the Extra Expense and a Markup of 1.8. In the event NS chooses to participate by having certain of its employees attend and the Government Shipper desires additional NS personnel to attend, the Government will compensate NS for the attendance of the additional personnel as Extra Services.

C. Emergency Responses. The Government or Government Shipper will equitably compensate NS for responding to emergencies arising out of transportation of Covered Movements, including the security emergency responses described in subparagraph 10.C., but excluding recovery and cleanup costs actually indemnified pursuant to subparagraph 6.E. The compensation will be determined considering NS's reasonable costs, including applicable overheads, and the Applicable Markup as provided in paragraph 6.A. In the event that the Government Shipper and NS cannot agree to equitable compensation, the matter will be resolved under paragraph 15.

D. Track and Facility Limitations. If NS believes that a proposed Covered Movement cannot be handled safely over the track or rail facilities on the proposed route or without damaging the track or facilities or requiring NS to upgrade or rehabilitate such track or facilities, NS will confer with the Government Shipper to identify alternatives for handling the movement. Alternatives may include, without limitation, other routes, other loading locations, special practices, speed restrictions,

changing the number or type of cars in the movement, and upgrading the track or facilities. If NS believes it will incur additional operating costs in carrying out an alternative, it will identify such costs to the Government Shipper. If the Government Shipper chooses that alternative, such additional costs will be treated as Extra Services and NS will be compensated as provided in subparagraph 6.B.2. If NS believes an alternative requires NS to upgrade or rehabilitate its track or rail facilities beyond the level necessary for its then-current use in order to handle the Covered Movement, it will identify such costs to the Government. If the Government selects that alternative, the Government will reimburse NS for the agreed upgrading and rehabilitation costs, including overhead, without any markup. In the event the parties are unable to agree on the reimbursement, the matter will be settled under paragraph 15.

E. Indemnification. Transportation of Covered Movements as defined in subparagraphs 1.A.(1) through (3) of this Settlement Agreement is contingent upon the availability of protection under the Price Anderson Act or its successor for public liability arising from the nuclear hazards associated with the Covered Movements. The applicability of this Act will be documented in each bill of lading for a Covered Movement as defined in subparagraphs 1.A(1) through (3) above. For the purposes of Price Anderson coverage, each bill of lading and not this Settlement Agreement shall constitute an indemnification agreement with NS and each such bill of lading shall be deemed to include such indemnification documentation. No markup will be paid on costs reimbursed under Price Anderson or its successor. With respect to costs that are not indemnified by Price Anderson, the Government will further pay the costs, without markup, of cleanup and recovery actions requested by a government entity beyond

those contained in the written procedure (see subparagraph 4.G.), including actions required by state, local or tribal authorities. In the event of a lapse in the Price Anderson Act or its successor, NS is not obligated to transport such Covered Movements pursuant to the terms and conditions of this Settlement Agreement unless and until the Price Anderson Act is restored or a successor is enacted. If the Price Anderson Act or any successor lapses, NS shall continue to move the commodities covered by this Settlement Agreement but only to the extent required by its common carrier obligation, in which case NS will determine the terms, including the rate, for such service, in a manner consistent with its common carrier obligation but irrespective of the terms of this Settlement Agreement.

Nothing in this Settlement Agreement shall prevent NS from contesting before the STB or any successor agency whether there is any common carrier obligation to transport the commodities covered by this Settlement Agreement.

7. UPDATES.

NS shall update Attachments No. 1, No. 2, No. 3, and No. 4 when the STB releases new URCS and make-whole factors. The updated attachments shall be effective January 1 and be released after the STB releases a new URCS and make-whole factors for the calendar year two years prior to the January 1 adjustment date. If any other data needed for the update are not available to make the calculation, the update shall be made within 30 days after the information becomes available. The updated attachments shall be used to generate tenders and rate quotations, as requested by the Government, and the updated rates shall be effective January 1, retroactively if necessary.

8. GOVERNMENT-SUPPLIED CARS.

A. Requirements. Future shipments of the Covered Movements shall be on cars supplied by the Government Shipper except for Government shipments of returned foreign research reactor fuel tendered in shipper-supplied containers and casks for movement on carrier-supplied cars. The Government Shipper will supply all escort cars and will endeavor to supply all buffer cars required for safe movement. Gross weight on rail of a loaded cask car shall not exceed 789,000 pounds, or, as currently limited by AAR Interchange Rules, 65,750 pounds per axle load for a double three axle truck arrangement and 6 ½ by 12 journal bearings provided that track conditions allow for such weight. This specified axle loading limit and corresponding truck arrangement and journal size are subject to change pursuant to changes in the AAR Interchange Rules. All cars supplied by the Government Shipper shall be designed and maintained suitable for interchange service and will comply with AAR Construction Standards at the time built and AAR Interchange Rules in effect at the time of the movement.

B. New Cars. This Settlement Agreement encompasses transportation in freight cars that are not now in service, some of which have not yet been designed or built. Safe transportation of those cars may require operating, train placement, route, or other restrictions and may not be possible in regular train service. The parties will cooperate to define safe and practical designs for those cars and safe operating practices for transportation of the cars. The car design must be in accordance with then effective AAR Interchange Rules and AAR mechanical specifications published in M-1001 or their successors.

9. MILEAGE ALLOWANCES.

The rates provided under this Settlement Agreement assume that no mileage allowance or car hire will be paid by NS for any car. If NS must pay a mileage allowance or car hire for a car provided by the Government Shipper or at the Government Shipper's request, the payments will be reimbursed by the Government Shipper including a 1.8 markup.

10. SECURITY.

A. Coordination. The Government Shipper will maintain ongoing liaison with NS's police department. NS police will provide a 24-hour security emergency contact number. NS acknowledges that shipments of spent fuel require security precautions and therefore require Government Shipper escorts and may require extra security efforts by NS. The Government Shipper will advise NS's police department via facsimile message of a shipment's particulars, including the level of the protection required for such shipment and the Government Shipper escorts accompanying the shipment, approximately one week prior to every shipment. NS's police department should share shipment information only with those other railroad personnel and with local and state law enforcement personnel with a "need-to-know" under NRC and railroad security procedures. Under NRC rules (10 CFR 73.21), information protection procedures employed by state and local police forces are deemed to meet NRC requirements for the protection of safeguards information.

B. Communication and Surveillance. NS will provide railroad radio frequencies for programming on radios supplied by the Government Shipper and carried by shipment escorts. The escorts will communicate with train crews only out of

operational necessity or in the event of an emergency. Escorts accompanying shipments will maintain 24-hour surveillance of shipments. As provided in subparagraph 4.C., NS will handle and switch the escort vehicle with the container cars so that the escorts can maintain this surveillance.

C. Security Emergency Response. In the event of a security-threatening situation, Government Shipper escorts will request through the train crew, local railroad officials, or the 24-hour security number, that NS initiate a security emergency response to the situation. NS's security emergency response will use commercially reasonable efforts on NS property to:

- (1) Ensure that the spent fuel railcars are not moved without proper authority;
- (2) Minimize any malicious activity;
- (3) Prevent any attempted theft or diversion;
- (4) Maintain the well-being of the Government Shipper escorts; and
- (5) Resume shipment movement as quickly as safe movement is possible.

11. ESCORT CARS.

Rates for escort cars or cabooses provided by the Government Shipper will be calculated in accordance with the methodology described in Attachment No. 1, as supplemented by Attachment Nos. 2, 3, and 4. The rate includes all escort vehicle movement charges and passenger fare(s) for any accompanying escort(s) or attendant(s).

12. BUFFER CARS.

Rates for buffer cars supplied by the Government Shipper will be calculated in accordance with the methodology described in Attachment No. 1, as supplemented by Attachment Nos. 2, 3, and 4.. NS may elect to add as additional buffer cars to the Covered Movement group empty cars or cars carrying dry freight meeting DOT requirements, provided such cars do not impede observation of loaded cask cars by the escorts. NS's insertion of additional buffer cars shall be at its own expense. Rates for buffer cars requested by the Government Shipper, for whatever reason, including the unavailability of Government Shipper buffer cars or the implementation of alternatives selected by the Government under subparagraph 6.D., will be calculated in accordance with the methodology described in Attachment No. 1, as supplemented by Attachment Nos. 2, 3, and 4.

