



HEARING BEFORE
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COMMERCE, SCIENCE, AND TRANSPORTATION

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Testimony of Alan Shaw

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Chairwoman Cantwell, Ranking Member Cruz, and distinguished members of the Committee, thank you for the opportunity to appear today to discuss the train derailment in East Palestine, Ohio.

My name is Alan Shaw, and I have been the President and CEO of Norfolk Southern since May 2022.

I look forward today to sharing information about our progress cleaning the derailment site, assisting families whose lives were disrupted, and investing in the community. I will also discuss how we are making Norfolk Southern and the railroad industry safer through our own initiatives, collaboration with others in the industry, and engagement with lawmakers and other stakeholders.

I am deeply sorry for the impact this derailment has had on the people in the region, and I am determined to make it right.

We are making progress every day as we clean the site safely, thoroughly, and with urgency. Working now under the U.S. Environmental Protection Agency's Unilateral Administrative Order, we have submitted a long-term plan that will guide our comprehensive testing program for the community's water, air, and soil. That testing is informed by science and regulatory standards. And we will continue to transparently share the results of our ongoing testing. Agencies at the state and federal level—including the U.S. Environmental Protection Agency, the Ohio Environmental Protection Agency, and the Pennsylvania Department of Environmental Protection (DEP)—are continually monitoring the air and water quality in the impacted region. We are encouraged that they have reported to date that both the air and drinking water are safe.

Financial assistance cannot change what happened, but it is an important part of doing the right thing. To date, we have committed to reimbursements and investments of more than \$24 million in total, including by helping more than 5,800 families through our Family Assistance Center. This is just a start. We are currently working with the relevant stakeholders to establish three new funds to address healthcare, property values, and water testing in East Palestine and the surrounding communities. We also have launched a community website, NSMakingItRight.com, to provide the latest information to residents of East Palestine and the surrounding communities.



Making first responders whole has been a particular area of focus, and we have already pledged and paid millions to reimburse local fire departments for costs associated with the emergency response and clean-up. I would like to express my profound admiration for the first responders from Ohio, Pennsylvania, and West Virginia who responded to the derailment.

I want to be clear: this financial assistance is just a down payment. I have visited East Palestine and the surrounding area frequently since the accident. I've met with community leaders, business owners, school officials, clergy, and others to begin to identify ways we can invest in the future prosperity of the residents in the area and support the long-term needs of its people. We will continue to invest in the affected communities for as long as it takes to help people in the area to recover and thrive.

We are also committed to learning from this accident and to working with public officials and industry to make railroads even safer. In the meantime, we have already launched a series of immediate steps to enhance safety, based on the facts in the National Transportation Safety Board's (NTSB) preliminary report. We look forward to cooperating with the NTSB as it continues its investigation into the root cause of the accident as well as its wider investigation.

I. Our Commitment to Remediation and Monitoring

I've met with residents of the community. I've heard their concerns, and I understand their worry. Their feedback has informed our approach. Norfolk Southern is working around the clock to remediate the remaining issues and monitor for any impact on public health and the environment. We continue to work in close coordination with federal, state, and local regulators and others to conduct environmental monitoring and to develop and carry out near- and longer-term clean-up activities. The remediation plan and each step of our longer-term efforts will be implemented at the direction of the U.S. EPA pursuant to the Agency's Unilateral Administrative Order.

Norfolk Southern personnel arrived on-scene shortly after the accident, and we have been there ever since. We have worked to be transparent and cooperative with the various local, state, and federal stakeholders involved from the early hours of Unified Command through today. Following the accident, our specialists have remained on-location, assisted by expert derailment and environmental contractors.

We are making significant progress. These teams have contained, diverted, and treated affected portions of nearby waterways, flushed nearly a mile of surface waterways, and are capturing rainwater within the contaminated areas for temporary storage and disposal. To date, we have recovered and transported more than 7.4 million gallons of potentially affected water from the site for disposal at EPA-approved facilities.

We also are working to safely remove affected soil, and our crews have removed more than 6,800 tons from the site. We are actively removing waste to facilities specifically engineered and permitted to safely handle this type of material. Our work will continue until the job is done.



We continue to listen to the experts and cooperate with state, federal, and local government agencies. In particular, Norfolk Southern, the U.S. EPA, Ohio EPA, and Pennsylvania DEP are conducting water, soil, and air monitoring throughout the area surrounding East Palestine. The air monitoring to date has shown the air is safe to breathe. And the monitoring of the area's public drinking water and private water wells by state and local authorities and Norfolk Southern shows that the water is safe to drink and there are no harmful levels of substances related to the derailment. We are committed to continuing this monitoring for as long as necessary.

