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May 11, 2010

***Hand Delivery***

Ms. Victoria Rutson  
Chief  
Section of Environmental Analysis  
Surface Transportation Board  
395 E. Street, S.W.  
Washington, D.C. 20423

Re: Finance Docket No. 35348, CSX Transportation, Inc. & Delaware and  
Hudson Railway Company, Inc. – Joint Use Agreement

Dear Ms. Rutson:

This letter responds to a request by Phillis Johnson-Ball, set forth in an email dated May 6, 2010 (and in a subsequent telephone conversation with counsel for D&H, Mr. Hynes) for information relating to the transaction proposed in the above-captioned proceeding. Specifically, Ms. Johnson-Ball requested that Applicants provide additional information relating to (1) the number of daily trains carrying CSXT joint use traffic that will operate over the Albany – Saratoga Springs Segment and the Saratoga Springs – Rouses Point Segment; and (2) the impact of the proposed transaction on Amtrak train service over those two segments of the Joint Use Lines. Applicants' responses to those requests are as follows:

Trains Carrying CSXT Joint Use Traffic

The Joint Use Agreement between CSXT and D&H limits the number of trains that CSXT may operate over the Albany – Saratoga Springs Segment, and tender for movement by D&H over the Saratoga Springs – Rouses Point Segment, to no more than eight (8) pairs of trains per week, and no more than three trains per day. See Application, Exhibit 2, § 2.04(h). On a daily basis, however, Applicants' operating plan (Exhibit 15) and Section 2.04(h) of the Joint Use Agreement contemplate that Applicants will operate two trains carrying CSXT traffic (one in each direction) per day over the Albany – Saratoga Springs Segment and the Saratoga – Rouses Point Segment. The operation of two daily trains is based upon CSXT's existing traffic volume, and is the same as the number of trains that CSXT currently operates via its Massena Line to handle CSXT-CN interline traffic to and from Huntingdon, PQ. Moreover, the train size limit of 8,000 feet per train set forth in § 2.04(g) of the Joint Use Agreement affords substantial room for future growth in CSXT traffic without adding a third train. (Based upon current traffic

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levels, Applicants expect that trains carrying CSXT joint use traffic over the Albany –Saratoga Springs Segment and the Saratoga Springs – Rouse Point Segment will be, on average, approximately 3,300 feet in length.)

Amtrak Operations North of Albany

As noted in Ms. Johnson-Ball's May 6 email, Amtrak currently operates two pairs of trains (one in each direction) over portions of D&H's lines north of Albany, NY. One set of trains, Amtrak Trains 68/69, operate over D&H's lines between Schenectady and Rouses Point, NY. The second Amtrak service, designated as Amtrak Trains 290 (Monday-Friday), 292 (Saturday) and 296 Sunday/291 (Saturday – Thursday) and 293 (Friday), operates between Schenectady and Whitehall, NY, where the trains exit (or enter) D&H's line for movement to and from Rutland, VT.

The proposed transaction will not have an adverse impact on those Amtrak services. D&H currently operates two pairs of daily overhead freight trains between Saratoga Springs and Rouses Point, NY. In addition, two D&H local trains operate daily between Saratoga Springs and Whitehall, NY. Thus, D&H currently operates a total of six daily freight trains between Saratoga Springs and Whitehall, and four daily freight trains between Whitehall and Rouses Point. When combined with Amtrak's services, the total number of existing train movements between Saratoga Springs and Whitehall is ten trains per day (six D&H freights and four Amtrak passenger trains). Between Whitehall and Rouses Point, the total number of existing train movements is only six trains per day (four D&H freights and two Amtrak passenger trains).

The introduction of two new daily trains carrying CSXT joint use traffic over the Saratoga Springs – Rouses Point Segment pursuant to the proposed transaction would increase the total number of daily train movements between Saratoga Springs and Whitehall from ten trains to twelve trains (eight freights and four Amtrak passenger trains) per day. Between Whitehall and Rouses Point, the total number of train movements would increase from six trains to eight trains (six freights and two Amtrak passenger trains) per day. D&H's lines are capable of accommodating this modest increase in traffic, which would result in average train volumes of only one train every two hours between Saratoga Springs and Whitehall, and only one train every three hours between Whitehall and Rouses Point.

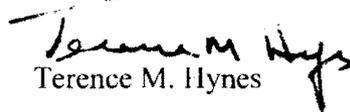
Moreover, D&H is required by law (and by the terms of its existing agreements with Amtrak) to accord Amtrak trains dispatching priority across all segments of D&H's lines between Albany and Rouses Point. Applicants will, of course, comply with that obligation, and will slot the new trains in a manner that minimizes the possibility of interference with Amtrak's operations. Accordingly, the proposed transaction will not affect adversely Amtrak's operations over D&H's lines.

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Finally, the proposed transaction is likely to have a positive impact on Amtrak services in other corridors. As noted in the Application (at 27), the elimination of D&H's separate train operations over the Albany – Fresh Pond Segment will reduce by four the number of weekly freight trains operating over that line, which is used by both Amtrak and MNCR. Implementation of the proposed transaction will also enable CSXT to discontinue the two daily trains (one in each direction) that currently handle CSXT-CN interchange traffic to and from Huntingdon, PQ via CSXT's Massena Line. This will reduce the potential for interference with Amtrak trains operating over CSXT's lines between Albany and Syracuse, NY.

We hope that the foregoing provides the information that SEA requires. If you have any questions regarding this letter, please contact the undersigned counsel.

Sincerely,

  
Terence M. Hynes

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