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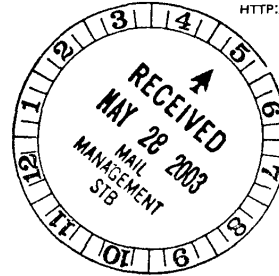
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May 28, 2003



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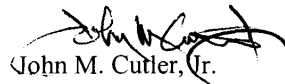
Re: **Public Version Filing in**
Docket No. 42054, PPL Montana, LLC v. The Burlington North-
ern and Santa Fe Railway Company

Dear Secretary Williams:

Attached are an unbound copy and ten stapled copies of the Public Version of the Opening Evidence and Argument of PPL Montana, LLC in Reopened Proceeding, along with a disk containing an electronic version of this document. The Highly Confidential version of this document was filed May 23, 2003 and a Confidential Version was served on in-house counsel for Defendant BNSF.

Please contact the undersigned if there are any questions concerning this filing.

Sincerely,


John M. Cutler, Jr.
Attorney for
PPL Montana, LLC

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cc: Counsel for BNSF

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BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. 42054

PPL MONTANA, LLC,

Complainant,

v.

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY,

Defendant.



ENTERED
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OPENING EVIDENCE AND ARGUMENT OF PPL MONTANA, LLC
IN REOPENED PROCEEDING

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Due Date: May 23, 2003

ARGUMENT

I. Introduction

This proceeding began as a conventional coal rate case. It was litigated by counsel and consultants who have litigated many similar cases in the past, and it was litigated at a time when so many similar cases had been considered and decided by the ICC and STB that the Board had issued a decision warning parties against deviating from established procedures.¹

PPL was confident that it could meet the statutory prerequisites for a finding of market dominance, and thus for the statutory requirement that rates to its Corette electric generating station charged by Defendant BNSF must be reasonable. 49 U.S.C. § 10701(d)(1). In fact, BNSF conceded its own market dominance by failing even to argue for the existence of intermodal or intramodal competition sufficient to constrain the challenged rail rates to reasonable levels. BNSF also acknowledged that the challenged rates produce revenues exceeding 180% of variable costs -- the threshold of STB jurisdiction.²

However, the level of BNSF's rates proved to be irrelevant in the decision the Board served August 20, 2002. In that decision (hereafter "PPL I") the Board dismissed PPL's Complaint on the ground that its stand-alone railroad, the Wyoming Montana Coal Railroad ("WMCRR") was found to be fatally defective. Relying on two brief decisions issued after the close of the record in this case, and on an interpretation of Constrained

¹ Ex Parte No. 347 (Sub-No. 3), General Procedures for Presenting Evidence in Stand-Alone Cost Rate Cases, decision served March 12, 2001, at page 6.

² The BNSF rates originally challenged by PPL were attached to PPL's Complaint. PPL's analysis showed that those rates produce r/vc ratios of 325% to 395%, while BNSF calculated r/vc ratings for its rates of up to 231%. Those rates have subsequently been modified in BNSF Common Carrier Pricing Authorities issued in 2001, 2002 and 2003 that are attached to the Verified Statement of PPL Witness Thomas D. Crowley filed herewith. Mr. Crowley's analysis continues to rely on the originally challenged rates, consistent with the record developed under the Board's original procedural schedule.

Market Pricing that has never before been set forth in any ICC or STB rate case decision, the Board adopted a new segment cross-subsidy test.

The Board noted that rates charged by market dominant railroads are unlawful if they require the captive shipper to cross-subsidize facilities it does not use. The Board reasoned that hypothetical replacements to market dominant railroads must therefore be rejected, regardless of the level of their rates (which are normally the rates of the incumbent railroad), if any member of the (presumptively non-captive) stand-alone group would pay rates used to cover the costs of a segment of the SARR that the group member does not use. The Board found that traffic using the "western part" of the WMCRR, including the issue traffic, would be cross-subsidized by traffic using the "north-south" part.³

PPL sought reconsideration of this decision in a petition filed September 30, 2002. PPL argued that the Board's new test should not be adopted at all, because it is not supported by economic theory or Coal Rate Guidelines.⁴ PPL also argued that the Board's test will render the SAC constraint useless for smaller shippers and shippers served over lighter-density rail lines, effectively deregulating rail rates to such captive shippers regardless of how much the challenged rates exceed the jurisdictional threshold.