II. Our Commitment to the Community

I want the people of East Palestine and the surrounding communities to know that Norfolk Southern and I are deeply committed to them. As indicated above, we have already made an initial investment of more than \$24 million. Our financial support so far includes:

- More than \$9.5 million in support to more than 5,800 families through our Family Assistance Center;
- A \$5 million fund to reimburse local Pennsylvania fire departments for costs associated with the emergency response and clean-up;
- More than \$3 million in reimbursements and support to the East Palestine Fire Department and other area first responders for fire equipment used in the derailment response;
- Almost \$1.5 million to Pennsylvania state agencies to cover costs incurred as a result of the derailment;
- A \$1 million fund available immediately to East Palestine community leaders to identify where donations can do the most good;
- Another \$1 million fund to support the immediate needs of the East Palestine community, overseen by a Norfolk Southern craft railroader who lives in East Palestine and has been hired to serve as a community liaison, reporting directly to my office;
- Another \$1 million Community Relief Fund to provide support to Pennsylvania businesses that have experienced losses as a result of the incident, including business expenses Norfolk Southern has reimbursed to date;
- \$300,000 to the East Palestine City School District to support the district's academics, athletics, extracurricular activities, and long-term contingency planning regarding the impacts of the derailment;
- \$250,000 donation to The Way Station, an Ohio-based nonprofit delivering aid to the East Palestine community, to help establish a larger, permanent location in the area and hire additional staff, including a social worker;



- Funding and coordination of cleaning and air monitoring services for the East Palestine Elementary and High Schools; and
- \$65,000 to the East Palestine Youth Sports Association to allow children to play in sports leagues for free for the year.

We are also listening closely to concerns from the community about whether there could be long-term impacts from the derailment. Many residents are worried about what they will do if health impacts related to the derailment are discovered years from now. To date, environmental monitoring continues to show the air and drinking water are safe. To provide an additional level of assurance, we are committed to a solution that addresses long-term health risks through the creation of a long-term medical compensation fund.

We also know residents are worried about their home values. While we are working with local leaders on investments to support the community's long-term prosperity, we understand these concerns. We are committed to working with all relevant stakeholders to provide tailored protection for home sellers if their property loses value due to the impact of the derailment.

Finally, we have heard the community's interest in programs that protect drinking water over the long term. We are prepared to work with stakeholders toward that goal as well.

We look forward to working toward a final resolution with all relevant stakeholders to finalize the details of these programs.

Finally, we know it is important to keep the community informed. NSMakingItRight.com is updated regularly with information about remediation, monitoring, financial assistance, and investments in the community. Again, this is all a down payment. We are listening to your concerns, and we are committed to making this right.

III. Our Focus on Safety

Rail is one of the safest modes of transporting hazardous materials. We recognize, however, that we need to continue working to improve railway safety. The morning after the derailment, I spoke to NTSB Chair Jennifer Homendy and pledged the full cooperation of Norfolk Southern in the NTSB's investigation. The NTSB's preliminary report released last month reflected that the Norfolk Southern crew was operating the train within our protocols and below the speed limit established by federal law. The wayside detectors installed on the track to identify overheated axles operated properly, and the crew took the appropriate action when they received the alert.

We will analyze and address the NTSB's investigation results when they are available, but we are not waiting to act. We are committed to learning from this accident and working with public officials and industry to make railroads even safer. We have already launched a series of immediate steps to enhance safety, based on the facts in the NTSB's preliminary report.

As an initial step—and focusing on what we can do on our own—we are making our network of early-warning sensors stronger. Shortly after the derailment, I instructed my team to



immediately look at steps we can take to improve safety further, and we are taking the following actions:

- Enhancing the hot bearing detector network;
- Piloting next-generation hot bearing detectors;
- Deploying more acoustic bearing detectors;
- Accelerating our Digital Train Inspection program; and
- Improving practices, alongside industry partners, for hot bearing detectors.

We currently spend more than \$1 billion a year on technologies, equipment, and infrastructure to support safety, and another \$1 billion per year on ongoing operations in support of safety. But the safety mechanisms in place did not prevent this accident. Every employee at Norfolk Southern is focused on learning from this incident and working with the entire freight rail industry to make changes.

We are committed to helping our first responders prepare for incidents when they do happen. For years prior to the East Palestine derailment, Norfolk Southern funded training for emergency responders. In 2015, Norfolk Southern launched “Operation Awareness & Response” with the goal of strengthening relationships with state and local first responders across our network through new training opportunities, and full-scale exercises.

We recently announced that we are establishing a new regional training facility in Ohio, which will offer free training to first responders in Pennsylvania, Ohio, and West Virginia. The first safety classes at this new center began this week at our rail yard in Bellevue, Ohio, just west of Cleveland. We have more than 400 first responders registered for this and other upcoming trainings, and classes are currently full. We will have numerous future training opportunities across our 22-state network in 2023. We plan to establish a dedicated facility in the future. Every year, Norfolk Southern voluntarily trains between four and five thousand first responders throughout the states we serve.