13. TRAIN SERVICE.

A. Charge for Dedicated Train Service. The Covered Movements will move at regular train service rates except when the Government Shipper expressly requests, or if government regulations require, the use of special or dedicated trains. The Government agrees that, due to consist dynamics, and in the absence of mutually acceptable arrangements to separate the cask from the escort car, operation of the current fleet of DODX escort cabooses (DODX 900-905) will result in dedicated train charges. The dedicated train rate shall include the regular train rate plus a surcharge as shown in Attachment No. 1. The surcharge is the difference between 2010 URCS costs per train-mile for a dedicated train and the costs per train-mile for a shipment of six loaded cask cars (plus buffer and escort cars) in a regular train based on NS's 2010

system average train characteristics. The cost per dedicated train mile is to be revised up or down annually by multiplying it by a ratio of the latest URCS costs divided by the 2010 URCS costs as shown in Attachment No. 2.

The dedicated train surcharge over Non-Eastern lines will be governed by the computations in the attachments as described above. As for the dedicated train surcharge applicable to the Eastern lines, since the rates for dedicated train service were not prescribed in the Eastern Rate case, and since the attachments to this Settlement Agreement provide a substantially reduced dedicated train surcharge, the Government for purposes of this settlement agrees to additions to the Eastern rate basis to make the dedicated rates uniform over the NS system for shipments of equivalent weight and distance. Specifically, the Government agrees to the addition of (1) a standard dedicated train surcharge to be added to the Eastern rate basis, and in addition (2) an extra charge so that the total dedicated train rate on the Eastern lines will equal the total dedicated train freight charges on the Non-Eastern lines for the same weight and distance, as shown in Attachment No. 1 hereto.

B. Determination of Regular and Dedicated Train Service. When the Government Shipper has not requested special or dedicated trains, NS reserves the right to move the Covered Movements i) in dedicated trains at regular train rates, ii) in regular trains at the rear end of trains; or iii) in regular trains if the parties develop mutually acceptable arrangements to separate casks from escort cars. For the purposes of this Settlement Agreement, the following are specific examples of operational conditions that would not by themselves result in dedicated train charges to the Government:

- (1) Operation of freight cars with otherwise AAR-approved trucks that do not allow for wayside defective bearing detection; or
- (2) AAR adoption of a performance standard requiring movement of spent nuclear fuel in dedicated trains as envisioned by AAR draft circular C-9149 dated May 23, 2000.

C. Regular Train Service. The Government Shipper has plans to provide escort and buffer rail cars that are structurally suitable for operation at the head end of regular trains. When these cars are available for use, the parties agree to discuss mutually acceptable safety and operating arrangements to operate in regular train service on a regular basis, subject to the reservations in subparagraph 13.B. Until the Government Shipper provides suitable cars, NS may provide and charge for dedicated train service in accordance with subparagraph 13.A. If the parties are unable to reach an acceptable arrangement providing for regular train service, Paragraph 15, Dispute Resolution shall be invoked.

D. Dedicated Train Service. Where the Government Shipper requests or is charged for special or dedicated trains, such trains shall be used in the exclusive service of the Government Shipper. A dedicated train shall move on NS within a transit time agreed to between NS and the Government Shipper.

14. REPARATION CLAIMS AND RATE CHALLENGES EXTINGUISHED.

In consideration of the settlement of the issues herein, NS will not pay reparations for any shipment subject to the complaints in the cases settled by this Settlement Agreement. The rates established pursuant to this Settlement Agreement will not be subject to challenge as unreasonable or otherwise unlawful under Title 49 of

the United States Code or on any other basis, whether or not such basis for a challenge is in effect on the date of this Settlement Agreement or becomes available later. In a proceeding against other railroads to establish the unreasonableness of a through rate involving NS, the Government may challenge the entire rate. The Government shall not question the NS local or proportional rate as a factor in a through rate. The parties agree that NS will not be required to appear in rate proceedings initiated by the Government against other carriers involving Covered Movements. Nothing in this Settlement Agreement in any way prejudices the Government's right of action against any connecting carrier.

15. DISPUTE RESOLUTION.

A. Alternative Dispute Resolution. The parties recognize that methods for fair and efficient dispute resolution are essential to the successful implementation of this Settlement Agreement. To facilitate the prevention and early resolution of disputes, the parties agree to the following ADR provisions.

(1) Negotiation. The parties shall use their best efforts to informally resolve any dispute, claim, question, or disagreement (herein "Claim") by consulting and negotiating with each other in good faith, recognizing their mutual interests, and attempting to reach a just and equitable solution satisfactory to all parties.

(2) Referral to Neutral. If an agreement cannot be reached through informal negotiations, then such Claim shall be referred to a "neutral" with relevant expertise chosen by the parties. The parties will use their best efforts to select a qualified "neutral" acceptable to both parties. If they are

unable to agree, they will ask the STB to designate a qualified "neutral."

The "neutral" will consider the Claim under such procedures as he or she may establish. The neutral will serve on the parties a non-binding advisory opinion, but it will not be admissible in evidence in any subsequent proceeding. The costs of the neutral will be equally divided between NS and the Government.

B. Petition with STB. If disputes arise that cannot be resolved through the ADR process, either party may (1) file a petition with the STB or its successor or (2) pursue whatever other remedies are available at law for disputes outside the exclusive or primary jurisdiction of the STB or any successor, within 60 days of service of the neutral's opinion from the ADR process. The parties agree that they will ask the STB, its successor agency, or any other forum to resolve any petition arising under this Settlement Agreement in a manner that carries out the intent and terms of this Settlement Agreement. The STB, its successor agency, or any other forum should construe the parties' obligations in a manner consistent with NS's common carrier obligations under applicable federal law except as expressly modified herein.

16. GENERAL SERVICES ADMINISTRATION.

Nothing in this Settlement Agreement shall be deemed to alter or supersede the authority reserved for the General Services Administration.

17. FORCE MAJEURE.

In the event any party is unable to meet its obligations under this Settlement Agreement as a result of acts of God, war, insurrection, strikes, accidents, significant risk of disruption or terrorist acts, or other like causes beyond its control, the obligations

of the party affected by the force majeure condition shall be suspended for the duration of the condition; provided, however, that the affected party shall make all reasonable efforts to continue to meet its obligations for the duration of the force majeure condition; and provided, further, that the party declaring the force majeure shall promptly notify the other parties by wire, fax or e-mail of when the force majeure began, the nature of the force majeure condition, and when it has been terminated. The suspension of any obligations owing to force majeure shall not affect any rights accrued under this Settlement Agreement prior to the force majeure condition.

18. RELEASED RATES.

The lading and casks that move under this Settlement Agreement and the associated rate quotations or tenders are subject to a released valuation of 40 cents per pound.

19. SUCCESSORS AND ASSIGNS.

This Settlement Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors, assigns, agents, and contractors.

20. COOPERATION.

The parties agree to cooperate to present this Settlement Agreement to the STB for its approval within 10 days of the signing of the Settlement Agreement and to seek approval and adoption of the Settlement Agreement and dismissal of NS from the complaints with prejudice.

21. EFFECTIVE DATE.

The Settlement Agreement shall become effective upon the effective date of the approval of the agreement by the STB.

22. NOTICE.

All notices required by this Settlement Agreement to be served by any party shall be sent to the following:

To NS: Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-9241
Attention: General Counsel – Commerce
Fax No.: (757) 583-4872

To DOE: United States Department of Energy
Office of the General Counsel
1000 Independence Avenue, SW
Washington, DC 20585
Attention: Assistant General Counsel for Litigation
Fax No.: (202) 586-3274

To DOD: Commander
CODE NAVSEA 08U/ATTN:
Director of Regulatory Affairs
Naval Sea Systems Command
1240 Isaac Hull Avenue, SE Stop 8036
Washington Navy Yard, DC 20376-8036
Fax No.: (202) 781-6427

23. RELEASE.

A. STB Order. The intent of this Settlement Agreement is to extinguish all claims against NS and its predecessors under the complaints in these proceedings and to establish legally applicable rates for future Covered Movements that are not subject to challenge. This Settlement Agreement is contingent on adoption of the Settlement Agreement by the STB and issuance of an STB order extinguishing all liability of NS and its present and former subsidiaries for freight charges for Covered Movements and prescribing the rate methodology of Attachment Nos. 1, 2, 3, and 4 hereto.

