

Louis E. Gitomer  
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May 26, 2006

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, DC 20423

216619

Re: Docket No. AB-55 (Sub-No. 664X), *CSX Transportation, Inc.—Abandonment  
Exemption—In Anderson County, SC*

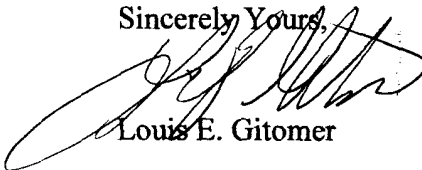
Dear Secretary Williams:

CSX Transportation, Inc. ("CSXT") has received individual requests from Anderson County, SC, the Pickens Railway Company, and the Western Carolina Railway Services Corporation for information to assist them in filing an offer of financial assistance ("OFA"). CSXT filed a petition with the Surface Transportation Board (the "Board") seeking an exemption to abandon a 12.74-mile rail line between milepost AKL 26.26, near Belton, SC, and milepost AKL 39.00, near Pelzer, SC (the "Line").

By copies of the enclosed letters (without attachments), CSXT has provided the three parties with the information they sought in order to prepare an OFA for the Line

An original and 10 copies of this letter are enclosed. Please time and date stamp the additional copy of this letter and return it with our messenger. Thank you for your assistance. Please contact me if you have any questions.

Sincerely Yours,



Louis E. Gitomer

Enclosures

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Office of Proceedings

MAY 26 2006

Part of  
Public Record

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May 26, 2006

Mr. Steven C. Hawkins  
President  
Western Carolina Railway Service Corporation  
Post Office Box 16614  
Greenville, SC 29606-7614

Re: Docket No. AB-55 (Sub-No. 664X), *CSX Transportation, Inc.—Abandonment  
Exemption—In Anderson County, SC*

Dear Mr. Hawkins:

CSX Transportation, Inc. ("CSXT") is in receipt of the Notice of Intent to File an Offer of Financial Assistance dated May 24, 2006 sent by you on behalf of the Western Carolina Railway Service Corporation ("WCARY"). CSXT filed a petition with the Surface Transportation Board (the "Board") seeking an exemption to abandon a 12.74-mile rail line between milepost AKL 26.26, near Belton, SC, and milepost AKL 39.00, near Pelzer, SC (the "Line").

WCARY has requested specific information to use in filing an offer of financial assistance ("OFA") to purchase the Line for continued rail service. CSXT intends to fully respond to WCARY's request, which was made pursuant to 49 C.F.R. §1152.27(a).

Among other information being provided, CSXT is providing WCARY with a copy of a Summary Report of an Appraisal of the Line prepared by Wilkins Norwood Appraisal Associates, Inc. on November 11, 2005 (the "Appraisal"). This is the latest appraisal of the Line. However, CSXT does not waive its right to obtain a new or updated appraisal in the event an offer of financial assistance is filed with the Board. The Appraisal is responsive to a number of the information requests contained in the May 24 Notice.

Below are the specific information requests made in the May 24 Notice, followed by CSXT's response.

1. Provide documentation reflecting available real estate appraisals, which support CSXT's \$213,438 valuation of fee parcels included within CSXT's \$598,583 net liquidation value for the line.

The Appraisal is attached.

Mr. Steven C. Hawkins

May 26, 2006

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2. Provide documentation indicating the extent to which CSXT has marketable fee title on the line's right-of-way as contrasted to easements or other interests that would revert to others if the line were not being used for railroad purposes.

The Appraisal identifies all parcels of real property for which CSXT is claiming fee title.

3. Provide current valuation maps for the line, including any deed indices that appear on accompanying maps.

Copies of the valuation maps are contained in the attached CDs.

4. Any other information (not already provided within CSXT's April 28, 2006 Petition for Exemption) deemed relevant to appropriate valuation of the line for purposes of acquisition pursuant to an OFA.

All of the agreements involving the Line are contained in the attached CD. All of the other information CSXT has relied on to calculate the land value of \$213,438 is contained in the Appraisal.

Attached are the bridge inspection reports for fiscal year (about July 1, 2004 to about June 30, 2005) 2005. CSXT expects the bridge inspection reports for fiscal year 2006 to be completed by the end of June 2006 and intends to provide that information to WCARY by July 15, 2006. Track inspection reports for the last year are also attached. These reports supersede the reports for the prior year.

The Board served a notice of the filing of the Petition for Exemption on May 18, 2006. The Board noted that a decision on the Petition will be issued by August 16, 2006. If the Board grants the Petition, an offer of financial assistance will be due at the Board by August 25, 2006 pursuant to 49 C.F.R. §1152.27(c)(1)(i)(B). However, CSXT remains willing to negotiate the sale of the Line outside of the OFA process.

