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October 11, 2006

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D. C. 20423

RE: Finance Docket No. 34527, *Petition of Maumee & Western Railroad Corporation and RMW Ventures, LLC for Declaration or Revocation of CSX Transportation, Inc. Crossing Rights at Defiance, OH.*

Dear Secretary Williams:

CSX Transportation, Inc. ("CSXT") is responding to the letter that was filed with the Surface Transportation Board (the "Board") in the above-entitled proceeding. The letter is substantively and procedurally defective.

Republic Mills, Inc. ("Republic") filed a letter on September 21, 2006. Republic erroneously contends that CSXT is at fault for the failure of the Maumee & Western Railroad Corporation ("M&W") to provide rail service to Republic in exclusive interchange with CSXT. It is the M&W that stopped providing service and continues to refuse to agree to a reasonable resumption of service.

It is undisputed that M&W voluntarily embargoed its line and stopped serving the shippers affected by the embargo. Republic does not identify the routing of its traffic, the commodities, or the volume of rail shipments (if any). Traffic from the north of Republic is not interchanged to M&W by CSXT, but by the Indiana & Ohio Railway Company. M&W can provide service to Republic without interchanging with CSXT.

CSXT removed the diamonds crossing its main double track east-west line at Defiance, OH in 2002 because M&W had taken the line south of the diamonds out of service, had been detouring trains over CSXT for 18 months, therefore had no reason to cross CSXT's double track via the diamonds, and in fact was not using the diamonds. In addition, the diamonds required CSXT to reduce the velocity of its trains. If the Board were to order CSXT to reinstall the diamonds at Defiance, CSXT would be required to reduce the velocity of its trains through

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Defiance, causing congestion on its main east-west line between Chicago and the New York-New Jersey region, with adverse effects on shippers throughout the nation using this essential national rail corridor. M&W's request is similar to a homeowner demanding an at grade intersection in I-95 for a residential street instead of using an interchange.

CSXT has offered a solution to M&W several times, based on M&W's projected traffic and CSXT's need to keep its main east-west line fluid. CSXT has offered to construct and maintain a connecting track, at CSXT's expense and make reasonable crossing times available to M&W.¹ M&W has refused to meet with CSXT to discuss this option and has twice at the last moment rejected mediation to resolve potential issues concerning the crossing.

Republic should not be asking the Board to resolve this issue, but should instead be turning to M&W and asking M&W why it did not accept CSXT's offer to construct the crossing. Had M&W accepted CSXT's offer, this proceeding would have been avoided and M&W would have been able to cross CSXT's line through Defiance for at least the past two years.

Instead, M&W has been intransigent in its demand that the Board order CSXT to reinstall the diamond crossing, which would reduce the maximum velocity of CSXT's trains through the diamond from 60 miles per hour to 40 miles per hour. CSXT handles more than 50 trains per day through Defiance, or over 1,700,000 carloads per year through Defiance, compared to M&W's unsubstantiated "projection" of traffic, which is substantially less than two tenths of one percent of CSXT's annual traffic.²

¹ If the Board were to order such an expenditure by CSXT alone, the Board, as well as CSXT, should expect M&W to actually demonstrate a willingness and ability to rehabilitate the embargoed line, with an intent to do so. CSXT contends that the Board should retain oversight in this proceeding, in the event it orders CSXT to construct some type of crossing, to ensure that CSXT is not required to construct and maintain an expensive crossing "just in case" M&W might perhaps someday want to use it.

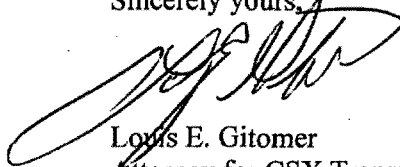
² CSXT notes that none of the supporting shipper statements in M&W's November 28, 2005 Rebuttal were verified.

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On a procedural basis, the letter was not served on CSXT as required by 49 C.F.R. §1104.12(a), nor was it verified. Further, the Republic letter was late filed contrary to the decision served November 10, 2005, which extended the time for M&W to file its rebuttal until November 29, 2005.

CSXT is efilng this reply. Thank you for your assistance. If you have any questions please call or email me.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Louis E. Gitomer', written over a horizontal line.

Louis E. Gitomer
Attorney for CSX Transportation, Inc.

cc: Parties of record