B. Release. Upon becoming effective, this Settlement Agreement shall release NS and all of its predecessors, including but not limited to the former Norfolk

and Western Railway and Southern Railway, together with their subsidiaries, from any liability to the Government for all claims arising in these proceedings. The release of NS shall not operate to release any other party to these proceedings from liability, and the Government hereby fully preserves and intends to enforce its claims against all other carriers involved in these proceedings; provided, however, that the Government agrees that it will not seek to recover from any other defendant in these proceedings any portion of freight charges collected for transportation on NS or predecessor railroads released from liability for transportation over the released railroads; and provided, further, that in the event the Government recovers reparations from other rail carriers for freight charges collected for transportation on NS or predecessor railroads released from liability and those carriers in turn recover any or all of those reparations from NS, the Government will reimburse NS. Except as required by FRA and STB regulations, NS is not required to maintain documents pertaining to its transportation of Covered Movements prior to the effective date of this Settlement Agreement.

24. WAIVER.

The failure of any party to enforce any provision of this Settlement Agreement or to prosecute any default shall not be construed as a waiver of the provision nor bar prosecution of that default unless so indicated in writing.

25. RENEGOTIATION.

Recognizing that this Settlement Agreement is intended to apply for an unusually long span of time, the Government or NS may demand and obtain renegotiation of the Settlement Agreement if circumstances affecting this Settlement Agreement change in ways that render continued performance of the Settlement Agreement grossly

inequitable to either party. If after execution of the Settlement Agreement, the Price Anderson Act is modified or a successor is enacted such that protection for NS is substantially reduced, or NS's cost of obtaining such indemnification is substantially increased, NS may at its option require renegotiation of the Settlement Agreement. If the STB or its successor ceases to update URCS and the parties cannot find an appropriate substitute for URCS, the Settlement Agreement will be renegotiated to adopt a replacement for URCS. The parties agree to renegotiate in good faith. If the parties are unable to reach agreement, they agree to resolve their disagreements by applying the procedures set forth in paragraph 15 above.

26. AVAILABILITY OF APPROPRIATED FUNDS LIMITATION.

Except for public liabilities indemnified under the Price Anderson Act or its successors, the Government's liability under subparagraphs 4.G., 6.B., 6.C., 6.D., and 6.E. of this Settlement Agreement is subject to the availability of appropriated funds at the time a contingency occurs; provided, however, that NS is not required to provide any service or facility for which the Government would otherwise be responsible under this Settlement Agreement but for which it is unable or unwilling to pay; and provided, further, that if transportation of a Covered Movement cannot occur legally or safely without such service or facility, NS shall not be required to provide such transportation until arrangements have been made for payment. Nothing in the Settlement Agreement shall be construed as implying the Congress will, at a later date, appropriate funds sufficient to meet deficiencies.

27. CAPTIONS.

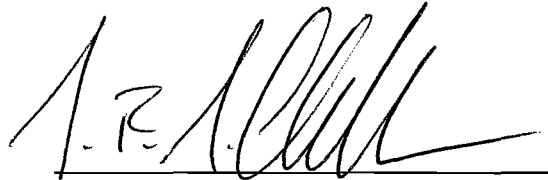
All paragraph headings herein are inserted for convenience only and shall not affect any construction or interpretation of this Settlement Agreement.

28. INTEGRATION.

Except as provided in subparagraph 3.A., all prior understandings and agreements between the parties hereto are merged in this Settlement Agreement, which alone fully and completely expresses the parties' intent and understanding.

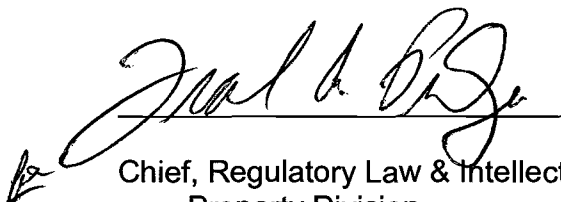
Executed this 6th day of September, 2016.

 Assistant
General Counsel
for Litigation



 General Counsel
U.S. Department of Energy

Vice President Industrial Products
Norfolk Southern Railway Company

 Counsel, Naval Reactors
Chief, Regulatory Law & Intellectual
Property Division
U.S. Army Legal Services Agency
Counsel for
U.S. Department of Defense

Attachment 1

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1			Methodology for Determining Shipment Costs for Basic Services - NS																	
2		Line	Description	Source/Calculation	Value															
3																				
4			Determination of Parameters of Specific Covered Movement																	
5		101a	Gross Weight on Rail - Car # 1	Covered Movement-specific parameter	-															
6		101a	Gross Weight on Rail - Car # 2	Covered Movement-specific parameter	-															
7		101a	Gross Weight on Rail - Car # 3	Covered Movement-specific parameter	-															
8		101a	Gross Weight on Rail - Car # 4	Covered Movement-specific parameter	-															
9		101a	Gross Weight on Rail - Car # 5	Covered Movement-specific parameter	-															
10		101a	Gross Weight on Rail - Car # 6	Covered Movement-specific parameter	-															
11		101a	Gross Weight on Rail - Car # 7	Covered Movement-specific parameter	-															
12		101b	Gross Weight on Rail - Car # 8	Covered Movement-specific parameter	-															
13		101c	Gross Weight on Rail - Car # 9	Covered Movement-specific parameter	-															
14		101d	Gross Weight on Rail - Car # 10	Covered Movement-specific parameter	-															
15			etc.		-															
16		101	Shipment Total Gross Weight on Rail	Sum Ls. 101a - 101d	-															
17		102	Cars handled	Covered Movement-specific parameter	-															
18		103	Number of Originations/Terminations	Covered Movement-specific parameter	-															
19		104	Number of Interchanges	Covered Movement-specific parameter	-															
20		105a1	Shipment miles	Covered Movement-specific parameter	-															
21		105a2	Shipment miles Eastern		-															
22		105a3	Shipment miles "non-eastern"		-															
23		105b	Dedicated train miles	Covered Movement-specific parameter	-															
24					-															
25			Latest System-Average Factors																	
26		106a	Switch minutes per car - terminal	Attachment No. 2 - Line 112	17.16															
27		106b	Switch minutes per car - interchange	Attachment No. 2 - Line 113	6.96															
28		106c	Switch minutes per mile - intermediate	Attachment No. 2 - Line 114	0.52															
29		107	Trailing weight - regular train	Attachment No. 2 - Line 104	4,581															
30		108	Average locomotives - regular train	Attachment No. 2 - Line 105	2.28															
31																				
32			Factors for Specific Covered Movement																	
33		109	Shipment Gross Ton Miles	L 101 x L 105a	-															
34		110	Shipment Train Miles	(L 101/L 107) x L 105a	-															
35		111	Shipment Locomotive Unit Miles	(L 101/L 107) x L 105a x L 108	-															
36		112	Shipment Cars Originated or Terminated	L 102 x L 109	-															
37		113a	Shipment Switch Engine Minutes - dedicated Train	L 102 x ((L 103xL 106a) + (L 104xL 106b) + ((L 105a-L 105b)xL 106c))	-															
38		113b	Shipment Switch Engine Minutes - Regular Train	L 102x(L 103xL 106a+L 104xL 106b+((L 105a1 x L 108c))	-															
39					-															
40			Latest Unit Cost Factors																	
41		114	Cost per Gross Ton Mile	Attachment No. 2 - Line 106	\$ 0.00797															
42		115	Cost per Train Mile	Attachment No. 2 - Line 107	\$ 10.74645															
43		116	Cost per Locomotive Unit Mile	Attachment No. 2 - Line 108	\$ 9.16399															
44		117	Cost per car handled	Attachment No. 2 - Line 109	\$ 0.85394															
45		118	Cost per car originated or terminated	Attachment No. 2 - Line 110	\$ 4.12125															
46		119	Cost per switch engine minute	Attachment No. 2 - Line 111	\$ 6.40290															
47		120	Cost per Dedicated Train Mile	Attachment No. 2 - Line 118	\$ 7.28920															
48																				
49			Cost for Specific Covered Movement																	
50		121	Gross Ton Mile Cost	L 109 x L 114	\$ -															
51		122	Train Mile Cost	L 110 x L 115	\$ -															
52		123	Locomotive Unit Mile Cost	L 111 x L 116	\$ -															
53		124	Cars Handled Cost	L 102 x L 117	\$ -															
54		125	Cars Originated or Terminated Cost	L 112 x L 118	\$ -															
55		126a	Switch Engine Minute Cost - reg Train	L 113b x L 119	\$ -															
56		126b	Switch Engine Minute Cost - dedicated train	L 113a x L 119	\$ -															
57		127	Dedicated Train Mile Cost	L 105b x L 120	\$ -															
58		128a	Total Shipment Cost - reg Train	Sum Ls. 121 through 126a	\$ -															
59		128b	Total Shipment Cost - dedicated train	Sum L 121 through L 125 + L 126b + L 127	\$ -															
60					\$ -															
61			Determination of Freight Charge																	
62		128a	Freight Charge - Category A Reg Train	(((L 128a x L 105a2/L 105a1) x 2.006)+((L 128a x L 105a3/L 105a1) x 2.50))	#DIV/0!	<<< navy														
63		128b	Freight Charge - Category A Dedicated Train	L 128 x 250%	\$ -	<<< navy														
64																				
65		130a	Freight Charge - Category B Reg train	(((L 128a x L 105a2/L 105a1) x 2.006)+((L 128a x L 105a3/L 105a1) x 3.51))	#DIV/0!	<<< non-navy														
66		130a	Freight Charge - Category B Dedicated train	L 128 x 351%	\$ -	<<< non-navy														
67																				
68		131a	Freight Charge - Category C REG Train	L 128 x 180%	\$ -	<<< positioning costs														
69		131a	Freight Charge - Category C Dedicated train	L 128 x 180%	\$ -	<<< positioning costs														

