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August 15, 2008

Via Electronic Filing

The Honorable Charles D. Nottingham, Chairman
The Honorable Francis P. Mulvey, Vice Chairman
The Honorable W. Douglas Buttrey, Commissioner
Surface Transportation Board
50 E Street, SW
Washington, D.C. 20024

223286

**Re: *Ex Parte 677(Sub-No. 1) – Common Carrier Obligations of Railroads-
Transportation of Hazardous Materials***

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

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

First, NS was asked to provide the percentage increase in its insurance costs since 2001. Since 2001, the amount NS has paid for insurance has increased 248%. The largest increases year-over-year were in 2002, following the attacks of September 11, 2001, and the accident in Minot, North Dakota, and in 2005 and 2006, following the Graniteville, South Carolina accident.

Second, NS was asked to describe the legal matters related to the January 6, 2005 accident at Graniteville, South Carolina, that are still pending. Earlier this year, the United States Department of Justice (DOJ) brought an action against NS seeking civil penalties and injunctive relief for alleged violations of the federal Clean Water Act as the claimed result of the release of chlorine into the air and leakage of a small amount of diesel fuel onto the ground that occurred in the accident. Moreover, there are presently several hundred pending personal injury and property damage cases and one pending class action lawsuit and two pending cases claiming loss of jobs due to the closing of the Avondale Mills textile plant. In addition, NS is in arbitration with one of its insurance carriers.

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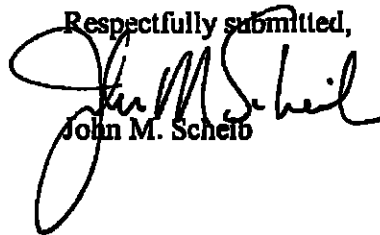
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Third, Chairman Nottingham asked about NS's communications with the City of Alexandria regarding the NS ethanol transloading facility there. Those communications are detailed in the NS Response to Petition for Declaratory Order, Finance Docket No 35157, dated July 1, 2008. As noted beginning on page 5 of that submission, NS first met with the mayor of Alexandria over two years ago (specifically, June 20, 2006) concerning the facility. NS thereafter promptly began working with Alexandria city officials concerning the proper configuration and equipment for the facility. Many of the exhibits to that submission are copies of relevant communication or City of Alexandria memos documenting the communications. Included as Exhibit F to that submission is a four-page chronology created by the City of Alexandria that sets forth the communications history, including details of the several meetings and other communications that took place.

Finally, Chairman Nottingham asked about communication from the City of Alexandria to NS regarding the development of an old army base into the housing known as Cameron Station. The Alexandria Planning Commission and the Alexandria City Council held several public hearings prior to the development of Cameron Station – principally regarding the issuance or amendments to special use permits sought by the developers. The City of Alexandria provided adjoining property owners, including NS, standardized notices of those public hearings. In addition, NS sold to Greenvest Associates, L.L.C., the developer of Cameron Station, a small sliver of property to permit Greenvest to widen an existing storm drainage canal, which would have necessitated submissions to the City, such as deed and other documents. We do not believe that the City sought any information from NS concerning the NS rail yard adjacent to the proposed Cameron Station development.

Thank you for your consideration of these matters

Respectfully submitted,


John M. Scheib