In its Decision served March 24, 2003 ("PPL II"), the Board rejected these arguments. PPL reserves the right to seek judicial review of the Board's decision to adopt its new test.

³ PPL did not design its stand-alone railroad in segments, but considered it a unitary system extending from Converse, WY to Laurel, MT. However, PPL will adopt the Board's "western" and "north-south" terminology in this filing.

⁴ 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 (3d Cir. 1985).

In addition, PPL argued in its 2002 reconsideration petition that the test could not and should not be applied in this proceeding because it had never been applied before, and because PPL had no notice that it would be applied here. Moreover, PPL argued that if it had known the test would be applied, it would have designed the WMCRR to satisfy the test.

PPL went on to explain changes it could have made using the existing evidentiary record that would increase traffic and revenues over the western part of the WMCRR, and reduce costs. The suggestion that PPL designed its stand-alone railroad in knowing violation of established procedures in stand-alone cost cases when there was no reason to do is not credible and is inconsistent with the claim that PPL knew or should have known about the segment cross-subsidy test.

In PPL II, the Board also rejected these arguments, contending that even if the segment cross-subsidy test had not been set forth or announced in any rate case decision prior to the close of the record in this case, PPL should not have been harmed. The Board asserted that PPL had "every incentive" to design the western part of the WMCRR with the highest possible revenues and the lowest possible costs.⁵

Based on this rationale, the Board refused to reopen the proceeding so PPL could correct the routing of certain traffic that plainly uses the western part, or eliminate costs on the western part that were assigned for purposes of uniformity, but are not needed for lighter density lines.

⁵ The Board stated that PPL could file a new rate case with a redesigned WMCRR. However, this is unnecessary, inasmuch as the present record supports a finding of no cross-subsidy, and unfair, in that PPL would incur additional litigation costs and forego reparations dating back to July 6, 2000 based on the difference between the challenged rates and the significantly lower stand-alone costs of Corette service, even under the Board's cross-subsidy test.

PPL has sought reconsideration of these findings in a petition filed April 14, 2003. PPL has argued that the "every incentive" rationale, and the limits on evidence PPL may provide to show that there is no cross-subsidy here, are untenable. BNSF has replied in opposition, and the issues raised by PPL's 2003 petition are pending before the Board.

Finally, PPL's petition for reconsideration pointed out that the Board erred in its cross-subsidy analysis by mismatching traffic volumes from PPL's opening evidence and cost evidence based on PPL's rebuttal evidence traffic volumes. The Board acknowledged this error in PPL II and reopened the proceeding for further evidence. This filing, consisting of this Argument and the accompanying Verified Statement of Thomas D. Crowley, constitutes PPL's opening filing in response to the Board's PPL II decision.

II. Argument

Pending Board action on PPL's second petition for reconsideration, this reopened proceeding has a narrow focus. The first issue presented is whether correcting the Board's mismatching error closes the gap between western part revenues and western part expenses found in PPL I. The second issue is whether the determination of western part expenses in that decision is correct. If, having reviewed the evidence on these issues filed by PPL and BNSF in the reopened proceeding, the Board finds no cross-subsidy, it will "proceed with a full SAC analysis of the WMCRR." PPL II at 11.

A. Correcting the Board's Mismatching Error Produces a \$38 Million Surplus on the Western Part of the WMCRR

In PPL I, the Board analyzed revenues and expenses on the western part of the WMCRR and found a small net shortfall over the 20-year DCF period of \$9.26 million.

As PPL Witness Crowley points out (V.S. at 6), this is less than half of one percent of the stand-alone revenue requirement of more than \$2 billion.

Thus, if the Board has accurately calculated western part expenses, its denial of relief for PPL was based on a minuscule revenue shortfall, with as small a "cross-subsidy" as the Board is likely to encounter. And, as PPL has noted, there can be no question that the WMCRR is self-sustaining when analyzed as a unitary rail system, as was done with all previous stand-alone railroads in all previous SAC decisions.