Blue Boxes are final costs for shipment
Inputs Specific to current prospective movement
Calculated Field

<---- key the number of cars in the consist
----- If local --key 2, if received key 1, if forwarded key 1, if ovhd key 0
----- If local --key 0, if received key 1, if forwarded key 1, if ovhd key 2

----- Former NWCR miles
----- Former SOU miles

	C	D
2	Notes and Explanations	
3		
4		
5	Freight Charge - Category A applies only to U. S. Navy Covered Movements to or from _____ except for those	
6	movements of buffer cars or escort cars described in Category C below.	
7		
8	Freight Charge - Category B applies to all other Covered Movements except for those movements of buffer cars or	
9	escort cars described in Category C below.	
10		
11	Freight Charge - Category C applies to buffer and/or escort cars moving alone when immediately preceded by a	
12	Category A or Category B move.	
13		
14	Covered Movement-specific parameter as a source refers to operating parameters or other items specific to the	
15	shipment being rated. The values shown in lines 101a through 105b, 121 through 127, and 129 through 131 of this	
16	attachment are for illustrative purposes only.	

Attachment 2

1/ STB private car factor to be used is dependent on whether the shipment is a single car or multiple car shipment

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	Page 2 of 2	P
1	Determination of Cost Per Dedicated Train Mile - NS															
2																
3				Latest Year =	2014											
4																
5		Line	Description	Source/Calculation	Value											
6																
7			Dedicated Train Surcharge Per Mile - 2010 Base													
8		115	Dedicated Train surcharge per mile (2010 base)	2010-based surcharge	7.2892											
9																
10			2010 URCS Unit Costs Used to Develop Dedicated Train Surcharge Per Mile - 2010 Base													
11		116a	Cost per train mile - other than crew - OE	E1L103C1 - 2010	0.77762											
12		116b	Cost per train mile - other than crew - DL	E1L103C2 - 2010	0.00218											
13		116c	Cost per train mile - other than crew - ROI	E1L103C3 - 2010	0.00327											
14		116d	Cost per train mile - crew	E1L104C1 - 2010	9.83255											
15		116e	Cost per locomotive unit mile - OE	E1L105C1 - 2010	5.06205											
16		116f	Cost per locomotive unit mile - DL	E1L105C2 - 2010	0.46431											
17		116g	Cost per locomotive unit mile - ROI	E1L105C3 - 2010	0.98796											
18		116	Cost per mile - Total	Sum L.116a through L.116g	17.10992											
19																
20			Latest URCS Unit Costs		2014											
21		117a	Cost per train mile - other than crew - OE	E1L103C1- Current Year	0.691											
22		117b	Cost per train mile - other than crew - DL	E1L103C2 - Current Year	0.001											
23		117c	Cost per train mile - other than crew - ROI	E1L103C3- Current Year	0.002											
24		117d	Cost per train mile - crew	E1L104C1 - Current Year	10.051											
25		117e	Cost per locomotive unit mile - OE	E1L105C1 - Current Year	6.638											
26		117f	Cost per locomotive unit mile - DL	E1L105C2 - Current Year	0.445											
27		117g	Cost per locomotive unit mile - ROI	E1L105C3 - Current Year	1.081											
28		117	Cost per mile - Total	Sum L.117a through L.117g	18.909											
29																
30			Determination of Cost Per Dedicated Train Mile - Reflecting Latest URCS Unit Costs													
31		118	Cost per Dedicated Train Mile	L. 115 x L. 117 / L. 116	8.0558											
32																
33																
34																
35																
36			Notes and Explanations													
37																
38			URCS (except for Lines 115 and 116) and STB make-whole factors as updated annually by the STB.													
39			Values in Line 116a through 116g and resulting total will not be updated since they were													
40			used in the development of the 2010-based surcharge identified in Line 115.													
41																
42			R-1 values to be updated annually based on NS's R-1 report underlying STB's URCS.													
43																
44			Updated factors will be used effective the first of the year following release (e.g. 2005 URCS, 2005 R-1 and													
45			2005 make-whole factors would have been used for rates effective January 1, 2007).													
46																
47			The Latest Year values shown are for illustrative purposes and will be updated annually.													

This data feeds from other worksheet sources.
Does not require updating
Dedicated Train Base
Dedicated Train Current

Attachment 3

	A	B	C	D	E	F	G	H	I	J
1			Methodology For Determining Labor Charges for Extra Services - NS							
2										
3				Latest Year =				Hours required:		Total Amount
4		1	Maintenance of Way & Structures							
5		1a	Fringe Benefits - Running	R-1, Sch 410, L. 112, C. (f)	\$ 117,560					
6		1b	Fringe Benefits - Switching	R-1, Sch 410, L. 113, C. (f)	\$ 4,028					
7		1c	Fringe Benefits - Other	R-1, Sch 410, L. 114, C. (f)	\$ 11,381					
8		1d	Fringe Benefits - Total	L1a + L1b + L1c	\$132,969					
9		1e	Salary & Wages	R-1, Sch 410, L. 151, C. (b)	\$ 217,686					
10		1f	Fringe Benefit additive	L1d / L1e	61.1%					
11		1g	Straight Time Hours	Wage Form A, 300(4)	242,090					
12		1h	Overtime Hours	Wage Form A, 300(5)	1,937,702					
13		1i	Total Hours worked	L1g + L1h	13,179,732					
14		1j	Total Compensation (000)	Wage Form A, 300(11)	\$ 455,017					
15		1k	Comp. per hour incl fringe benefits	(L1j*1000/L1i)*(1+L1f)	\$55.62			0		\$0.00
16										
17		2	Maintenance of Equipment							
18		2a	Fringe Benefits - Locomotive	R-1, Sch 410, L. 205, C. (f)	\$ 46,222					
19		2b	Fringe Benefits - Freight Car	R-1, Sch 410, L. 224, C. (f)	\$ 23,866					
20		2c	Fringe Benefits - Other	R-1, Sch 410, L. 309, C. (f)	\$ 3,116					
21		2d	Fringe Benefits - Total	L2a + L2b + L2c	\$73,204					
22		2e	Salary & Wages	R-1, Sch 410, L. 324, C. (b)	\$ 189,137					
23		2f	Fringe Benefit additive	L2d / L2e	38.7%					
24		2g	Straight Time Hours	Wage Form A, 400(4)	813,846					
25		2h	Overtime Hours	Wage Form A, 400(5)	888,592					
26		2i	Total Hours worked	L2g + L2h	12,187,438					
27		2j	Total Compensation (000)	Wage Form A, 400(11)	\$ 403,878					
28		2k	Comp. per hour incl fringe benefits	(L2j*1000/L2i)*(1+L2f)	\$45.96			0		\$0.00
29										
30		3	Transportation							
31		3a	Fringe Benefits - Admin Support	R-1, Sch 410, L. 522, C. (f)	\$ 12,354					
32		3b	Salary & Wages - Admin Support	R-1, Sch 410, L. 527, C. (b)	\$ 19,635					
33		3c	Fringe Benefit additive	L3a / L3b	62.9%					
34		3d	Straight Time Hours	Wage Form A, 500(4)	2,444,249					
35		3e	Overtime Hours	Wage Form A, 500(5)	138,177					
36		3f	Total Hours worked	L3d + L3e	2,582,426					
37		3g	Total Compensation (000)	Wage Form A, 500(11)	\$ 105,440					
38		3h	Comp. per hour incl fringe benefits	(L3g*1000/L3f)*(1+L3c)	\$66.51			0		\$0.00
39										
40		4	Executive & Professional							
41		4a	Fringe Benefits	R-1, Sch 410, L. 611, C. (f)	\$ 3,448					
42		4b	Salary & Wages	R-1, Sch 410, L. 619, C. (b)	\$ 6,487					
43		4c	Fringe Benefit additive	L4a / L4b	53.2%					
44		4d	Straight Time Hours	Wage Form A, 100(4)	3,907,632					
45		4e	Straight Time Hours	Wage Form A, 200(4)	4,955,803					
46		4f	Overtime Hours	Wage Form A, 200(5)	38,711					
47		4g	Total Hours worked	L4d + L4e + L4f	8,903,146					
48		4h	Total Compensation (000)	Wage Form A, 100(11)	\$ 241,189					
49		4i	Total Compensation (000)	Wage Form A, 200(11)	\$ 192,151					
50		4j	Total Compensation (000)	L4h + L4i	\$433,341					
51		4k	Comp. per hour incl fringe benefits	(L4j*1000/L4g)*(1+L4c)	\$74.57			0		\$0.00
52										
53										
54		Note:	2014 R-1 and Wage Form A values are provided for illustrative purposes. R-1 and				Total all special services:-->			
55			Wage Form A values utilized in Attachment 3 should be for the same year as							
56			the URCS and make-whole values contained in Attachments 1 and 2. Updating							
57			of the R-1 and Wage Form A values should be consistent with URCS updating							
58			procedures.							

