

Norfolk Southern Railway Update: Post Epidemic Trends in Freight

Washington Council Of Governments
Presentation

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TOPICS

- Norfolk Southern Railway Presence in the Region
- Current Trends in Freight and supply side logistics
- Washington Discovers Infrastructure
- Regulation Lurks Below the Surface
- Passenger service & mergers
- Sustainability goals

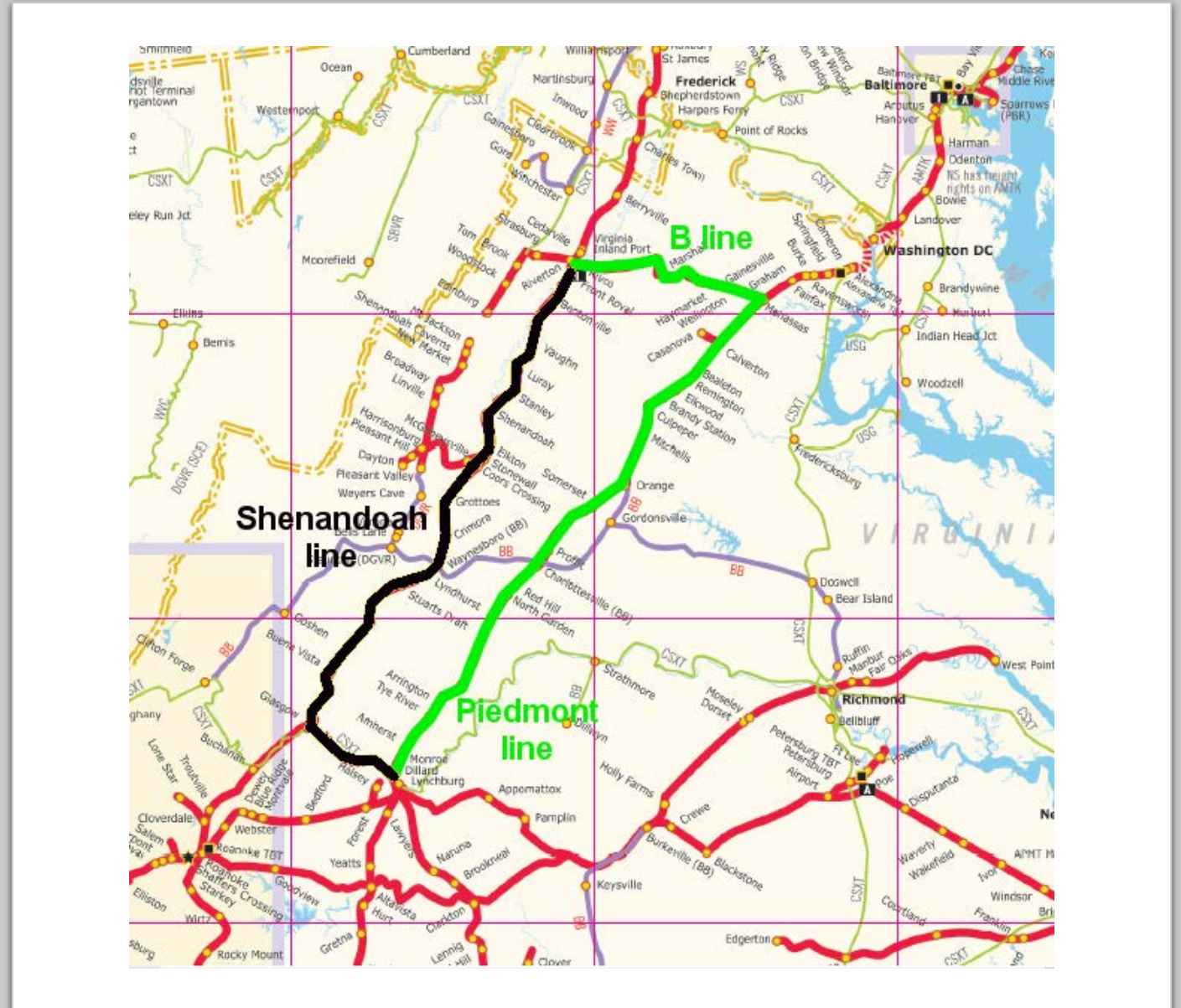


NS System

- 19,335 miles; 35,467 Track miles operated
- Largest Intermodal railroad in the East, serving 53 terminals, serve 27 auto assembly plants and 26 auto distribution centers