At pages 10 through 14 of his Statement, Exhibit __ (TDC-23) through Exhibit __ (TDC-25), Mr. Crowley explains the process by which he corrected the mismatching error. As PPL has explained above and in its filings subsequent to the Board's PPL I Decision, PPL does not agree with the Board's cross-subsidy test or its procedures for implementing the test. Mr. Crowley nevertheless shows that correcting the mismatching under those procedures produces not a \$9.23 million shortfall, but a \$37,524,982 surplus of revenues over expenses for the western part of the WMCRR.

B. Properly Allocating Other Expenses to the Western Part of the WMCRR Does Not Offset the Surplus

Correcting for the mismatching error does not end the inquiry in the reopened proceeding. The Board went on in its PPL II Decision (at 10) to state:

There may also have been understatement of the expenses attributable to western-part traffic, however, due to the omission from our calculation of certain types of expenses that vary with the size of a carrier's system and thus a portion of which may be attributable to the western-part traffic collectively. These expense categories were operating managers, general administrative staff, loss and damage, and maintenance of way.

Before discussing Mr. Crowley's analysis of this issue, PPL would point out that, in its evidence, BNSF agreed that none of these expenses should be attributed to the western part of the WMCRR. Like PPL, BNSF had no notice that the Board would apply its segment cross-subsidy threshold test. As Mr. Crowley explains (V.S. at 7-10), the cross-subsidy argument raised by BNSF was based on a different theory from the STB's approach. BNSF's contention was not that traffic over the western part was cross-subsidized by traffic moving only over the north-south part. On the contrary, BNSF's analysis effectively conceded that stand-alone revenues on the western part of the WMCRR exceeded stand-alone costs on the western part by \$44.2 million. See Crowley V.S., 9, Table I.

BNSF's argument was that total revenues from cross-over traffic for the WMCRR as a whole were too high when compared with total revenues for the residual BNSF. BNSF relied for this argument on its Witness Baumol's call in his testimony for SAC analyses of cross-over-traffic. The Board rejected this call in PPL I, at 10, note 19. As the Board there explained, this would make SAC cases exercises in futility where there is significant cross-over traffic. Mr. Crowley agrees (V.S. at 10, n. 16).

As Mr. Crowley points out, the Board's reopening of this proceeding for further evidence on the "omitted four categories" raises procedural issues. If BNSF is held to its previous allocation of these categories of expenses, in their entirety, to the north-south part of the WMCRR, with no expenses attributable to the western part, the Board's treatment of BNSF would be consistent with its treatment of PPL, whose request for reconsideration was denied insofar as PPL sought to demonstrate that actual western part traf-

fic and revenues had been overstated, and expenses on the western part were higher than necessary. See PPL II at 8-9.

If, as the Board asserts, PPL had every incentive to demonstrate high traffic volumes and low expenses on the western part, on the assumption that PPL should have known it would have to meet the segment cross-subsidy test, BNSF should have had as much incentive, for the same reason, to demonstrate the highest credible expense levels for the western part. Accordingly, BNSF should not be heard to argue that any expenses in the "omitted" categories should be allocated to the western part of the WMCRR.

Of course, the flaw in this reasoning is the Board's assumption that either PPL or BNSF (or any other shipper or carrier) was on notice in 2000 and early 2001 that the segment cross-subsidy test would have to be met.⁶ The evidence in this case was not presented in keeping with the Board's segment cross-subsidy test because that test came as a surprise to all concerned.

However, if the Board wants to allow BNSF to argue now for a different expense allocation, reflecting any railroad defendant's incentive to maximize expenses over the portion(s) of any stand-alone railroad with the lightest densities, it cannot persist in denying PPL the opportunity to make the counter-arguments any shipper would make. If, as the Board claims, its goal is that its "final cross-subsidy analysis will be as complete as possible" (PPL II at 10), that goal is disserved by allowing only BNSF to revise its earlier evidence.