Attachment 4

[illegible]

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	Attachment No. 6	R
1																	
2			DEDICATED TRAIN - NS													Page 2 of 6	
3			(M-140 CASK)														
4																	
5	Line	Description	Source or Calculation	Value	Local	Interline											
6																	
7	1	Tare	Input - Line 1c	248.0													
8	2	Lading	Input - Line 4a	12.5													
9	3	Loaded Tons	L1 + L2		257.5	257.5											
10	4	Empty Tons	L1		248.0	248.0											
11	5	Trailing weight - regular train	Input - Line 8	4,085.2													
12	6	Average locomotives - regular train	Input - Line 9	2.223													
13	7	Percent of regular train - loaded	L3 + L5		0.063	0.063											
14	8	Percent of regular train - empty	L4 + L5		0.060	0.060											
15	9	Number of originations/terminations	logic		2												
16	10	Number of interchanges	logic			2											
17	11	Cars handled	Logic	6													
18	12	Switch minutes per car - terminal	Input - Line 10	18.8													
19	13	Switch minutes per car - interchange	Input - Line 11	4.3													
20	14	Switch minutes per car - intermediate	Input - Line 12	2.7													
21	15	Distance between intermediate switches	E2L11BC23	200													
22																	
23	50	Cost per gross ton mile	E1L101C1,2,3	0.00736													
24	51	Cost per train mile - other than crew	E1L103C1,2,3	0.78305													
25	52	Cost per train mile - crew	E1L104C1	0.83285													
26	53	Cost per locomotive unit mile	E1L105C1,2,3	0.44433													
27	54	Cost per car handled	E1L106C1,2,3	0.44300													
28	55	Cost per car originated or terminated	E1L109C1 plus make-whole	4.38350													
29	56	Cost per switch engine minute	E1L111C1,2,3	4.80810													
30																	
31	101	Cost per mile - load (gtm)	L3 x L50		1.8848	1.8850											
32	102	Cost per mile - load (tm-o/t crew)	L7 x L51		0.0483	0.0483											
33	103	Cost per mile - load (tm-crew)	L7 x L52		0.8185	0.8185											
34	104	Cost per mile - load (lum)	L6 x L7 x L53		0.8085	0.8098											
35	105	Cost per mile - load (switching)	L14 x L56 + L15		0.0861	0.0861											
36	106	Cost per mile - load (total)	Sum Lines 101 through 105		3.6384	3.6394											
37																	
38	107	Cost per mile - empty (gtm)	L4 x L50		1.8030	1.8030											
39	108	Cost per mile - empty (tm-o/t crew)	L8 x L51		0.0470	0.0470											
40	109	Cost per mile - empty (tm-crew)	L8 x L52		0.8900	0.8900											
41	110	Cost per mile - empty (lum)	L6 x L8 x L53		0.8862	0.8862											
42	111	Cost per mile - empty (switching)	L14 x L56 + L15		0.0861	0.0861											
43	112	Cost per mile - empty (total)	Sum Lines 107 through 111		3.3723	3.3723											
44																	
45	113	Cost per cask - cars handled	L11 x L54		2.66	2.66											
46	114	Cost per cask - cars originated/terminated	L9 x L55		8.79												
47	115	Cost per cask - switching (terminal)	L9 x L12 x L56		161.97												
48	116	Cost per cask - switching (interchange)	L10 x L13 x L56			41.31											
49	117	Total cost per cask	Sum Lines 113 through 116		173.42	43.97											

This data feeds from other worksheet sources.

Does not require updating

Dedicated Train Base

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1			DEDICATED TRAIN - NS															
2			(BUFFER)															
3																		
4																		
5	Line	Description	Source or Calculation	Value	Local	Interline												
6																		
7	1	Tare	Input - Line 2	30.0														
8	2	Lading	Not applicable															
9	3	Loaded Tons	L1 + L2		30.0	30.0												
10	4	Empty Tons	L1		30.0	30.0												
11	5	Trailing weight - regular train	Input - Line 8	4,065.2														
12	6	Average locomotives - regular train	Input - Line 9	2.223														
13	7	Percent of regular train - loaded	L3 ÷ L5		0.007	0.007												
14	8	Percent of regular train - empty	L4 ÷ L5		0.007	0.007												
15	9	Number of originations/terminations	logic		2													
16	10	Number of interchanges	logic			2												
17	11	Cars handled	Logic	1														
18	12	Switch minutes per car - terminal	Input - Line 10	16.8														
19	13	Switch minutes per car - interchange	Input - Line 11	4.3														
20	14	Switch minutes per car - intermediate	Input - Line 12	2.7														
21	15	Distance between intermediate switches	E2L118C23	200														
22																		
23	50	Cost per gross ton mile	E1L101C1,2,3	0.00738														
24	51	Cost per train mile - other than crew	E1L103C1,2,3	0.78305														
25	52	Cost per train mile - crew	E1L104C1	0.83255														
26	53	Cost per locomotive unit mile	E1L105C1,2,3	0.48433														
27	54	Cost per car handled	E1L106C1,2,3	0.44306														
28	55	Cost per car originated or terminated	E1L109C1 plus make-whole	4.39859														
29	56	Cost per switch engine minute	E1L111C1,2,3	4.80810														
30																		
31	101	Cost per mile - (gtm)	L3 x L50		0.2208	0.2208												
32	102	Cost per mile - (tm-o/t crew)	L7 x L51		0.0055	0.0055												
33	103	Cost per mile - (tm-crew)	L7xL52		0.0058	0.0058												
34	104	Cost per mile - (lum)	L6 x L7 x L53		0.1011	0.1011												
35	105	Cost per mile - (switching)	L14 x L56 ÷ L15		0.0649	0.0649												
36	106	Cost per mile - (total)	Sum Lines 101 through 106		0.4611	0.4611												
37																		
38	107	Cost per mile - (gtm)	L4 x L50		0.2208	0.2208												
39	108	Cost per mile - (tm-o/t crew)	L8 x L51		0.0055	0.0055												
40	109	Cost per mile - (tm-crew)	L8 x L52		0.0058	0.0058												
41	110	Cost per mile - (lum)	L6 x L8 x L53		0.1011	0.1011												
42	111	Cost per mile - (switching)	L14 x L56 ÷ L15		0.0649	0.0649												
43	112	Cost per mile - (total)	Sum Lines 107 through 111		0.4611	0.4611												
44																		
45	113	Cost per cask - cars handled	L11 x L54		0.44	0.44												
46	114	Cost per cask - cars originated/terminated	L9 x L55		0.79													
47	115	Cost per cask - switching (terminal)	L9 x L12 x L56		101.87													
48	116	Cost per cask - switching (Interchange)	L10 x L13 x L56			41.31												
49	117	Total cost per cask	Sum Lines 113 through 116		171.20	41.75												