- Transport coal, steel, metals, chemicals, agricultural products, and other industrial products
- In 2020, 70 new industries located on NS, 16 customers expanded, for total investment of \$1.8 b., and creation of 2,960 jobs
- Ambitious Sustainability Program; dedicated program of Diversity, Equity, Inclusion



Serving the Metro Area



INLAND PORT EXPANSION

- \$28 M. investment for Grade separation at Route 658 (Build overpass over the NS tracks)
- Capital investments to expand capacity for additional volumes
- Expand NS service to handle volumes



NS on its Port Road Branch



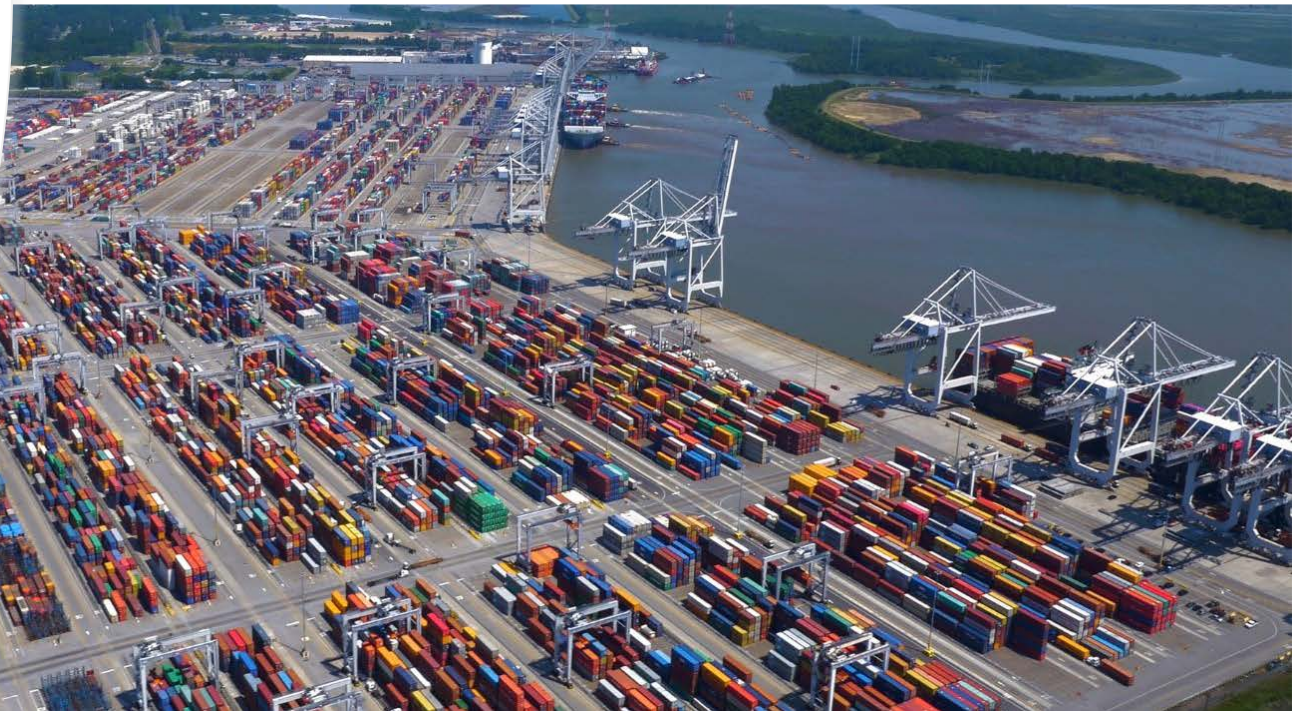
NS Transports US Made Products for Export