At pp. 17-21 of his Statement, Mr. Crowley explains how he developed operating expenses assignable to traffic over the western part of the WMCRR. This process in-

⁶ See PPL's September 30, 2002 Petition for Reconsideration at 4 for quotations from BNSF expert witness as late as July 2001 in which those witnesses acknowledged that adoption of a cross-subsidy test (even without segmentation) would require a departure from past precedent.

involved categorizing the calendar 2000 WMCRR operating expenses for all traffic into 15 categories, including the "omitted" four categories identified by the Board in PPL II. Using URCS regression analyses, Mr. Crowley then identified variable and fixed coefficients for these categories and proceeded to identify the percent of total 2000 expenses considered variable with changes in traffic in the long run.

In this way, operating expenses for the western part were developed, responsive to the Board's request for "evidence as to the appropriate split of operating expenses between traffic using the western part and traffic using only the north-south part, based upon the traffic volumes used on rebuttal." PPL II at 10. Then, Mr. Crowley factored in the Board's restated investment for the western part, and he compared these costs with revenues over the 20-year DCF period.

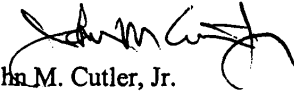
The \$38 million surplus was partially offset by these recalculated costs. However, Mr. Crowley determined that, despite the limitations placed on PPL by the Board's refusal in PPL II to allow more flexibility in developing as complete a cross-subsidy analysis as possible, revenues generated by western part traffic still exceed western part costs by \$6,366,774. Crowley V.S. at 21 and Exhibit __ (TDC-28).

III. Conclusion

PPL remains convinced that the Board's segment cross-subsidy test is bad law, bad policy and procedurally indefensible as applied to this rate case. Despite these objections, and despite a reopening decision whose narrowness unfairly penalizes PPL and rewards BNSF, PPL has demonstrated that the western part of the WMCRR is not cross-subsidized by traffic of stand-alone group members that uses only the north-south part.

Accordingly, the Board should "proceed with a full SAC analysis of the WMCRR."

Respectfully submitted,



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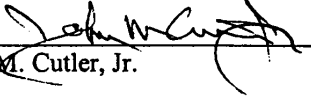
Dated: May 23, 2003

CERTIFICATE OF SERVICE

I hereby certify that I have this 23rd day of May, caused copies of this document to be filed by messenger delivery to local counsel and by express courier delivery to Texas counsel for Defendant BNSF as follows:

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Steptoe & Johnson, LLP
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Washington, DC 20036

Michael E. Roper
The Burlington Northern and Santa Fe
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John M. Cutler, Jr.

Docket No. 42054

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LIST OF EXHIBITS

EXHIBIT No. ^{1/} (1)	TITLE (2)
22	Common Carrier Pricing Authority BNSF 90041
23	Western Segment Wyoming Coal Railroad Service Units - 2000
24	Western Segment 2000 WMCRR Operating Expenses
25	DCF Model For Western Traffic Corrected To Eliminate Traffic Mismatching Error
26	Development of WMCRR's Variability Percents By Expense Category
27	WMCRR Western Segment 2000 Variable Operating Expenses
28	DCF Model For Western Traffic Based on Costs Attributed to That Traffic

^{1/} Exhibit_(TDC-1) through Exhibit _(TDC-10) were filed with my opening evidence in this proceeding on December 14, 2000 and Exhibit_(TDC-11) through Exhibit_(TDC-21) were filed in my rebuttal evidence in this proceeding on May 7, 2001.

I. INTRODUCTION

My name is Thomas D. Crowley. I am an economist and President of the economic consulting firm of L. E. Peabody & Associates, Inc. The firm's offices are located at 1501 Duke Street, Suite 200, Alexandria, Virginia 22314. I am the same Thomas D. Crowley that filed verified statements in the opening and rebuttal phases of this proceeding as well as in support of the petition for reconsideration filed September 30, 2002 by Complainant PPL Montana, LLC ("PPL").

I have been asked by Counsel for PPL to respond to the Surface Transportation Board's ("STB" or "Board") request for additional evidence on the calculation of the "...portion of the WMCRR operating expenses attributable to the traffic using the western part"^{1/} of the stand-alone railroad relied on by PPL in this case.

