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Cynthia Brown
 Chief
 Section of Administration,
 Office of Proceedings
 Surface Transportation Board
 395 E Street, S.W.
 Washington, D.C. 20423

Re: E.I. DuPont De Nemours and Company
 v. Norfolk Southern Railway Company, Docket No. NOR 42125

Dear Ms. Brown:

On behalf of our client Norfolk Southern Railway Company (“NS”), Defendant in the above-referenced proceeding, we write to clarify a point of procedure with respect to NS’ Reply Evidence and Argument, filed on November 30, 2012. That Reply submission demonstrated that the properly calculated present value of the SARR revenue requirement of the DuPont Railroad (“DRR”) would far exceed the present value of the revenues that would be generated by DRR traffic during the SAC analysis period. Therefore, the Board should not find it necessary to undertake an internal cross-subsidy analysis to determine whether any segment of the DRR is cross-subsidized by one or more other segment(s) of the DRR.

It is logically not possible for NS to conduct a cross-subsidy analysis on the DRR given the current state of the record. NS’s Reply Evidence demonstrates that the the cumulative present value of the revenue *shortfall* over the 10-year SAC analysis period is approximately \$18 billion (*See* NS Reply Evidence at I-71). An internal cross-subsidy analysis would become necessary only if the Board’s analysis found that the DRR would generate overall present value *surplus* revenues over the 10-year SAC analysis period. NS submits that it is self-evident that no meaningful, rational, or accurate internal cross-subsidy analysis can be conducted on the DRR unless and until the Board were to issue an initial decision detailing its findings regarding all relevant costs and revenues, and finding – contrary to NS’ Reply Evidence – that the present value of SAC revenues would exceed SAC costs. However, out of an abundance of caution and in order to ensure that Complainant DuPont and the Board have full and unambiguous advance

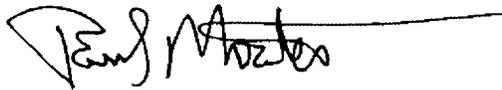
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notice, NS hereby advises that should the Board find that the DRR's revenues exceed its costs, NS believes that any such result necessarily would be, in whole or in part, the product of impermissible internal cross-subsidies, including but not necessarily limited to cross-subsidization of DRR line segments such as those between Burstall and Mobile, AL, and between Spartanburg and Pregnall, SC.

Accordingly, if the Board were ultimately to find that the DRR's revenues exceed its costs, NS reserves the right to conduct and submit an internal cross-subsidy analysis based on the DRR revenues and costs as determined by the Board. However, because presently it is not possible to know the Board's determination of the levels of those revenues and costs, it is not possible for NS to conduct such a meaningful and accurate internal cross-subsidy analysis.

If there are any questions regarding this matter, please direct them to the undersigned.

Respectfully yours,



G. Paul Moates

cc: Jeffrey O. Moreno
Counsel for Complainant