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February 20, 2018

245184

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February 20, 2018
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Cynthia T. Brown, Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

Re: Docket No. NOR 42142, Consumers Energy Company
v. CSX Transportation, Inc. _____

Dear Ms. Brown:

Enclosed for electronic filing in the referenced proceeding is the Joint Petition for Technical Corrections and Exhibit No. 1, which details the changes to the Board's January 11, 2018 Decision in this matter that are addressed in the Petition.

Thank you for your attention to this matter.

Sincerely,

Katherine Waring
An Attorney for
Consumers Energy Company

Enclosures

cc: Counsel for Defendant CSX Transportation, Inc.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

	)	
CONSUMERS ENERGY COMPANY	)	
	)	
	)	
v.	)	
Complainant,	)	
	)	Docket No. NOR 42142
	)	
CSX TRANSPORTATION, INC.	)	
	)	
	)	
Defendant.	)	
	)	

JOINT PETITION FOR TECHNICAL CORRECTIONS

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Counsel for
CSX Transportation, Inc.

Dated: February 20, 2018

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

CONSUMERS ENERGY COMPANY	)	
	)	
	)	
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v.	)	Docket No. NOR 42142
	)	
CSX TRANSPORTATION, INC.	)	
	)	
	)	
Defendant.	)	
	)	

JOINT PETITION FOR TECHNICAL CORRECTIONS

Complainant, Consumers Energy Company (“Consumers”), and Defendant, CSX Transportation, Inc. (“CSXT”), in accordance with the Board’s Order served January 19, 2018 in the captioned docket, submit this Joint Petition for Technical Corrections to the Decision in this proceeding served January 11, 2018. Consistent with the Board’s directions in *Xcel Energy* and following cases, this Joint Petition addresses only technical and/or computational errors. It does not raise issues that properly should be addressed in a petition for reconsideration under 49 C.F.R. Part 1115.3. *See Pub. Serv. Co. of Colorado d/b/a Xcel Energy v. Burlington N. & Santa Fe Ry. Co.*, STB Docket No. 42057 (STB served Dec. 14, 2004) at 1-2. The revisions proposed in this Petition would correct errors and/or omissions in the Board’s execution of various calculations relevant to application of the Stand Alone Cost (“SAC”) Constraint of the

Coal Rate Guidelines,¹ and in the Board’s implementation of various rulings set out in the narrative text of the *Decision*.

Below, Consumers and CSXT describe technical errors jointly identified by the parties. Attached as Exhibit No. 1 to this Joint Petition are detailed descriptions of how the parties’ proposed corrections may be implemented.

Technical Corrections

1. Part III-D, Vehicle Expenses. In its *Decision*, the Board adjusted the number of vehicles (pickup trucks) needed to support operations and security staff from 15 vehicles to 16 vehicles (*Decision* at 123). In its workpaper file “CERR Operating Expense-Supplemental Rebuttal_STB.xlsx,” the Board included a vehicle count of 16 in cell F250 of tab “Summary” and a vehicle expense for the 16 vehicles of \$176,294 in cell D250. However, the Board also included expenses for 15 additional vehicles in cell D176. This error should be corrected in the manner described in Exhibit No. 1.

2. Part III-D, Payroll Outsourcing Expenses. In the *Decision*, the Board accepted Consumers’ approach for calculating Other Outsourced Functions (*Decision* at 127-128). However, in its calculation of outsourced payroll processing expenses, the Board incorrectly relied on 155 CERR personnel from Consumers’ Supplemental Rebuttal workpapers, when it should have used 161 CERR personnel from its *Decision*

¹ *Coal Rate Guidelines, Nationwide*, 1 I.C.C. 2d 520 (1985) *aff’d. sub nom. Consolidated Rail Corp. v. United States*, 812 F. 2d 1444 (3rd Cir. 1987).

workpapers. The Board should correct this error in the manner described in Exhibit No. 1.

3. III.F.2 and III.F.3: Mileage. In its Rebuttal Supplemental Evidence, Consumers corrected various mileage-related errors in CSXT's Supplemental Reply workpapers, which were explained by Consumers on page III-F-1 of its Rebuttal Supplemental and corrected in its workpaper "III-F-3 Track Miles Comparison.pdf." In the *Decision*, the Board began with the CSXT Supplemental Reply III-F-32 workpapers, but did not make the mileage corrections. The Board should correct this error in the manner described in Exhibit No. 1.

