

**36904
SEA**

SERVICE DATE – JUNE 12, 2006

**SURFACE TRANSPORTATION BOARD
WASHINGTON, DC 20423
ENVIRONMENTAL ASSESSMENT**

AB-290 (Sub-No. 254X)

**Norfolk Southern Railway Company -
Discontinuance of Service Exemption - In Stanly County, North Carolina**

AB-290 (Sub-No. 274X)

**Yadkin Railroad Company -
Discontinuance of Service Exemption - In Stanly County, North Carolina**

AB-149 (Sub-No. 2X)

**Winston-Salem Southbound Railway Company -
Discontinuance of Service Exemption - In Stanly County, North Carolina**

BACKGROUND

In this proceeding, Norfolk Southern Railway Company (NSR), Yadkin Railroad Company (YRC), a wholly owned subsidiary of NSR, and Winston-Salem Southbound Railway Company (WSSB), a Class III switching carrier owned equally by NSR and CSX Transportation, Inc., jointly filed an amended petition under 49 U.S.C. 10502 for exemption from the provisions of 49 U.S.C. 10903 in connection with the discontinuance of service: 1) for NSR to discontinue service over 11.11 miles of rail line (Line) between milepost WF-0.00 at Halls Ferry Junction, NC, and milepost WF-11.11 at Badin, Stanly County, NC, which it operates under lease from YRC; 2) for YRC to discontinue service over the Line which it leases from Alcoa, Inc., (Alcoa), the owner of the Line's right-of-way (ROW), track, and improvements, and 3) for WSSB to discontinue service over the 5.21 mile portion of the Line between WF-5.90 at Whitney, NC, and milepost WF-11.11 at Badin, which it and YRC jointly lease from Alcoa.

The ROW and track materials are owned by a subsidiary of Alcoa, as successor to the Tallassee Power Company, the original lessor of the Line. According to NSR, YRR, and WSSB (Railroads), as lessees they are obligated to maintain the Line, however, the revenues generated from the Line's lone active shipper, Alcoa, are insufficient to cover the costs of maintenance, rehabilitation, and operation.

On June 6, 2006, Alcoa filed information contesting the proposed discontinuance. Alcoa states that despite the reduction in freight traffic, it continues to rely upon rail service to and from its Badin facility. Alcoa states that this continued rail service is necessary to ensure that its high-purity metal operations continue as well as providing the future possibility of resuming

smelter operations. Moreover, Alcoa argues the following: a) Alcoa is currently shipping over the Line, 2) the Railroads have failed to maintain the Line despite admitted contractual obligations, and 3) the Railroads have willingly entered into agreements, which the Surface Transportation Board (Board) has previously stated are beyond its jurisdiction.

A map depicting the Line in relationship to the area served is appended to the this Environmental Assessment (EA). As lessees, if the discontinuance exemption becomes effective, the Railroads will not conduct any salvage activities or take any action regarding the final dispensation of the ROW.

DESCRIPTION OF THE LINE

The Railroads state that the ROW, which is 100 feet wide, passes through areas that are approximately 40 percent undeveloped, 40 percent lakeside, 10 percent agricultural, 6 percent industrial, and 4 percent residential. Furthermore, the Railroads state that because they do not own the ROW, its owner, Alcoa, will decide any future use and as such, the ROW is not available for any form of public use.

In their petition, the Railroads state that the Line provides service to a lone shipper, Alcoa, located in Badin, NC. All rail traffic to and from Alcoa's facility has been for the purpose of producing anodes and specialty aluminum products. According information provided by the Railroads, in August 2002, Alcoa ceased its aluminum smelting operation at Badin, NC. Furthermore, Alcoa continues to describe the status of its operation at the Badin facility as a "curtailment." As a result of Alcoa's terminating the production of primary aluminum products, rail traffic in 2005 has declined over 90 percent from its 2001 levels. In 2001 the Railroads moved 2,306 carloads, 1,834 carloads in 2002, 769 carloads in 2003, 534 carloads in 2004, and 217 carloads in 2005. Because the Line is privately owned and Alcoa is the lone shipper, the Railroads believe that there is no reasonable possibility for future development of new rail traffic. The Railroads further state that if the discontinuance is approved, the Line will return to Alcoa as a private railroad line, or ordinary real estate, and Alcoa will have no common carrier obligation with respect to it or duty to seek Board approval or exemption for abandonment and is not subject to offers of financial assistance. According to the Railroads, they do not know whether Alcoa will dismantle the Line, informally and privately railbank it, sell it, lease it to a short line operator or operate service itself or through an agent as a private rail line or even as a contract rail line.

The Railroads believe that if the discontinuance exemption is approved that it will enhance public health and safety by eliminating nine private and public at-grade crossings.

The Railroads have identified four structures, three concrete culverts and a single timber bridge, all of which are, 50 years old or older. The railroads state that they have no information about any of the structures. According to the Railroads, this would indicate that they have not been involved in any substantial rebuilding or replacement since their probable construction by Alcoa in 1915 through 1916 when the Line was constructed by Tallassee Power Company. The

Railroads also state that they believe that the structures are not unique and are typical of small railroad structures constructed at that time.