NS and Port of Baltimore
Facilitate the increase in exports



Supply Chain Pressures

- External Factors
- Chip shortage
- Warehouse productivity
- Port congestion
- Port of Savannah adding capacity
- Drayage challenges
- Supply constraints, but improving
- Urgent need for investment in the public infrastructure



Rail Disruptions



Surface
Transportation
Board

Blame Wall Street

- Railroad service has suffered
- Service disruptions have several causes, but critics point to cost-cutting
- Shippers, unions and regulators blame management focus on Wall Street
- Critics point to Precision Scheduling Railroad as the culprit
- Re-regulate

Changes in Economy is Challenge for all sectors

- Covid exposed weaknesses in US freight transportation infrastructure
- Culprit is worker shortage
- How to calibrate resources to just the right level of demand
- Demand is volatile, unpredictable
- Finding ways to compete for workers

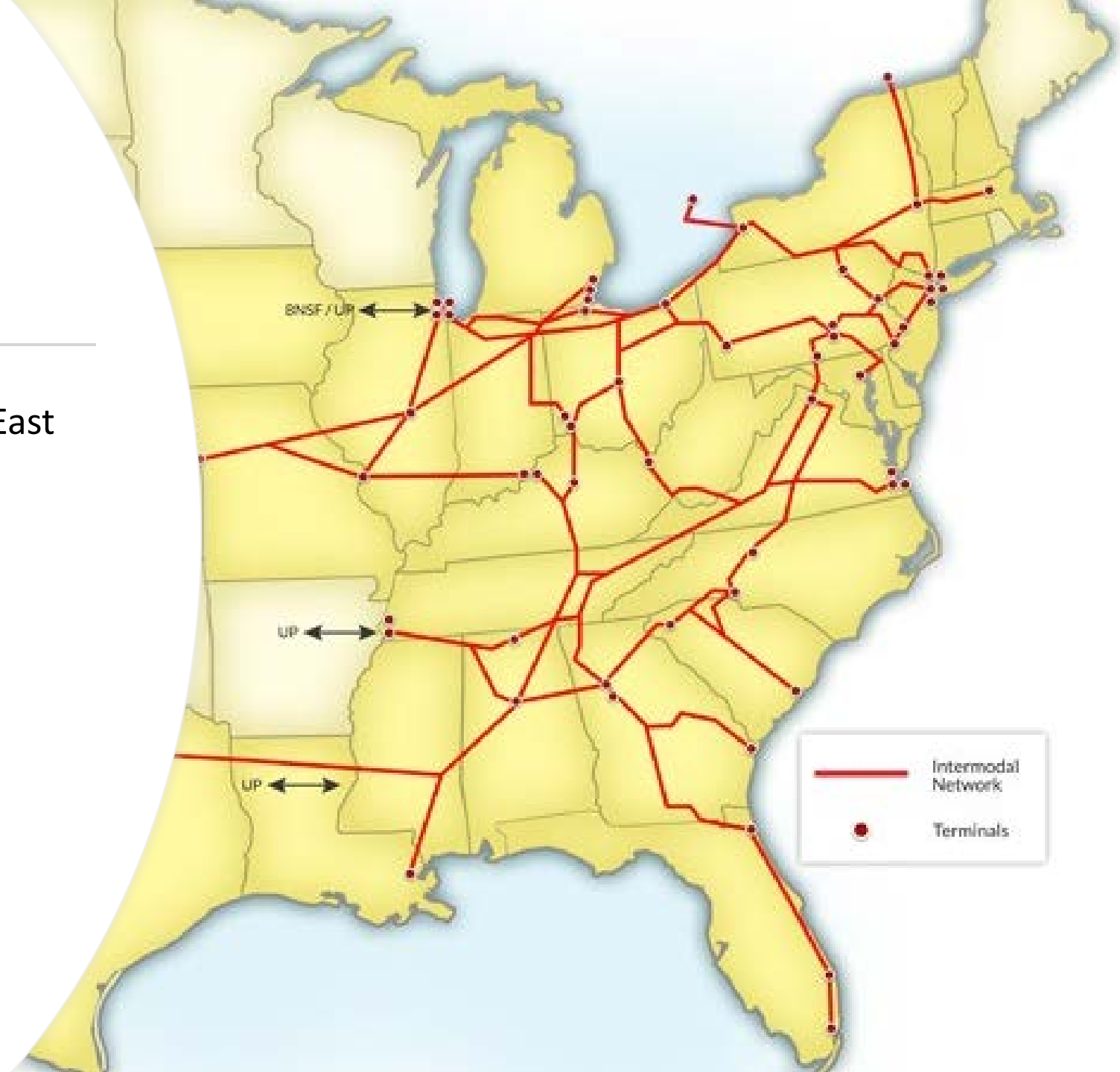
Pandemic Serves as a Wake-up Call

- .Supply chain shifted
- E-commerce exploded
- Worker shortage
- Capacity needed
- New operating plan: more customer-centric; additional automation and resources



POSITIONED FOR THE FUTURE

- Most robust Intermodal network in the East
- Diverse Merchandise portfolio
- No-surprises approach to PSR
- Innovative approach to new services
- Technology enhancement
- Shortline Partnership