4. Part III-G, Future Interest Tax Shield. The *Decision* endorsed a home mortgage style approach to interest amortization (*Decision* at 272), and it endorsed that the SARR's level of debt will be held constant into perpetuity. *See Decision* at 274. In making these endorsements, however, the Board incorrectly changed its replacement calculation to remove both the tax-shielding effects of future interest payments and future depreciation expense. Future tax-shields from interest payments are accounted for in the debt interest perpetuity in the Investment SAC determination, and should not be included in the asset replacement calculation. Because the replacement calculation takes into account interest tax shields from depreciation expense on the future investment, and the Investment SAC calculation only takes into consideration depreciation tax shields based on initial investment values, calculating the present value of the future replacement cost without accounting for depreciation on these future assets improperly removes the

depreciation tax shield for replacement assets from the SAC determination. This error should be corrected in the manner described in Exhibit No. 1.

Respectfully submitted,

/s/
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Dated: February 20, 2018

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CSX Transportation, Inc.

**Exhibit No. 1: Description of Steps to Correct Joint Technical Errors in STB Decision,
Consumers Energy v. CSX Transportation, STB No. NOR 42142 (served January 11, 2018).**

1. **III.D.3: Vehicle Expenses** – Make the following correction:
 - a. In “CERR Operating Expense_Supplemental Rebuttal_STB.xlsx:”
 1. At worksheet, “Summary:”
 - a. Change cell H157 from 15 to 0.
2. **III.D.3: Payroll Outsourcing Expenses** – Make the following correction:
 - a. In “CERR G&A Outsourcing_Supplemental STB.xlsx:”
 1. At worksheet, “Outside Services:”
 - a. Change cell F6 to reference “CERR Operating Expense_Supplemental Rebuttal_STB.xlsx]training!\$E\$10”, in place of “CERR Operating Expense_Supplemental.xlsx]training!\$E\$10”.
3. **III.F.2 and III.F.3: Mileage** – Make the following corrections:
 - a. In “CERR Route Miles Grading_Supp_Reply_Alt1_Alt2_STB.xlsx:”
 1. At worksheet, “Yard Track Length:”
 - a. Add “Add Bad Order setout track at Barr:” to cell B13.
 - b. Add “=IF([CERR Grading_Supp_Reply_Alt1_Alt2_STB.xlsm]Reply Summary!\$C\$14="yes",750,0)” to cell F13.
 - c. Add “=SUM(F13:Q13)” to cell R13.
 - d. Add “5280” to cell S13.
 - e. Add “=R13/S13” to cell T13.
 - f. Add “Add Locomotive Turntable track at Barr:” to cell B14.
 - g. Add “=IF([CERR Grading_Supp_Reply_Alt1_Alt2_STB.xlsm]Reply Summary!\$C\$15="yes",600,0)” to cell F14.
 - h. Add “=SUM(F14:Q14)” to cell R14.
 - i. Add “5280” to cell S14.
 - j. Add “=R14/S14” to cell T14.
 - k. Change cell T16 from “=SUM(T12:T12)” to “=SUM(T12:T15)”
 2. At worksheet, “Segments for grading:”