Mr. Steven C. Hawkins

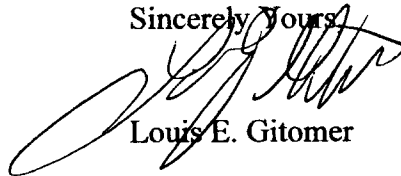
May 26, 2006

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Please be advised that CSXT has also received data requests from Anderson County, SC and the Pickens Railway Company and is providing them with the same information.

Thank you for your assistance. Please contact me if you have any questions.

Sincerely Yours

A handwritten signature in black ink, appearing to read "Louis E. Gitomer", written over the typed name.

Louis E. Gitomer

Attachments

Louis E. Gitomer  
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May 26, 2006

Rose-Michele Nardi, Esq.  
Weiner Brodsky Sidman Kider PC  
1300 Nineteenth Street, NW, Fifth Floor  
Washington, DC 20036-1609

Re: Docket No. AB-55 (Sub-No. 664X), *CSX Transportation, Inc.—Abandonment  
Exemption—In Anderson County, SC*

Dear Ms. Nardi:

CSX Transportation, Inc. ("CSXT") is in receipt of the letter dated May 16, 2006 sent by you on behalf of the Pickens Railway Company ("Pickens"). CSXT filed a petition with the Surface Transportation Board (the "Board") seeking an exemption to abandon a 12.74-mile rail line between milepost AKL 26.26, near Belton, SC, and milepost AKL 39.00, near Pelzer, SC (the "Line").

Pickens has requested specific information to use in filing an offer of financial assistance ("OFA") to purchase the Line for continued rail service or to subsidize operations over the Line. CSXT intends to fully respond to the Pickens request, which was made pursuant to 49 C.F.R. §1152.27(a).

Among other information being provided, CSXT is providing Pickens with a copy of a Summary Report of an Appraisal of the Line prepared by Wilkins Norwood Appraisal Associates, Inc. on November 11, 2005 (the "Appraisal"). This is the latest appraisal of the Line. However, CSXT does not waive its right to obtain a new or updated appraisal in the event an offer of financial assistance is filed with the Board. The Appraisal is responsive to a number of the information requests contained in the May 16 letter.

Below are the specific information requests made in the May 16 letter, followed by CSXT's response.

1. Provide (i) the identity of all parcels of real property for which CSXT is claiming fee title, (ii) copies of the deeds granting CSXT fee title for those parcels, (iii) copies of the valuation maps for those parcels, and (iv) any other information on which CSXT has based its claim that it has fee title to those parcels.

Rose-Michele Nardi, Esq.  
May 26, 2006  
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(i) The Appraisal identifies all parcels of real property for which CSXT is claiming fee title.

(ii) The deeds are public records readily available to Pickens in Anderson County, SC.

(iii) Copies of the valuation maps are contained in the attached CDs.

(iv) All of the information to date which CSXT has used to claim that it has fee title is contained in the Appraisal.

2. Provide any real estate appraisals in CSXT's possession concerning the relevant parcels of real property.

The Appraisal is attached.

3. If CSXT is claiming an assembled corridor value for any of the relevant parcels, provide the basis on which CSXT is making this claim.

CSXT is not claiming a corridor value for the Line. However, the Appraisal has calculated a corridor valuation of \$2,104,000 for the Line.

4. If CSXT has obtained any "across-the-fence" valuations with regard to the relevant parcels, provide copies of the comparable sales data used in such valuation (along with any appropriate adjustments, such as for size, shape, topography, adjacent land use, etc.)

The "across-the-fence" valuation information is provided in the Appraisal.

5. Provide any contracts or firm bids that CSXT has received regarding the purchase of the subject parcels for non-railroad use.

As of the date of this response, CSXT has not entered any contracts or received any firm bids regarding the purchase of the subject parcels for non-railroad use.

Rose-Michele Nardi, Esq.  
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6. Provide any other information CSXT has relied on to calculate a land value of \$213,438.

All of the agreements involving the Line are contained in the attached CD. All of the other information CSXT has relied on to calculate the land value of \$213,438 is contained in the Appraisal.

7. Provide track inspection and bridge inspection reports for the Line for the last two years.

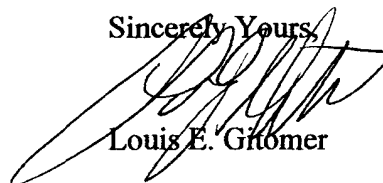
Attached are the bridge inspection reports for fiscal year (about July 1, 2004 to about June 30, 2005) 2005. CSXT expects the bridge inspection reports for fiscal year 2006 to be completed by the end of June 2006 and intends to provide that information to Pickens by July 15, 2006. Track inspection reports for the last year are also attached. These reports supersede the reports for the prior year.