In its decision served August 20, 2002 in this proceeding, hereafter referred to as PPL I,^{2/} the Board calculated costs and revenues separately for the portion of PPL's stand-alone railroad (the Wyoming Montana Coal Railroad, or "WMCRR") west of Campbell, WY, which the Board called the "western part," and for the remainder of the WMCRR, which the Board called the "north-south part."

Based on its analysis, the Board calculated that, over the 20-year discounted cash flow ("DCF") model life, the western part would incur costs (on a cumulative present value basis) exceeding

^{1/} STB Docket No. 42054, PPL Montana LLC v. The Burlington Northern and Santa Fe Railway Company ("PPL II"), decision served March 24, 2003, unprinted, p9.

^{2/} STB Docket No. 42054, PPL Montana, LLC v. The Burlington Northern And Santa Fe Railway Company ("PPL I"), decision served, August 20, 2002.

revenues by \$9.26 million.^{3/} Based on this finding, the Board concluded that the western part was viable only if cross-subsidized by the north-south part. Holding such a cross-subsidy impermissible, it dismissed the complaint.

PPL filed a petition for reconsideration of PPL I, raising legal, economic and policy arguments against the Board's analysis. In my Verified Statement in support of that petition, I stated that neither the ICC nor the STB has ever previously issued a decision in a stand-alone case applying this segmented cross-subsidy analysis. I also identified material errors in the Board's application of its unprecedented analysis in this case.

I explained that, if PPL had notice of the standard the Board found it failed to meet, the western portion of the WMCRR would have been designed differently, to eliminate the small revenue shortfall found in PPL I. Under the unitary approach applied in all previous stand-alone case decisions, such segment-by-segment adjustments in costs and revenues conferred no benefit and would have served only to increase litigation costs and the need for discovery. Given the limited space available, I was able to identify only a few examples of how the WMCRR could have been structured differently, based on evidence already in the record, to eliminate the Board's concern about the economic viability of the western portion.

In PPL II, the Board denied reconsideration in many respects, stating that PPL had every incentive to maximize revenues and minimize costs over the western part despite the absence of precedent for a segment-by-segment analysis. PPL has now filed a petition for reconsideration of

^{3/} PPL I, unprinted, Table 1, p14.

this aspect of PPL II. If the Board grants reconsideration of PPL II and permits other revisions to the evidence on costs for the western part, the Board will have additional grounds, beyond the evidence provided below, for finding that revenues from western part traffic more than cover western part costs.

However, PPL II also granted PPL's original petition for reconsideration in part. To the extent that it granted reconsideration of PPL I, the STB asked the parties to provide certain specific information in order to determine if its PPL I cross-subsidy findings are correct. The issues the STB asked the parties to address on this limited reopening are as follows:

"We cannot determine, on the existing record, whether the overstatement of operating expenses due to our mismatching error was so large as to alter the outcome of our analysis, nor whether it would be offset by the understatement resulting from the omission of four expense categories. Therefore, we will reopen the record for the limited purpose of obtaining the necessary evidence to enable us to correct our error and determine what, if any, effect the error had on our ultimate determination in this case. On this limited reopening, the parties should submit evidence as to the appropriate split of operating expenses between traffic using the western part and traffic using only the north-south part, based upon the traffic volumes used on rebuttal. In addition, the parties may submit evidence on the proper allocation of the four categories of operating expenses that were omitted from our prior analysis, so that our final cross-subsidy analysis will be as complete as possible."^{4/}

In the remainder of my verified statement, I develop and summarize the analyses called for by the STB using two alternate analytical approaches. Both of my analytical approaches rely only on data included in the existing record and both analyses demonstrate that the cross-subsidy problem

^{4/} PPL II, unprinted, p10.

suggested by the STB does not exist.^{3/}

The remainder of my verified statement is organized under the following topical headings:

- II. Summary of Findings
- III. Correcting the STB Cross-Subsidy Analysis Error
- IV. Evaluating Whether Or Not The WMCRR Is Handling Traffic That Is Being Cross-Subsidized
- V. Conclusions

^{3/} The rates challenged in PPL's complaint, set forth in Common Carrier Pricing Authority BNSF 90041, have been modified during the pendency of this rate case. In order to complete the record, copies of BNSF's successive reissues of those rates in 2001, 2002 and 2003 are attached hereto as Exhibit_(TDC-22). (Exhibit_(TDC-1) through Exhibit_(TDC-21) were filed in my prior verified statement in this proceeding). My analysis does not incorporate these subsequent rate changes, but is based on the year 2000 record evidence developed prior to May 7, 2001, when PPL and BNSF made their original rebuttal filings.