ENVIRONMENTAL REVIEW

The Railroads have submitted an environmental and historic report that concludes the quality of the human environment will not be significantly affected as a result of the discontinuance or any post-abandonment activities, including salvage and disposition of the ROW. The Railroads have served the environmental and historic report on a number of appropriate Federal, state, and local agencies as required by the Board's environmental rules at 49 CFR 1105.7(b). We have investigated and reviewed the record in this proceeding.

Transportation

Rail-to-Truck Diversions

SEA's analysis of 2005 railcar data indicates that 217 railcars would be diverted to trucks.¹ The proposed discontinuance/abandonment, if approved, would result in 1215.2² additional trucks or 2430.4 additional truck trips annually. When the additional trucks are calculated on a per day basis, an estimated 5.1 trucks (10.2 truck trips) per day result during a 240 day year.³ It is important to note that SEA is assuming an empty backhaul, which means that approximately 10.0 trucks per day will be added to existing traffic on NC-740. SEA notes that NC-740 is the only major roadway connecting Badin to other major roadways and is the route likely to be used by any trucks traveling to and from Alcoa.

To analyze the potential impact of the additional truck traffic, SEA calculated the percent increase in new truck traffic, as outlined above. SEA's analysis assumes a worst case scenario by assuming that all the new truck traffic would use NC-740. SEA determined that the percent increase in ADT, based on a 240 day year (5.1 new trucks per day in each direction) would result in the following:

¹SEA notes that using 2002 railcar data is a worst case scenario since only 50 railcars moved over this rail line in 2001.

²SEA used a conversion of 5.6 trucks per railcar - railcars typically haul 100 tons and most trucks haul 18 tons.

³240 workdays result when weekends and holidays are subtracted from a 365 day year.

Roadway	ADT ⁴	Estimated New Truck Trips	Percent Increase in ADT
NC-740 (Badin North to U.S. 52)	3,200	10.2	0.32
NC-740 (Badin South to U.S. 52)	20,000	10.2	0.05

Based on the results listed above resulting in an increase in ADT of less than one percent, SEA concludes that rail-to-truck diversions resulting from the proposed discontinuance, if approved, will not significantly contribute to traffic delay or adversely affect safety.

Finally, the Railroads state that they would no longer use the nine, public and private, at-grade crossings. SEA believes that discontinuance of use of these at-grade crossings would reduce the number of injuries and fatalities that might otherwise occur.

Energy

The Railroads state that they have transported limited amounts of aluminum, a recyclable material. Therefore, as a result of this limited transport of aluminum, the Railroads believe that the discontinuance, if approved, would have only a minor effect on the movement or recovery of recyclable commodities.

In the last two years, a limited volume of rail traffic was moved over the Line. In a 12 month period ending September 30, 2003, 623 carloads or 48,356 tons of freight, while 481 carloads or 43,190 tons of freight, were transported over the Line in the 12 month period ending September 30, 2004. Assuming that a loaded truck can haul 18 tons, trucks operate one way loaded and an empty return, and loaded/empty truck fuel consumption are 4.5 and 6.5 miles per gallon, respectively. This results in a weighted average of diesel fuel required annually to transport the same tonnage by truck is 10,397 gallons in 2003 and 8,333 gallons in 2004. However, to transport the same tonnage by train was determined to be 25,186 gallons in 2003 and 25,186 gallons in 2004. Therefore, the transportation of the same tonnage by truck results in a significant reduction in diesel fuel consumption.

⁴SEA consulted with Mr. Shawn Riggs, Assistant Engineer, Division 10 District 1, North Carolina Department of Transportation. Mr. Riggs verified the latest 2004 ADT data.

Air Quality and Noise

The Board has established air quality and noise level threshold levels set forth at 49 CFR 1105.7(e)(5)(ii) and (e)(6). These thresholds are guidelines that are considered, along with other supporting information, to determine whether the air pollution and noise levels generated by rail traffic diverted to alternative modes warrant detailed analysis. The applicable threshold level for an attainment area when assessing air pollution is an increase in rail traffic of at least 100% (measured in gross ton miles annually) or an increase of at least eight trains per day on any segment of the rail line, or an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on any affected road segment.

SEA notes that Stanly County is currently listed as an attainment area for all priority pollutants and that the Railroads will not engage in any salvage activities. Therefore, SEA believes that the corresponding impacts to air quality and noise thresholds would be insignificant.

Solid and Hazardous Waste

The Railroads state that they have no knowledge of any hazardous waste sites or sites on the ROW. However, a search of the Railroads' records found four minor incidents: 1) two gallons of No. 2-D oil; 2) one gallon of diesel fuel; 3) one pint of No. 2-D oil; and 4) one gallon of lubricating oil. In all cases an emergency response contractor was hired to perform appropriate clean-up and disposal.

