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August 21, 2009

Mr. Patrick Simmons
Director, Rail Division
North Carolina Department of Transportation
1553 Mail Service Center
Raleigh, NC 27699-1583

Dear Mr. Simmons:

CSX Transportation, Inc. (CSXT) commends the North Carolina Department of Transportation (NCDOT) on its work in undertaking initiatives to provide for reliable freight and passenger service for the shippers and citizens of the State of North Carolina. There is no doubt that rail will play an increasingly important role in America's transportation system in the future as our highways become more congested and the costs associated with new highway construction continue to increase. Just as demand for rail passenger service will likely increase in the future, it is critical that the movement of goods by rail be fully incorporated into state and local transportation plans.

Over the past several years, CSXT and NCDOT also have worked together to review other passenger rail proposals that involve or affect CSXT rail operations. In all of these discussions, four guiding principles have governed CSXT's participation: (1) ensuring the safety of the public and CSXT employees; (2) protecting CSXT's ability to serve its North Carolina-based customers, both now and in the future; (3) obtaining insurance coverage to protect CSXT against increased liability; and (4) ensuring adequate compensation to CSXT for its participation or the use of its valuable assets.

We understand that NCDOT plans to submit an application for federal stimulus funds to support the projects listed on Exhibit 1. To that end, CSXT supports the State of North Carolina's efforts to secure American Recovery and Reinvestment Act funding for these projects, subject to the qualifications set forth herein. As the host railroad, CSXT would require the four guiding principles listed above be addressed in planning any future NCDOT initiative in the development of passenger service in North Carolina. We look forward to continue working together to ensure that North Carolina has a first-class transportation system that can serve the state and its citizens well.

CSXT is pleased to support the projects and looks forward to working together to address our comments on the individual projects. Of course, our support is conditioned upon the development of mutually acceptable terms and conditions addressing the safety, capacity, compensation and liability issues associated with these undertakings within a mutually acceptable time frame.

In conclusion, our experience has been that, when both sides are committed to working together, the resulting joint efforts can clearly demonstrate that freight and intercity passenger rail service can safely co-exist and prosper. CSXT stands ready to work with you.

Very truly yours,

Steven A. Potter
AVP Network Planning & Joint Facilities
CSX Transportation

EXHIBIT 1

**North Carolina ARRA Program of Projects
CSX Transportation**

Project	Tracks	TIP Number	Railroad	Project Description	Comments
1	1	P-3918	CSXT S-line	SEHSR ROW Phase I—Collier Yard to Norlina	CSXT supports this project subject to further analysis and negotiation
2	1	P-3819	CSXT S-line	SEHSR ROW Phase II—Norlina to Cary	CSXT supports this project subject to further analysis and negotiation
3	1	P-3819	CSXT S-line MP 160.5-164.8	Design and construct universal turnout between Fetner and Method	CSXT supports this project subject to resource requirements, scheduling, and agreement that all (final) costs are covered by the state
4	1	P-5005	CSXT A-line MP 86.4	Design and construct universal turnout at South Weldon	CSXT supports this project subject to resource requirements, scheduling, and agreement that all (final) costs are covered by the state
5	1	P-5005	CSXT A-line MP 101.0	Design and construct universal turnout at Enfield	CSXT supports this project subject to resource requirements, scheduling, and agreement that all (final) costs are covered by the state
6	1	P-5005	CSXT A-line MP 115.9	Design and construct universal turnout at Armstrong	CSXT supports this project subject to resource requirements, scheduling, and agreement that all (final) costs are covered by the state
7	3	P-5003	CSXT A, SE and AC-lines	Complete environmental documents and preliminary engineering for SENC service Raleigh to Wilmington via Goldsboro and Fayetteville	CSXT supports this project subject to further analysis and negotiation