This data feeds from other worksheet sources.
Does not require updating
Dedicated Train Base

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1			DEDICATED TRAIN - NS															
2			(ESCORT)															
3																		
4																		
5	Line	Description	Source or Calculation	Value	Local	Interline												
6																		
7	1	Tare	Input - Line 3	28.0														
8	2	Lading	Not applicable															
9	3	Loaded Tons	L1 + L2		28.0	28.0												
10	4	Empty Tons	L1		28.0	28.0												
11	5	Trailing weight - regular train	Input - Line 8	4,065.2														
12	6	Average locomotives - regular train	Input - Line 9	2.223														
13	7	Percent of regular train - loaded	L3 + L5		0.007	0.007												
14	8	Percent of regular train - empty	L4 + L5		0.007	0.007												
15	9	Number of originations/terminations	Logic		2													
16	10	Number of interchanges	Logic			2												
17	11	Cars handled	Logic	1														
18	12	Switch minutes per car - terminal	Input - Line 10	16.8														
19	13	Switch minutes per car - interchange	Input - Line 11	4.3														
20	14	Switch minutes per car - intermediate	Input - Line 12	2.7														
21	15	Distance between intermediate switches	E2L118C23	200														
22																		
23	50	Cost per gross ton mile	E1L101C1,2,3	0.09736														
24	51	Cost per train mile - other than crew	E1L103C1,2,3	0.78305														
25	52	Cost per train mile - crew	E1L104C1	0.83258														
26	53	Cost per locomotive unit mile	E1L105C1,2,3	0.49433														
27	54	Cost per car handled	E1L106C1,2,3	0.44390														
28	55	Cost per car originated or terminated	E1L109C1 plus make-whole	4.39359														
29	56	Cost per switch engine minute	E1L111C1,2,3	4.80810														
30																		
31	101	Cost per mile - (gtm)	L3 x L50		0.2061	0.2061												
32	102	Cost per mile - (tm-oft crew)	L7 x L51		0.0055	0.0055												
33	103	Cost per mile - (tm-crew)	L7 x L52		0.0688	0.0688												
34	104	Cost per mile - (lum)	L6 x L7 x L53		0.1011	0.1011												
35	105	Cost per mile - (switching)	L14 x L56 + L15		0.0649	0.0649												
36	106	Cost per mile - (total)	Sum Lines 101 through 105		0.4464	0.4464												
37																		
38	107	Cost per mile - (gtm)	L4 x L50		0.2061	0.2061												
39	108	Cost per mile - (tm-oft crew)	L8 x L51		0.0055	0.0055												
40	109	Cost per mile - (tm-crew)	L8 x L52		0.0688	0.0688												
41	110	Cost per mile - (lum)	L6 x L8 x L53		0.1011	0.1011												
42	111	Cost per mile - (switching)	L14 x L56 + L15		0.0649	0.0649												
43	112	Cost per mile - (total)	Sum Lines 107 through 111		0.4464	0.4464												
44																		
45	113	Cost per cask - cars handled	L11 x L54		0.44	0.44												
46	114	Cost per cask - cars originated/terminated	L9 x L55		8.79													
47	115	Cost per cask - switching (terminal)	L9 x L12 x L56		161.97													
48	116	Cost per cask - switching (interchange)	L10 x L13 x L56			41.31												
49	117	Total cost per cask	Sum Lines 113 through 116		171.20	41.75												

This data feeds from other worksheet sources.
Does not require updating
Dedicated Train Base

	A	B	C	D	E	F
1						CONFIDENTIAL
2						Attachment No. 4
3						Page 5 of 6
4			DEDICATED TRAIN - NS			
5			(INPUTS)			
6						
7					2010	
8		Line	Description	Source/Calculation	Values	
9						
10						
11		1a	Flatcar tare (M-140)	Given	70.0	
12		1b	Cask tare (M-140)	Given	175.0	
13		1c	M-140 Tare (cask car)	L1a + L1b	245.00	
14		1d	Flatcar tare (M-160)	Given	89.0	
15		1e	Cask tare (M-160)	Given	127.7	
16		1f	M-160 Tare (cask car)	L1d + L1e	216.74	
17		2	Buffer tare	Given	30.0	
18		3	Escort tare	Given	28.0	
19		4a	Lading (M-140)	Given	12.5	
20		4b	Lading (M-160)	Given	18.5	
21						
22		5a	Train miles - local (way)	R-1, Sch. 755, Line 3, Col. (b)	12,288,432	
23		5b	Train miles - manifest (through)	R-1, Sch. 755, Line 4, Col. (b)	48,797,632	
24		5c	Train miles - regular trains	L5a + L5b	61,086,064	
25		6a	Locomotive unit miles -local (way)	R-1, Sch. 755, Line 9, Col. (b)	21,279,032	
26		6b	Locomotive unit miles -manifest (through)	R-1, Sch. 755, Line 10, Col. (b)	114,544,952	
27		6c	Locomotive unit miles - regular trains	L6a + L6b	135,823,984	
28		7a	Gross ton miles - local (way)	R-1, Sch. 755, Line 100, Col. (b)	25,124,109	
29		7b	Gross ton miles - manifest (through)	R-1, Sch. 755, Line 101, Col. (b)	223,205,079	
30		7c	Gross ton miles - regular trains	L7a + L7b	248,329,188	
31		8	Trailing weight - regular train	L7c + L5c	4,065	
32		9	Average locomotives - regular train	L8c + L5c	2.22	
33						
34		10	URCS switch minutes per car - terminal	a/ Line a1e	16.844	
35		11	URCS switch minutes per car - interchange	a/ Line a3e	4.296	
36		12	URCS switch minutes per car - intermediate	a/ Line a4f	2.749	
37		13	Distance between intermediate switches	E2L118C23	200.000	
38						
39		50	Cost per gross ton mile - OE	E1L101C1	0.003	
40		51	Cost per gross ton mile - DL	E1L101C2	0.002	
41		52	Cost per gross ton mile - ROI	E1L101C3	0.003	
42		53	Cost per gross ton mile - Total		0.007	
43		54	Cost per train mile - other than crew - OE	E1L103C1	0.778	
44		55	Cost per train mile - other than crew - DL	E1L103C2	0.002	
45		56	Cost per train mile - other than crew - ROI	E1L103C3	0.003	
46		57	Cost per train mile - other than crew - Total		0.783	
47		58	Cost per train mile - crew	E1L104C1	9.833	
48		59	Cost per locomotive unit mile - OE	E1L105C1	5.062	
49		60	Cost per locomotive unit mile - DL	E1L105C2	0.464	
50		61	Cost per locomotive unit mile - ROI	E1L105C3	0.968	
51		62	Cost per locomotive unit mile - Total		6.494	
52		63	Cost per car handled - OE	E1L106C1	0.443	
53		64	Cost per car handled - DL	E1L106C2	-	
54		65	Cost per car handled - ROI	E1L106C3	-	
55		66	Cost per car handled - Total		0.443	
56						

DEDICATED TRAIN - NS
(INPUTS)

This data feeds from other worksheet sources.
Does not require updating

Dedicated Train Base

Line	Description	Source/Calculation	2010 Value
67	Cost per car originated or terminated	E1L109C1	3.308
68	Make-whole adjustment	a/ Line a2a	1.086
69	Cost per car originated or terminated	L28a + L28b	4.394
70	Cost per switch engine minute - OE	E1L111C1	3.494
71	Cost per switch engine minute - DL	E1L111C2	0.221
72	Cost per switch engine minute ROI	E1L111C3	1.093
73	Cost per switch engine minute - Total		4.808