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- a. Change cell H14 from
“=SUMIF(Sticks!\$B\$12:\$YD\$523,\$A14,Sticks!\$K\$12:\$K\$523)+IF('[CERR
Grading_Supp_Reply_Alt1_Alt2.xlsm]Reply
Summary'!\$C\$12="yes",0.6,0)” to
“=SUMIF(Sticks!\$B\$12:\$YD\$523,\$A14,Sticks!\$K\$12:\$K\$523)”.
- b. Change cell I14 from
“=SUMIF(Sticks!\$B\$12:\$B\$523,\$A14,Sticks!\$Q\$12:\$Q\$523) to
“=SUMIF(Sticks!\$B\$12:\$B\$523,\$A14,Sticks!\$Q\$12:\$Q\$523)+IF('[CERR
Grading_Supp_Reply_Alt1_Alt2_STB.xlsm]Reply
Summary'!\$C\$12="yes",0.6,0)”.
- c. Change cell I17 from
“SUMIF(Sticks!\$B\$12:\$B\$523,\$A17,Sticks!\$Q\$12:\$Q\$523)” to
“SUMIF(Sticks!\$B\$12:\$B\$523,\$A17,Sticks!\$Q\$12:\$Q\$523)+IF('[CERR
Grading_Supp_Reply_Alt1_Alt2_STB.xlsm]Reply
Summary'!\$C\$13="yes",2,0)”
- b. In “CERR Grading_Supp_Reply_Alt1_Alt2_STB.xlsm:”
 1. At worksheet, “SARR Miles:”
 - a. Change the “CERR Route Miles
Grading_Supp_Reply_Alt1_Alt2.xlsx” link to “CERR
Route Miles Grading_Supp_Reply_Alt1_Alt2_STB.xlsx”.
 - b. Change cell H17 from “=VLOOKUP(\$A17, '[CERR
Route Miles
Grading_Supp_Reply_Alt1_Alt2_STB.xlsx]Segments for
grading'!\$B\$11:\$M\$25,H\$4,FALSE)+IF('Reply
Summary'!C13="Yes",F35,0)” to “=VLOOKUP(\$A17,
'[CERR Route Miles
Grading_Supp_Reply_Alt1_Alt2_STB.xlsx]Segments for
grading'!\$B\$11:\$M\$25,H\$4,FALSE)”
- c. In “2015 Ballast & subballast
Worksheet_Supp_Reply_Alt1_Alt2_STB.xlsx:”

**Exhibit No. 1: Description of Steps to Correct Joint Technical Errors in STB Decision,
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1. At worksheet, “YARDS, LOCO SHOP:”
 - a. Unmerge cells A7:F7
 - b. Add “Add Bad Order setout track at Barr:” to cell A7.
 - c. Add “=IF([III - F TOTAL - 2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply Summary!\$B\$40="yes",750,0)” to cell E7.
 - d. Add “=SUM(E7:O7)” to cell P7.
 - e. Add “=P7/5280” to cell Q7.
 - f. Add “Add Locomotive Turntable track at Barr:” to cell A8.
 - g. Add “=IF([III - F TOTAL - 2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply Summary!\$B\$41="yes",600,0)” to cell E8.
 - h. Unmerge cell O8:P8.
 - i. Delete “Total Yard Miles” from cell O8.
 - j. Add “=SUM(E8:O8)” to cell P8.
 - k. Change cell Q8 from “=SUM(Q6:Q6)” to “=P8/5280”.
 - l. Add “Total Yard Miles” to cell P9.
 - m. Add “=SUM(Q6:Q8)” to cell Q9.
2. At worksheet, “Rail Type By Subdivision:”
 - a. Change cell C38 from “=‘YARDS, LOCO SHOP’!Q8” to “=‘YARDS, LOCO SHOP’!Q9”
 - b. Change cell H45 from “IF([III - F TOTAL - 2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply Summary!\$B\$42="Yes",SUM(H4:H44),SUM(H4:H41))” to “=IF([III - F TOTAL - 2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply Summary!\$B\$42="Yes",SUM(H4:H44),SUM(H4:H41))+ IF([III - F TOTAL - 2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply Summary!\$B\$39="yes",2,0)”
 - c. Change cell K45 from “=SUM(K4:K41)” to “=SUM(K4:K41)+IF([III - F TOTAL - 2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply Summary!\$B\$39="yes",2,0)”

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- d. Change cell L45 from “=IF('[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary'!\$B\$42="Yes",SUM(L4:L44),SUM(L4:L41))+I
F('[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary'!\$B\$38="yes",0.6,0)” to “=IF('[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary'!\$B\$42="Yes",SUM(L4:L44),SUM(L4:L41))+I
F('[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary'!\$B\$38="yes",0.6,0)+IF('[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary'!\$B\$39="yes",2,0)”
 - e. Change cell N45 from “=IF('[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary'!\$B\$42="Yes",SUM(N4:N44),SUM(N4:N41))”
to “=IF('[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary'!\$B\$42="Yes",SUM(N4:N44),SUM(N4:N41))+
IF('[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary'!\$B\$38="yes",0.6,0)+IF('[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary'!\$B\$39="yes",2,0)”
 - f. Change cell P45 from “=SUM(P4:P41)” to
“=SUM(P4:P41)+IF('[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary'!\$B\$39="yes",2,0)”
3. At worksheet “Barr – PINE TO NS CONN” change cell B4 from
“=IF('[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary'!\$B\$38="yes",0.6,0)” to “0”.
 4. At worksheet “BARR YARD” change cell B13 from “='YARDS,
LOCO SHOP'!Q6” to “='YARDS, LOCO SHOP'!Q9”.
 5. At worksheet “1 track:”
 - a. Change cell D13 from “=ABS(B13-C13)” to “0”.