Cultural and Historic Resources

The Railroads have identified four structures, three concrete culverts and a single timber bridge, all of which are believed, 50 years old or older. The Railroads state that they have no information about any of the structures. According to the Railroads, this would indicate that they have not been involved in any substantial rebuilding or replacement since their probable construction in 1915 through 1916 when the line was constructed by Tallassee Power Company. The Railroads further state that structures are not unique and are typical of small railroad bridges at that time.

The National Geodetic Survey (NGS) has identified one geodetic station marker on the Line.

SEA notes that because the Railroads will not engage in any salvage activities that it is very unlikely that the discontinuance, if approved, would result in any adverse impacts to the single geodetic station marker or any of the four structures.

Biological Resources

The U.S. Fish and Wildlife Service, Region 4 (U.S. FWS) and the North Carolina Department of Environment and Natural Resources, Division of Parks and Recreation have

indicated, via their respective websites, that 50 species are either considered threatened, endangered, or of special concern and may occur in Stanly County, North Carolina. The Railroads note that they contacted the U.S. FWS, indicated that the discontinuance and/or abandonment of rail lines rarely results in adverse impacts to habitat or endangered wildlife.

On June 2, 2006, SEA spoke by telephone to Mr. Allen Ratzlaff, Biologist, U.S. FWS Region 4, Ashville Field Office, who confirmed that his office had no comment regarding the discontinuance, as proposed.

Furthermore, the Railroads note that the Line proposed for discontinuance does not pass through any state parks or forests, national parks or forests, or wildlife sanctuaries.

SEA notes that because the Railroads will not engage in any salvage activities that it is very unlikely that the discontinuance, if approved, would result in adverse impacts to any of the 50 species considered threatened, endangered, or of special concern.

Water Resources

The Line crosses Badin Lake, one unnamed waterway, as well as passes through 100-year flood plains associated with these water bodies.

SEA notes that because the Railroads will not engage in any salvage activities that it is very unlikely that the discontinuance, if approved, would result in adverse impacts to any water resources.

Land Use

The Railroads state that the ROW, which is 100 feet wide, passes through areas that are comprised of approximately 40 percent undeveloped, 40 percent lakeside, 10 percent agricultural, 6 percent industrial, and 4 percent residential. The Railroads also state that because they will not be involved in any salvage activities that the discontinuance, if approved, will not result in any significant effects on existing land use, future land use, land use plans, or the land use planning process.

The Line does not contain any federally granted ROW. The Railroads state that any documentation in their possession will be made available to those requesting such information.

SEA believes that because the Railroads will not engage in any salvage activities that it is very unlikely that the discontinuance, if approved, will result in any significant effects to existing and/or future land use plans.

CONDITIONS

SEA recommends that no environmental conditions be placed on any decision granting discontinuance authority.

CONCLUSIONS

Based on the information provided from all sources to date, SEA concludes that, as currently proposed, that discontinuance of service on the Line would not significantly affect the quality of the human environment. Therefore, the environmental impact statement process is unnecessary.

Alternatives to the proposed discontinuance would include denial (and therefore no change in operations) or and continued operation by another operator. In any of these cases, the existing quality of the human environment and energy consumption should not be affected.

PUBLIC USE

The Railroads do not hold ownership to the ROW, therefore, the discontinuance of service, if approved, will not render the ROW suitable for other public use.

TRAILS USE

A request for a notice of interim trail use (NITU) is due to the Board, with a copy to the railroad, within 10 days of publication of the notice of the petition for exemption in the Federal Register. Nevertheless, the Board will accept late-filed requests as long as it retains jurisdiction to do so in a particular case. This request must comply with the Board's rules for use of rights-of-way as trails (49 CFR 1152.29).

The Railroads are not seeking abandonment nor do they hold ownership of the ROW and are therefore not in a position to consent to the issuance of a Notice of Interim Trail Use or negotiate for interim trail use of the Line.

PUBLIC ASSISTANCE

The Board's Office of Public Services responds to questions regarding interim trail use, public use, and other reuse alternatives. You may contact the Office of Public Services directly at (202) 565-1592, or mail inquiries to Surface Transportation Board, Office of Public Services, Washington, DC 20423.

COMMENTS

If you wish to file comments regarding this environmental assessment, you should send an **original and two copies** to Vernon A. Williams, Office of the Secretary, Washington, DC 20423, to the attention of Troy Brady, who prepared this environmental assessment. **Please refer to Docket No. AB- 290 (Sub No. 254X), AB 290 (Sub No. 274X), and AB 149 (Sub No. 2X) in all correspondence addressed to the Board.** If you have questions regarding this environmental assessment, you should contact Troy Brady at (202) 565-1643.

Date made available to the public: **June 12, 2006.**

Comment due date: July 12, 2006.

By the Board, Victoria J. Rutson, Chief, Section of Environmental Analysis.

Vernon A. Williams
Secretary

Attachment