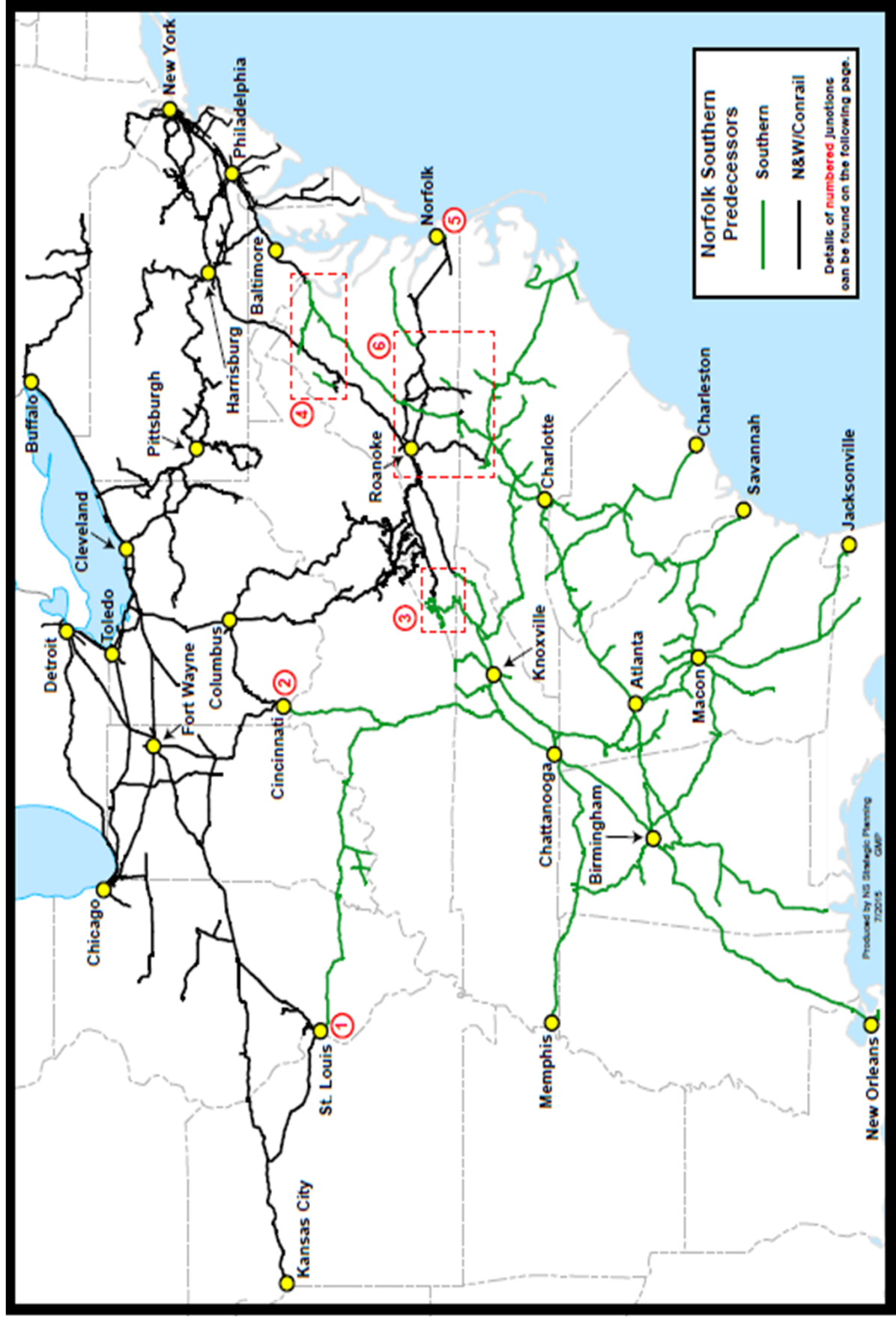
a/ Incorporation of STB "Make-Whole" Adjustments

a1a	Add-on per industry switch event	E2p3L301C2	45.798
a1b	Cost per switch engine minute	E1L111C1,2,3	4.808
a1c	Additional minutes	La1a + La1b	9.525
a1d	Average switch minutes - terminal	E2L118C25	7.319
a1e	Revised switch minutes - terminal	La1c + La1d	16.844
a2a	Add-on per car originated or terminated	E2p3L302C2	1.086
a3a	Add-on per car interchanged	E2p3L303C2	1.301
a3b	Cost per switch engine minute	E1L111C1,2,3	4.808
a3c	Additional minutes		0.271
a3d	Average switch minutes - interchange	E2L118C26	4.025
a3e	Revised switch minutes - interchange	La3c + La3d	4.296
a4a	Add-on per thousand car miles	E2p3L304C2+E2p3L305C2	22.100
a4b	Add-on per two hundred car miles	La4a + 5	4.420
a4c	Cost per switch engine minute	E1L111C1,2,3	4.808
a4d	Additional minutes	La4b + La4c	0.919
a4e	Average switch minutes - intermediate	E2L118C29	1.830
a4f	Average switch minutes - intermediate	La4d + La4e	2.749

E2p3L304C2 + E2p3L305C2
22.9902431 -0.88986

1/ Should reflect make-whole adjustment applicable to multiple car shipments in private cars

Attachment 5



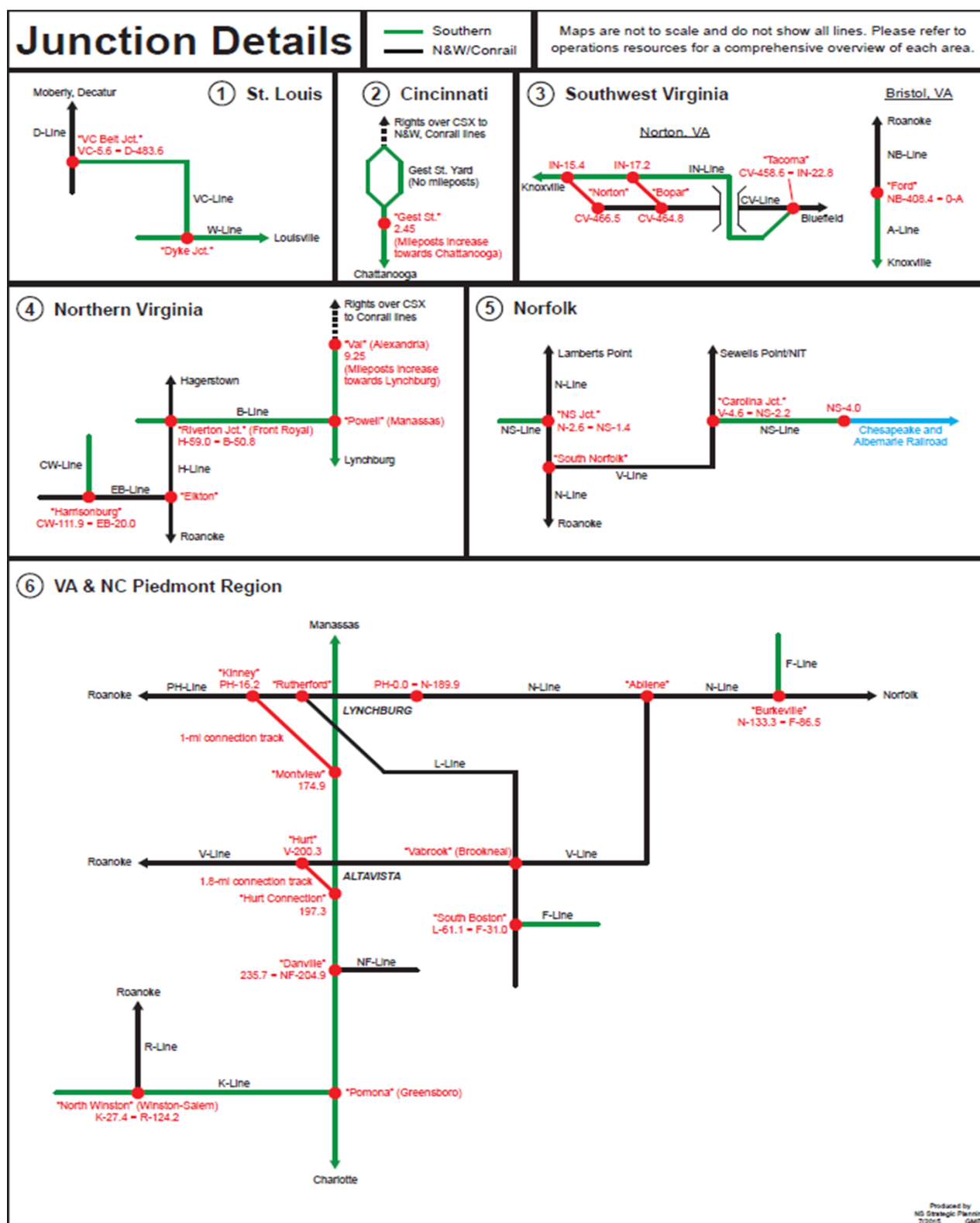


EXHIBIT B

PROPOSED ULTIMATE FINDINGS AND ORDER

	)	
U.S. Department of Energy	)	
and	)	
U.S. Department of Defense	)	
	)	
v.	)	Docket No. 38302S
	)	
Baltimore & Ohio Railroad Company, et. al.	)	
	)	
	)	
U.S. Department of Energy	)	
and	)	
U.S. Department of Defense	)	
	)	
v.	)	Docket No. 38376S
	)	
Aberdeen & Rockfish Railroad Company, et. al	)	
	)	