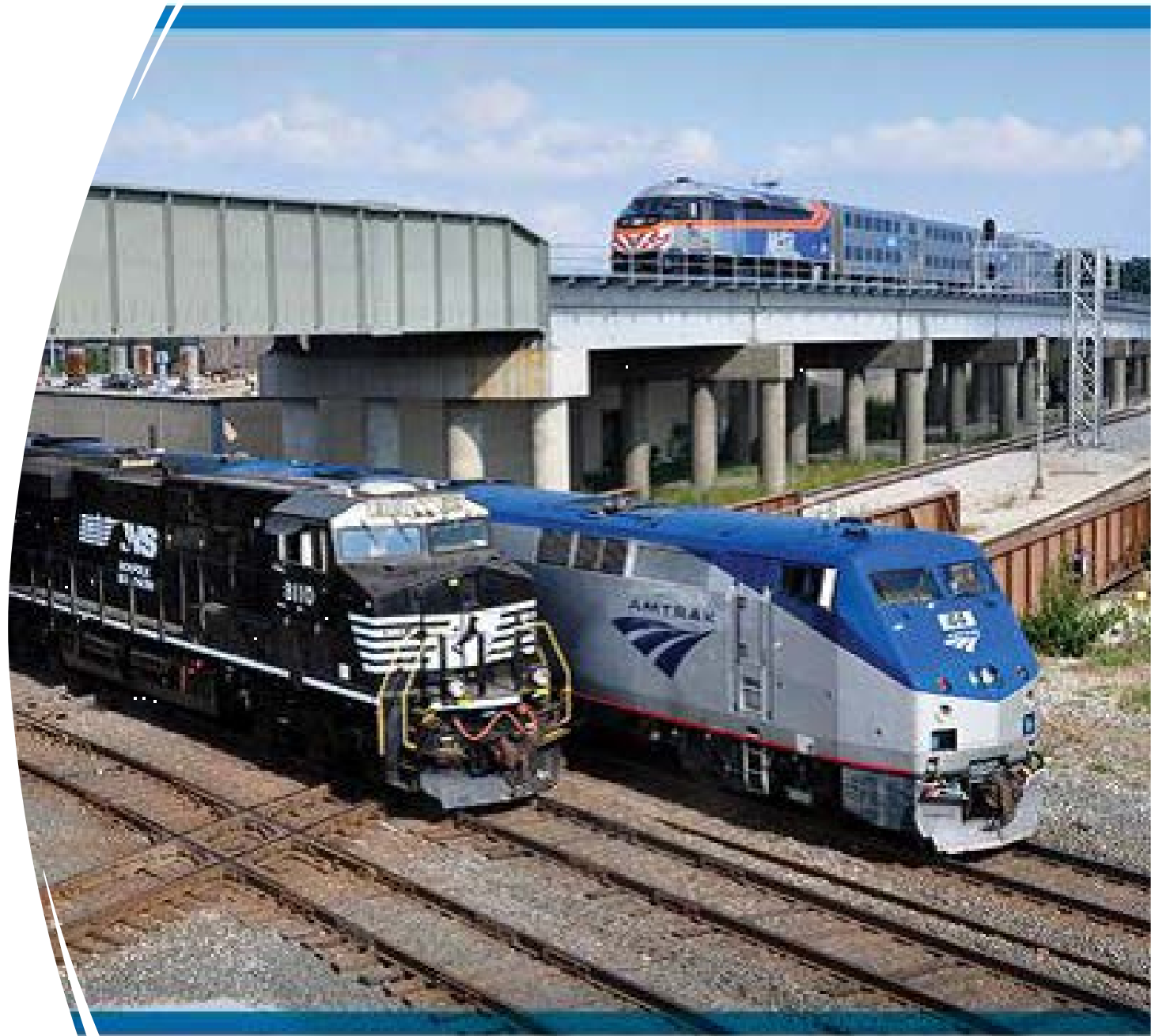
NS Success with PPPs

- Simpson Intermodal Yard
- Portageville Bridge
- Heartland Corridor
- Crescent Corridor
- Rutherford Expansion
- Charlotte Airport
- Indiana Gateway
- Port of Savannah Partnership
- UPEX – Greenville Inland Port



New Money for Railroads: Incentive for PPPs

- Increase in discretionary grants
- Freight, passenger, safety
- Grade crossing
- CRISI: \$5.0B,
- Amtrak/NEC: \$6.0B
- Amtrak/NNG: \$16.0B
- Grade Crossing: \$3.0B
- Fed/State: \$36.0B
- Total: \$66 Billion