In addressing issues going forward, Norfolk Southern views an industry-wide comprehensive approach—one that includes railcar owners, car manufacturers, leasing companies, equipment makers, and the railroad companies—as essential in helping to improve safety as the rail industry continues to provide the logistical infrastructure that enables the United States economy to grow. It’s going to take all of us—and we’re eager to help lead that effort.

IV. Enhancing Our Safety Culture

An essential part of our effort to make Norfolk Southern a safer company is to further strengthen our safety culture. To describe how we are doing that, I would like to provide some important context on the new strategy we announced for Norfolk Southern at the end of last year.



In the weeks since the derailment there have been a number of questions about an industry operating approach called precision scheduled railroading (PSR). There are five principles of PSR: operate safely, develop people, provide service, control costs, and optimize assets. These are sound principles one might find in any industry with an operational focus.

In recent years, however, PSR has become associated with a singular focus on cost-cutting to drive a low operating ratio, which is a common industry measure for efficiency. It is here that Norfolk Southern has approached things differently from others in the industry and charted a new course. In a significant departure from the railroad industry's recent past, we deliberately moved away from a singular focus on operating ratio. Instead, we are taking a more balanced approach to service, productivity, and growth.

As just one example of what our strategy means in practice, instead of furloughing workers during periodic economic downturns, we intend to use the opportunity to invest in our workforce and provide additional training. When we do that, it makes us a more resilient company that is better able to serve our customers, and it creates more career opportunities for our craft railroaders. We hired craft railroaders aggressively throughout 2022 and continue to do so this year.

Our new strategy goes hand-in-hand with our increased focus on culture and employee engagement, with an emphasis on transparency and collaboration. I know that, when Norfolk Southern is successful, it is because our craft colleagues are getting the job done for our customers and the United States economy. I have spent countless hours in the field in the 10 months I have served as CEO, thanking our front-line railroaders for their service and listening to their ideas on how to make Norfolk Southern better.

We are committed to enhancing quality of life and work predictability for our craft employees, who are the key to our success. When we completed the recent round of national labor negotiations, with a historic and well-deserved 24 percent pay increase, I committed immediately to begin negotiations at the local level on quality-of-life issues like paid sick leave. We did what we said we were going to do and have already reached agreements on paid sick leave with nine of our unions.

V. Our Commitment to Industry & Legislative Action

We support legislative efforts to enhance the safety of the freight rail industry. We are committed to working with our fellow industry leaders to make the railroad industry a safer place, and we also recognize and appreciate the bicameral, bipartisan leadership by Members of Congress, including by members of this Committee, in proposing new legislation to create a safer rail industry. The Railway Safety Act and the RAIL Act both include measures with the potential to enhance safety and improve outcomes for our industry, our customers, and the communities we serve.

We support the Railway Safety Act's provisions for more industry-funded training for first responders, and we are not waiting for legislation to move this forward. We have already announced the expansion of our existing training programs and the creation of a new regional



training center in Ohio, which will serve first responders in Ohio, Pennsylvania and West Virginia. The first class was on March 21.

We support the principle that first responders need accurate real-time information on the contents of trains moving through their communities and instruction on the safe handling of those contents in the event of an accident. We intend to take a leading role getting the AskRail safety application into the hands of every first responder who needs access. In this area specifically, the details of legislation matter as policymakers balance safety enhancements with national security concerns.

We support triennial reviews of regulations for rail car inspections and standards for freight car safety, because regular reviews drive good regulatory policy and outcomes.

We support the Federal Railroad Administration's (FRA) Confidential Close Call Reporting System (C3RS). Norfolk Southern participates in the C3RS Working Group that is part of the Department of Transportation's Railroad Safety Advisory Committee.

We support accelerating the phaseout of older tank car models, research into advanced tank car design, and additional funding for research and development on next-generation early-warning sensor technologies.

There are other aspects of the proposed legislation that we support in principle. Establishing performance standards, maintenance standards, and alert thresholds for safety sensors is one example. We have already committed to work with the industry to develop additional data-based best practices in these areas, and we welcome constructive discussion with stakeholders to craft effective and practical legislation.

There are also areas in which we believe Congress could go further with safety legislation. We encourage even stricter standards for tank car design. There are significant opportunities for advanced technology to enhance rail safety, and we encourage Congress to consider additional research into on-board rail car defect detection technology.

We support increasing fines and penalties for persons found tampering with railroad facilities and safety equipment, such as grade crossing warning devices, wayside detectors, or signal boxes. We support codifying and enhancing the FRA's confidential close car reporting system. And we support new requirements to ensure utility installations in railroads rights-of-way are conducted safely.

VI. Conclusion

Finally, Chairwoman Cantwell, Ranking Member Cruz, and members of the Committee, I want to state again how deeply sorry we are for the impact of this derailment on East Palestine and the surrounding communities. We are making progress in the recovery and know our work is not yet done. On behalf of the more than 19,700 hard-working employees of Norfolk Southern, I pledge that we won't be finished until we make it right. Thank you for the opportunity to testify before you today, and I look forward to your questions.