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August 22, 2008

Ms. Victoria Rutson
Chief
Section of Environmental Analysis
Surface Transportation Board
395 E. St., S.W.
Washington, D.C. 20024

**Re: STB Finance Docket No. 35147, Norfolk Southern Railway Company,
Pan Am Railways, Inc. *et al.* – Joint Control and Operating/Pooling
Agreements – Pan Am Southern LLC**

Dear Ms. Rutson:

Norfolk Southern Railway Company (“Norfolk Southern”), Pan Am Railways, Inc. (“PARI”) and PARI’s subsidiaries Boston and Maine Corporation and Springfield Terminal Railway Company (collectively, the “Applicants”) write to seek your approval of their proposal to prepare a Preliminary Draft Environmental Assessment (“PDEA”) in connection with the environmental review by the Surface Transportation Board’s (the “Board”) Section of Environmental Analysis (“SEA”) of the proposed transaction (the “Transaction”) for which Applicants are seeking Board approval in the above-referenced docket.

Applicants initially conferred with SEA on April 22, 2008 and subsequently prepared an Environmental Appendix to address environmental issues pertaining to the Board’s review of the Transaction under the National Environmental Policy Act (“NEPA”), 42 U.S.C. §§4321, *et seq.*, and the Board’s regulations at 49 C.F.R. Part 1105. The Environmental Appendix was filed with the Board on June 6, 2008 and made available for public comment. Applicants again conferred with SEA on August 14, 2008. As a result of that consultation, Applicants now propose that, with SEA’s guidance, they prepare a PDEA for the proposed Transaction. The PDEA will be prepared by Applicants’ environmental consultants, ICF International, under guidance provided by SEA. The PDEA will serve as the basis for the environmental documentation to be prepared by SEA. Preparation of such a PDEA would be consistent with regulations of the Council on Environmental Quality (“CEQ”), 40 C.F.R. §1506.5(b), which specifically contemplate preparation of an environmental assessment (“EA”) by an applicant. Applicants anticipate that SEA would verify the information submitted in the PDEA and independently evaluate the environmental impacts of the proposed Transaction. Applicants’ objective, in preparing the

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PDEA, would be to submit a document of such quality and accuracy as to conform fully with SEA's requirements for such documents. In this manner, SEA's independent verification and evaluation would confirm that the PDEA could be adopted, with a minimum of revision, as SEA's own EA. SEA would issue its EA for public review and comment and subsequently make final recommendations to the Board.

In broadest terms and as explained more fully in the application filed with the Board in this docket and in Applicants' Environmental Appendix, the proposed Transaction involves the creation of a new rail carrier to operate certain existing rail lines currently owned or operated by PARI subsidiaries west of Boston. PARI would contribute certain owned rail lines and related properties and assign specified trackage rights to the new rail carrier. Norfolk Southern would contribute capital to the new rail carrier for, *inter alia*, creation of an intermodal and automotive facility at Mechanicville, NY, improvement of an existing intermodal facility at Ayer, MA and construction of an automotive facility at San Vel near Ayer, MA. In addition, Norfolk Southern would contribute capital for the improvement of existing rail line and related infrastructure. The principal purpose of the Transaction is to enhance the existing rail infrastructure to improve the movement of existing rail traffic between Mechanicville, NY and Ayer, MA. No new rail lines would be constructed and Applicants do not plan any substantial rerouting of existing traffic over different lines.

Please let me know if the PDEA approach set forth in this letter conforms with your understanding, and if we may proceed to work, consistent with that approach and in consultation with your office and ICF, on a PDEA regarding Applicants' proposed Transaction. We look forward to working together on this environmental review project.

Sincerely,

A handwritten signature in cursive script that reads "Richard A. Allen". The signature is written in dark ink and is positioned above the printed name.

Richard A. Allen

cc: (by e-mail)
Evelyn Kitay, Esq.
Kenneth Blodgett