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- b. Change cell D14 from “=ABS(B14-C14)” to “0”.
- c. Change cell D15 from “=ABS(B15-C14)” to “0”.
- d. Add “=F34” to cell F35.
- e. Change cell G35 from “=G34*2” to “=G34*2+IF('[III - F TOTAL - 2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply Summary'!\$B\$39="yes",2,0)”.
- f. Add “Setouts” to cell L30
- g. Add “=SUM('Setouts '!E3:E12)+SUM('Setouts '!E16:E17)” to cell M30.
- h. Add “Helper” to cell L31.
- i. Add “='Setouts '!E13” to cell M31.
- j. Add “Interchange” to cell L32.
- k. Add “=INTERCHANGES!F32” to cell M32.
- l. Add “Yard” to cell L33.
- m. Add “='YARDS, LOCO SHOP!Q9” to cell M33.
- n. Add “=SUM(M30:M33)” to cell L35.
- o. Add “=L35+K35” to cell M35.
- p. Add “Check” to cell N34.
- q. Add “=M35-'Rail Type By Subdivision!L45” to cell N35.
- 6. At worksheet “Interchanges” change cell C11 from “0” to “=IF('[III - F TOTAL - 2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply Summary'!\$B\$38="yes",0.6,0)”.
- d. In “2015 OTM Worksheet_Supp_Reply_Alt1_Alt2_STB.xlsx:”
 - 1. At worksheet “TOTAL COST SUMMARY:”
 - a. Change cell E215 from “='[2015 Ballast & subballast Worksheet_Supp_Reply_Alt1_Alt2_STB.xlsx]1 track!\$F\$34-E232+IF('[III - F TOTAL - 2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply Summary'!\$B\$38="yes",0.6,0)+IF('[III - F TOTAL - 2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply Summary'!\$B\$39="yes",-2,0)” to “='[2015 Ballast & subballast Worksheet_Supp_Reply_Alt1_Alt2_STB.xlsx]1 track!\$F\$34-E232”.

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- b. Change cell E216 from “=‘[2015 Ballast & subballast
Worksheet_Supp_Reply_Alt1_Alt2_STB.xlsx]1
track!\$G\$34-E233+IF(‘[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary!\$B\$39=“yes”,2,0)” to “=‘[2015 Ballast &
subballast
Worksheet_Supp_Reply_Alt1_Alt2_STB.xlsx]1
track!\$G\$34-E233+IF(‘[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary!\$B\$39=“yes”,1,0)”.
- c. Change cell E221 from “=SUM(‘[2015 Ballast &
subballast
Worksheet_Supp_Reply_Alt1_Alt2_STB.xlsx]Rail Type
By Subdivision!\$Q\$45:\$U\$45)+IF(‘[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary!\$B\$41=“yes”,0.11,0)+IF(‘[III - F TOTAL -
2015_Supp_Reply_Alt1_Alt2_STB.xlsx]Reply
Summary!\$B\$40=“yes”,750/5280,0)” to “=SUM(‘[2015
Ballast & subballast
Worksheet_Supp_Reply_Alt1_Alt2_STB.xlsx]Rail Type
By Subdivision!\$Q\$45:\$U\$45)”.

4. III.G: Future Interest Tax Shields - Make the following correction:

- a. In "Exhibit III-H-1_Supp_Reply STB.xlsm:"
 - 1. At worksheet, “Replacement:”
 - a. Delete the formula in cell K10. This removes the future interest tax shields, but maintains future depreciation tax shields.
 - 2. At worksheet, "Netting:"
 - a. Change the formula in cell E11 from “=‘Investment SAC!W21 to ” to “=‘Investment SAC!E21”. Once the formula is changed copy the formula in cell E11 and paste it through cells E12 to E50.

CERTIFICATE OF SERVICE

I hereby certify that this 20th day of February, 2018, I caused copies of the Joint Petition for Technical Corrections of Complainant Consumers Energy Company and CSX Transportation, Inc. to be served by hand upon counsel for Defendant CSX Transportation, Inc. as follows:

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/s/

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