

SIDLEY AUSTIN BROWN & WOOD LLP

CHICAGO
DALLAS
LOS ANGELES
NEW YORK
SAN FRANCISCO

1501 K STREET, N.W.
WASHINGTON, D.C. 20005
TELEPHONE 202 736 8000
FACSIMILE 202 736 8711
www.sidley.com
FOUNDED 1866

BEIJING
GENEVA
HONG KONG
LONDON
SHANGHAI
SINGAPORE
TOKYO

WRITER'S DIRECT NUMBER
(202) 736-8538

WRITER'S E-MAIL ADDRESS
phemmersbaugh@sidley.com

October 31, 2002

By Courier

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Suite 700
Washington, DC 20423

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Office of Proceedings

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Re: Duke Energy Corporation v. Norfolk Southern Railway Company, STB
Docket No. 42069

Dear Secretary Williams:

In responding to Duke's request for clarification and production of additional material in connection with the above-captioned proceeding yesterday, NS discovered a data anomaly in the traffic tape data for the Martiki, KY to Richburg, MS, which was incorrectly reported at \$77.23 rate per ton for the first 6 months of 2002. Therefore, NS revised the traffic and revenue files to eliminate this data anomaly in the remaining portion of the 20 year forecast period. In addition, NS has corrected a few linking errors in the traffic and revenue forecast files. Enclosed for the Board's use in the above-captioned maximum rate reasonableness proceeding, are 16 CDs that make those adjustments. The net substantive effect of these changes would be to reduce NS' estimate of SARR revenues by approximately 1.3 percent over the 20 year forecast period. NS has not adjusted its DCF analysis to eliminate this revenue overstatement, however. This further demonstrates that NS' revenue forecast proffered in its September 27, 2002 Reply filing is conservative and overstates the discounted cash flow of the stand-alone railroad.

We also submit, for the Board's convenience in reviewing NS' Reply evidence, sixteen copies of an index of more specific workpaper page references (primarily for NS' Reply Section III.A-Traffic and Revenue). NS emphasizes that it is not submitting any new or additional evidence, but simply providing references to specific workpaper pages (corresponding workpaper citations in Section III.A of NS' Reply referred to general workpaper sections rather than the more specific page references contained in the enclosed index) to facilitate the Board's review of NS' Reply filing and supporting workpapers filed on September 27, 2002.

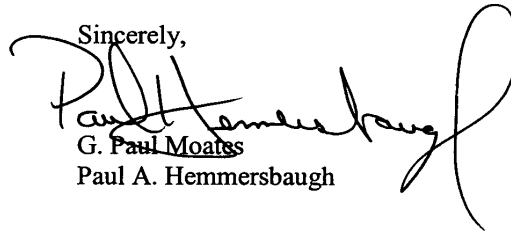
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If you have any questions regarding these items, please contact the undersigned counsel.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul A. Hemmersbaugh". The signature is fluid and cursive, with a large loop at the end.

G. Paul Moates
Paul A. Hemmersbaugh

Enclosures

cc: Robert Rosenberg
Chris Mills

Supporting Workpaper Citations For Sections III-A, III-B, and III-C of the NS Reply Filing v. Duke

Page	Footnote	Cite
III-A	III-A-7	WP-III-A 1492
	III-A-11	WP-III-A-2103 to 2112
	III-A-14	Coal Burn Projections 1999-2001.xls
	III-A-15	Coal Burn Projections 1999-2001.xls
	III-A-15	WP-III-A-1418 to 1438
	III-A-15	WP-III-A-2079 to 2080
	III-A-19	WP-III-A-1951 to 1954
	III-A-20	WP-III-A-2073; 2077-2090, 2092-2104, 2111-2124, 2163-2173, 2040-2041
	III-A-30	WP-III-A-1962
	III-A-32	EVA ACC plant specific forecast.xls
	III-A-36	WP-III-A-1440 to 1489
	III-A-42	See forecast escalation.xls WP-III-A-2182-2276, 66-101 and 2176-2160, SMSARRO4.xls forecast escalation.xls at worksheets export and refund for NS's supporting analysis and Accl-Res-Pay History Sept 2002coal.xls for NS's domestic and export coal refunds through July 2002.
III-B	III-A-65	Forecast Escalation.xls at worksheets titled contracts, export and river_lake and WP-III-A-1 to 1415
	III-A-68	NS Contracts Info Duke_Sensitivity.xls
	III-A-69	NS Contracts Info Duke_Sensitivity.xls
	III-A-70	See forecast escalation.xls at worksheet titled ExpCts
	III-A-71	WP-III-A-1925 to 1926, WP-III-A-1813 to 1821
	III-A-75	See DRITransportationRate Forecast.xls and Rate & Forecast Comparison Graphs NS.xls
	III-B-15	WP-III-B-0026 to 0079
	III-B-24	WP-III-B-0006
	III-B-24	WP-III-B-0006
	III-B-25	WP-III-B-0006
	III-B-27	WP-III-B-0007
	III-B-28	WP-III-B-0007 to 0008
	III-B-29	WP-III-B-0009
	end of paragraph after table	
	end of paragraph one	
	end of paragraph	

III-C	Page	Footnote	Cite
	III-C-23	28	WP-III-C-0027 to 0043
	III-C-28	fourth line	WP-III-C-0015 to 0020
	III-C-30	35	WP-III-C-0008 to 0010
	III-C-39	42	WP-III-C-0002