II. SUMMARY OF FINDINGS

Based on the analyses summarized in the balance of this verified statement and the accompanying exhibits, a summary of my findings is as follows:

1. When the traffic mismatching error identified by the Board in PPL II is corrected, the \$9.3 million Board calculated shortfall associated with the WMCRR's handling of the traffic on the western part of the stand-alone railroad is actually a \$38 million surplus and therefore no cross-subsidy exists;
2. It is theoretically incorrect to use costs exceeding variable costs to determine whether or not a cross-subsidy exists for traffic handled by a railroad, or a theoretical replacement railroad, and the Board should compare the revenues generated by the issue traffic to the variable costs associated with handling that traffic;
3. When the western traffic is evaluated to determine whether or not it makes a contribution to the WMCRR, the variable costs associated with that traffic are lower than revenues generated by that traffic demonstrating that WMCRR is better off with that traffic than without it i.e., no cross-subsidy exists;
4. The two independent analyses that I present in this verified statement confirm that the traffic moving over the western portion of the WMCRR is not being cross-subsidized; and
5. As stated in PPL II if no cross-subsidy exists, the Board should "...proceed with a full SAC analyses of the WMCRR".^{g/}

^{g/} PPL II, unprinted, page 11.

III. CORRECTING STB'S CROSS-SUBSIDY ANALYSIS ERROR

In PPL II, the Board requested additional information related to the cross-subsidy analysis it performed and used as the basis to dismiss PPL's complaint. The Board determined in its cross-subsidy analysis that over the 20 year DCF model life, stand-alone costs for the traffic moving on the western portion^{7/} of the stand-alone railroad exceeded stand-alone revenues by \$9.3 million on a cumulative present value basis. This is less than one half of one percent of the total stand-alone requirement of the western portion of WMCRR.^{8/}

However, in developing its cross-subsidy value, the Board made several errors including the traffic mismatching error acknowledged in PPL II. Specifically, the Board developed a series of ratios based on the relationship of the expenses in Defendant BNSF's reply evidence expenses categories for the north/south traffic of the WMCRR to the expenses in the same expense categories in PPL's opening evidence for all the WMCRR traffic. The Board applied these ratios to the expense categories in PPL's rebuttal evidence for all the WMCRR traffic in order to estimate the operating expenses for the traffic moving over the western portion of the WMCRR.^{9/} The mismatching errors occurred because PPL's rebuttal evidence removed some revenues and

^{7/} The western portion of the WMCRR is the 241 miles between Campbell, WY and Laurel, MT. The north-south portion between Campbell, WY and Converse, WY and between Eagle Butte and Campbell is approximately 99 miles in length.

^{8/} Table 1 of PPL I which summarized the Board's analysis of the \$9.3 million shortfall also identified the annual stand-alone requirement for each of the 20 years included in the model i.e., \$2,050.1 million over the 20 year life. The Board's calculated \$9.3 million shortfall is 0.45% of the total stand-alone requirement of \$2,050.1 million.

^{9/} The Board had to perform this convoluted analysis because neither BNSF nor PPL presented any evidence on the cross-subsidization of the western portion of the WMCRR that the Board found and used to dismiss PPL's complaint.

traffic that moved over the western portion of the WMCRR in PPL's opening evidence, in response to BNSF's reply evidence. Due to the removal of this traffic, PPL's rebuttal operating expenses were based on different traffic levels than PPL's opening operating expenses. As a result, by applying the ratios developed above to PPL's rebuttal operating expenses, the Board overstated the operating expenses that should have been assigned to the traffic moving over the western portion of the WMCRR, based on the Board's segmented cross-subsidy analysis.