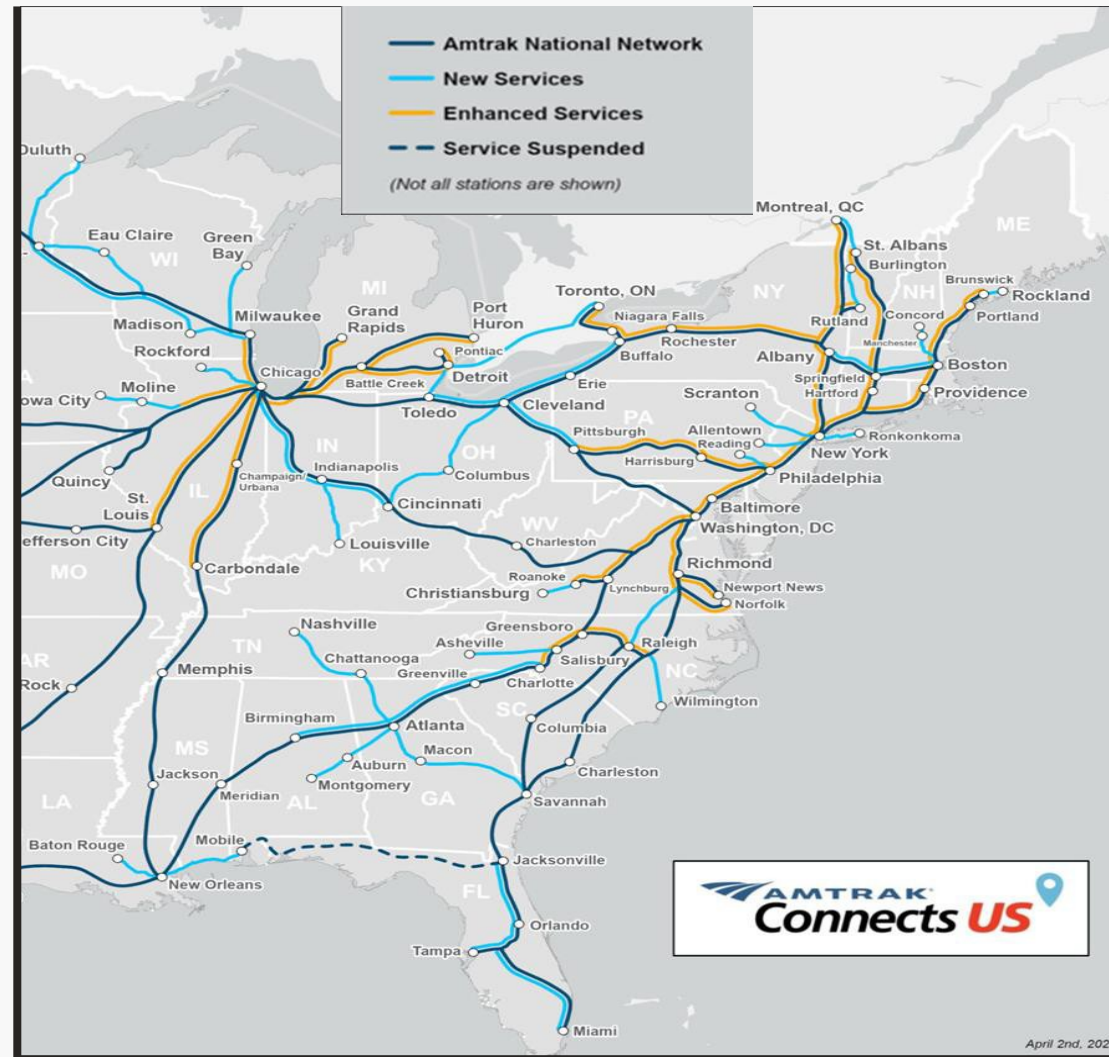
Grade Crossing Safety; Section 130

- Section 130 money \$245 million
- Increases federal share to 100%
- Replacement of obsolete warning devices now eligible
- \$100,000 incentive to close crossings
- Requires Comptroller General to study effectiveness of Sec. 130 as a set aside within HISP



Investments for Amtrak on NS Host

- Chicago Gateway
 - Porter/Whiting - Chicago
- Second Pennsylvanian
 - Pittsburgh – Harrisburg
- Virginia
 - Christiansburg
- ATL to NOLA
 - Crescent Improvements



Passenger Service on NS Lines

- Mutual agreement resulted in Amtrak Service to Lynchburg, Norfolk, and Roanoke
- Recently reached agreement to expand service between Harrisburg and Pittsburgh
- Thorough study of what is needed
- Hosts VRE service on Manassas Line
- Commonwealth brought sufficient investment to project
- Prioritize projects
- Amtrak's ambitious plans to expand its service must be scrutinized
- Any new passenger operation will require serious good faith negotiations



The 2022 Railroad Mergers: CP+KCS

- CP won the battle for control of KCS with shareholders, now up to STB
- NS is part owner of Meridian Speedway between Shreveport and Meridian, MS
- Links NS served markets to Dallas, western US and Mexico
- NS has filed comments seeking to protect this investment



2022 Railroad Mergers: PAS

- NS is half owner of the Pan Am Southern
- PAS provides NS access to the New England Market
- NS investment in intermodal and auto yard in Albany, as well as tracks and upgrades
- NS has reached an agreement with CSX for trackage rights, allowing NS to transport double stack intermodal trains
- STB approved merger



Sustainability Ambition

- Goal is to reduce greenhouse gas emissions by 42% by 2034
- NS customers have avoided 15 million tons of carbon by using rail instead of trucks
- Use of rail instead of truck lowers carbon emissions by 75% on average
- Implemented diesel electric hybrid overhead cranes in Intermodal terminals
- Replaced Tier 0 switcher locomotives with repowered eco locomotives and wayside
- Protect 12,488 acres at Brosnan Forest through an easement granted to LLT -



Thank you. www.norfolksouthern.com

Happy New Year!