The Board served a notice of the filing of the Petition for Exemption on May 18, 2006. The Board noted that a decision on the Petition will be issued by August 16, 2006. If the Board grants the Petition, an offer of financial assistance will be due at the Board by August 25, 2006 pursuant to 49 C.F.R. §1152.27(c)(1)(i)(B). However, CSXT remains willing to negotiate the sale of the Line outside of the OFA process.

Please be advised that CSXT has also received data requests from Anderson County, SC and the Western Carolina Railway Service Corporation and is providing them with the same information.

Thank you for your assistance. Please contact me if you have any questions.

Sincerely Yours,

A handwritten signature in black ink, appearing to read "Louis E. Gittomer", written over the typed name.

Louis E. Gittomer

Attachments

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May 26, 2006

Mr. Joey R. Preston  
County Administrator  
Anderson County  
Post Office Box 8002  
Anderson, SC 29622-8002

Re: Docket No. AB-55 (Sub-No. 664X), *CSX Transportation, Inc.--Abandonment Exemption--In Anderson County, SC*

Dear Mr. Preston:

CSX Transportation, Inc. ("CSXT") is in receipt of the letter dated May 9, 2006 sent by you on behalf of Anderson County, SC. CSXT filed a petition with the Surface Transportation Board (the "Board") seeking an exemption to abandon a 12.74-mile rail line between milepost AKL 26.26, near Belton, SC, and milepost AKL 39.00, near Pelzer, SC (the "Line").

Anderson County has requested specific information to use in filing an offer of financial assistance ("OFA") to purchase the Line for continued rail service. CSXT intends to fully respond to Anderson County's request, which was made pursuant to 49 C.F.R. §1152.27(a).

Among other information being provided, CSXT is providing Anderson County with a copy of a Summary Report of an Appraisal of the Line prepared by Wilkins Norwood Appraisal Associates, Inc. on November 11, 2005 (the "Appraisal"). This is the latest appraisal of the Line. However, CSXT does not waive its right to obtain a new or updated appraisal in the event an offer of financial assistance is filed with the Board. The Appraisal is responsive to a number of the information requests contained in the May 9 letter.

Attached are (1) the Appraisal, (2) a CD with valuation maps, (3) a CD with all of the agreements involving the Line, (4) bridge inspection reports for fiscal year (about July 1, 2004 to about June 30, 2005) 2005 (CSXT expects the bridge inspection reports for fiscal year 2006 to be completed by the end of June 2006 and intends to provide that information to Anderson County by July 15, 2006), and (5) track inspection reports for the last year are also attached, which reports supersede the reports for the prior year. CSXT intends to abide by the terms of the Settlement and Release Agreement dated as of April 21, 2006 between CSXT and the Town of Williamston concerning the Gray Drive Bridge, although CSXT intends to assign the Gray Dive Bridge and Agreement to any purchaser of the Line.

Mr. Joey R. Preston  
May 26, 2006  
Page 2

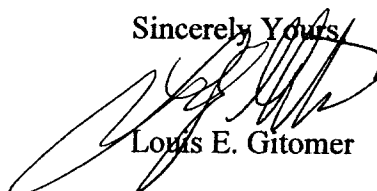
The Board served a notice of the filing of the Petition for Exemption on May 18, 2006. The Board noted that a decision on the Petition will be issued by August 16, 2006. If the Board grants the Petition, an offer of financial assistance will be due at the Board by August 25, 2006 pursuant to 49 C.F.R. §1152.27(c)(1)(i)(B). However, CSXT remains willing to negotiate the sale of the Line outside of the OFA process.

Anderson County has indicated that it "will not assume a common carrier obligation in this transaction." CSXT is not interested in retaining the common carrier obligation, even if the Line is acquired by Anderson County. There is a process before the Board where the physical assets in a Line can be acquired by one party (here Anderson County) while another party acquires a permanent freight easement to provide the common carrier service (for example, a short line railroad). Under that process, if the agreement of the parties meets the Board's criteria, the party acquiring the physical assets will not acquire the common carrier obligation.

Please be advised that CSXT has also received data requests from the Pickens Railway Company and the Western Carolina Railway Service Corporation and is providing them with the same information.

Thank you for your assistance. Please contact me if you have any questions.

Sincerely Yours



Louis E. Gitomer

Attachments