ULTIMATE FINDINGS

The Board finds that a future rate charged or collected under a § 10721 rate quotation by Norfolk Southern Railway Company (“NS”) for transportation services for the commodities covered by the Settlement Agreement that is higher than those agreed to in the Settlement Agreement will violate 49 U.S.C. §§ 10702, 10707. The Board finds that the agreed rate methodology of the Settlement Agreement will result in a reasonable maximum level of rates for the transportation services covered by the Settlement Agreement.

1. Under 49 U.S.C. § 10704, the above described Settlement Agreement is approved.
2. The Board prescribes the rate methodology set forth in the Settlement Agreement.

3. NS is dismissed as a party to these proceedings, and NS will not be required to participate as a party in these or any related proceedings involving claims against connecting carriers, except in response to a properly issued subpoena under the Board's rules.
4. NS's liability for reparations on shipments addressed in these proceedings, including NS's liability to connecting carriers for contribution is extinguished.
5. This decision is effective on _____.
6. Notice will be published in the Federal Register simultaneously with the issuance of this decision.

By the Board. Dated: _____.

EXHIBIT C

PROPOSED NOTICE

PROPOSED NOTICE

SERVICE DATE - _____, 2016

FR-

DEPARTMENT OF TRANSPORTATION
Surface Transportation Board

[STB Docket No. 38302S, 38376S]

U.S. Department of Energy and U.S. Department of Defense v. Baltimore & Ohio Railroad Company, et al.

On _____, the U.S. Department of Energy and the U.S. Department of Defense (“Government”) filed a joint motion with Norfolk Southern Railway Company (“NS”), asking the Board to approve a Settlement Agreement relating to the above docketed proceedings. A copy of the Settlement Agreement is attached hereto and is being published herein for comment of interested persons. Norfolk Southern concedes market dominance over all commodities and shipments covered by the Agreement for purposes of the joint motion.

The parties to the Settlement Agreement note that these dockets are the last of the complaint proceedings that were filed in numerous dockets with the Interstate Commerce Commission, this Board’s predecessor agency, pursuant to the Staggers Rail Act of 1980. The present docketed complaint named all the major railroads operating throughout the nation. The proposed Settlement Agreement covers the rates and service of NS.

Previously, the Board approved separate similar settlements with Union Pacific Railroad (“UP”) on July 27, 2005 and BNSF Railway Company (“BNSF”) on August 26, 2013. The settlement agreements with UP and BNSF successfully resolved all rate-setting, shipping and service determinations between those carriers and the Government, and the agreements have governed those parties’ relationship with respect to the shipment of spent fuel since the dates they took effect, without substantial issue. Those settlements have served as a model to the Government for the current Settlement Agreement with NS.

The current Settlement Agreement is substantially similar to the Government’s agreements with UP and BNSF. Some improvements in that document have been made including streamlining unnecessarily redundant clauses and sample forms, clarifying or elaborating on definitions and accepted practices, revising clauses to reference an updated Uniform Rail Costing System and making explicit certain legal standards which are applicable, regardless of their inclusion in the Agreement.

One substantive difference between the current agreement and the BNSF agreement is that while the BNSF settlement agreement provides for a term of 25 years with the possibility of extensions, the current agreement with NS has an unlimited term, following the model of the UP agreement.

The movements in these proceedings are nationwide, including movements originating and terminating in the East. The Interstate Commerce Commission prescribed a local and proportional Eastern rate basis some years ago and that rate basis is not in issue. With respect to those movements governed by the prescribed Eastern Rate basis, unlike the prior agreements with UP and BNSF, this Settlement Agreement has incorporated a method of determining rates for dedicated trains which grants NS an increment over the Eastern rates to equalize the cost of shipments nationwide.

The parties to the Settlement Agreement stress its wide coverage of future Government shipments of all types of radioactive materials and related commodities. The Settlement Agreement addresses the elements of service required of NS in moving spent fuel. The parties' agreement rests on the common carrier obligations of NS and, at the same time, resolves issues relating to more specific elements of required services.

The parties further stress the flexibility provided the Government under the Settlement Agreement for future service of the involved commodities; the greatly reduced rates from the current levels for both regular common carrier service and for dedicated train service; and the full settlement of outstanding reparations claims of the Government against NS. The parties request Board approval of the Settlement Agreement and the prescription of the agreed rate methodology for establishing future rates for the covered movements.

The Government and NS ask the Board to prescribe the rate methodology and the maximum revenue-to-variable cost ("R/VC") ratios to which they have agreed for the commodities and rail services that are the subject of the Settlement Agreement. The movements which are at issue in these proceedings are nationwide except for excluded local movements originating and terminating in the East. The Interstate Commerce Commission ("ICC") prescribed a local and proportional Eastern rate basis in 1981 and that rate is not in issue.

This is a global settlement between the Government and NS, settling all matters in controversy between the parties. Consequently, the Government and NS join in seeking dismissal of NS as a party in any further proceedings connected with the subject complaints. Further, the parties request that the Board order that NS is released from liability for reparations or from paying contribution if any connecting carriers are held liable for reparations on past through movements.

The Government and NS further request the Board to approve their Settlement Agreement without prejudice to the Government's complaints and other actions insofar as they involve all other carriers in these proceedings. The Settlement Agreement does not purport to resolve any of the issues which still exist for the other remaining defendants.

All filings in response to this notice must refer to STB Docket Nos. 38302S and 38376S, and must be sent to: (1) Surface Transportation Board, 395 E Street, SW, Washington, D.C. 20420-0001; (2) Garrett D. Urban, Norfolk Southern Railway Company, Three Commercial Place, Norfolk, VA 23510; and (3) Stephen C. Skubel, Assistant General Counsel for Litigation, Room 6H-087, U.S. Department of Energy, 1000 Independence Ave., SW, Washington, D.C.

20585. Responses to this notice are due on or before 45 days from the publication of the notice. Replies to the responses by the parties to the settlement agreement are due 30 days thereafter.

CERTIFICATE OF SERVICE

I hereby certify that on October 20, 2016, copies of the foregoing document were served by prepaid first-class mail on counsel for the major carrier parties of record and counsel for other parties participating in related proceedings by mailing copies to the following:

Aberdeen & Rockfish R.R. Co.
P.O. Box 917
Aberdeen, NC 28315

Montana Rail Link, Inc.
101 International Way
Missoula, MT 59808

Michael L Rosenthal
Covington & Burling
850 Tenth Street, NW
Washington, D.C. 20001-4956

Paul Hitchcock
Associate General Counsel
CSX Transportation, Inc.
500 Water Street-J1 50
Jacksonville, FL 32202

Chris Guzzi
Deborah Sedaris
Providence & Worcester Railroad Co.
75 Hammon Street
Worcester, MA 01610

Richard D. Robey, President
North Shore Railroad Company
356 Priestly Avenue
Northumberland, PA 17857

Buffalo & Pittsburgh Railroad
c/o Genesee & Wyoming, Inc.
66 Field Point Road
Greenwich, CT 06830

Greg E. Summy
Garrett Urban
Norfolk Southern Railway Company
Three Commercial Place
Norfolk, VA 23510

Theodore K. Kalick
Canadian National Railway Company
601 Pennsylvania Avenue, N.W.
Suite 500 North Building
Washington, D.C. 20004

Robert G. Culliford, Esq.
Guilford Transportation System
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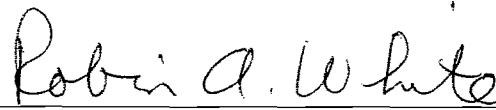
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