In the remainder of this section of my verified statement, I will address the Board's mismatching error and I will also address whether or not the corrected operating expenses need to be increased due to other factors, including the so-called "omission of four expenses categories".^{10/} My research and results are summarized under the following topical headings.

- A. BNSF Was Concerned With Revenue Divisions On Cross-Over Traffic, Not a Segmented Cross-Subsidy
- B. Calculation of Western Segment Traffic's Attributable Costs Based On Rebuttal Traffic Levels
- C. Omitted Four Categories Of Operating Expenses

**A. BNSF WAS CONCERNED WITH REVENUE
DIVISIONS ON CROSS-OVER TRAFFIC, NOT
A SEGMENTED CROSS-SUBSIDY ANALYSIS**

While the Board was comfortable in developing a cross-subsidy analysis that was not presented by either BNSF or PPL in the record in this proceeding, the Board was unwilling to use the information in the record that demonstrates that the cross-subsidy would not have existed

^{10/} PPL II, unprinted, p. 10.

(based on its approach) if the traffic presented in PPL's opening evidence was used in the cross-subsidy analysis. Stated differently, if the traffic and revenues that the Board used to develop the ratio of BNSF Reply to PPL Opening were used in the Board's cross-subsidy analysis, there would be no cross-subsidy even following the Board's methodology. But the Board did not allow such clearly appropriate corrective action, which would remove this cross-subsidy issue and allow for a critique of the evidence presented by the parties as opposed to the evidence developed by the Board. (See PPL II, unprinted, p. 10 where the Board restricts the use of traffic volumes based on rebuttal).

When BNSF critiqued PPL's opening evidence, BNSF's concern was not that the so-called north-south traffic moving on the WMCRR was cross-subsidizing the so-called western traffic moving on the WMCRR. Rather BNSF's concern was that the WMCRR revenue for cross-over traffic as a proportion of the total BNSF revenue for the through movement was too high.^{11/} BNSF never demonstrated or even alleged that the stand-alone revenues generated by the western traffic were less than the stand-alone costs of handling that traffic. Specifically, BNSF stated that

REDACTED

^{12/}

^{13/} ^{14/}

^{11/} Klick/Kent Reply 14-15, and BNSF Reply Agreement, p. 31-32.

^{12/} BNSF Reply Agreement, p. 31-32.

^{13/} Klick/Kent Reply, p. 15.

^{14/} In PPL II, unprinted, p.10, the Board asserted that BNSF's evidence was un rebutted by PPL. This is not correct. In my rebuttal verified statement at pp. 33-35, I specifically respond to the issues raised by BNSF.

Table 1 below demonstrates why BNSF did not believe that stand-alone costs for the western traffic were greater than the revenues for that traffic. The values in Table 1 reflect calendar year 2000 values^{15/} developed by PPL for the entire WMCRR (Column (2)), BNSF's analysis of stand-alone revenues and costs for the so-called north-south traffic (Column (3)) and the residual stand-alone revenues and costs for the so-called western traffic (Column (4)).

Table 1 Summary Of PPL Opening and BNSF Reply Stand-Alone Revenues And Costs For 2000			
Item (1)	PPL Opening (Entire WMCRR) ^{1/} (2)	BNSF Reply (North-South Portion of WMCRR) ^{2/} (3)	Residual (Western Portion of WMCRR) ^{3/} (4)
1. Stand-Alone Revenues (\$ in Millions)			
2. Stand-Alone Costs (\$ In Millions)		REDACTED	
a. Capital Recovery			
b. Expenses			
c. Total			
3. Amount Revenues Exceed Stand-Alone Costs (L1 - L2c)			
^{1/} PPL Opening, Attachment A to Exhibit _(TDC-9), page 26 of 27.			
^{2/} BNSF reply, Exhibit CK/JK-3 and reply electronic workpapers "DCF_Time_Sustain.123".			
^{3/} Column (2) minus Column (3).			

Table 1 demonstrates that BNSF was not concerned about stand-alone costs being greater than stand-alone revenues for any traffic handled by WMCRR. BNSF simply wanted to change the way

^{15/} Calendar year 2000 values in Table 1 reflect 3Q00 and 4Q00 values summed together and annualized because this was the procedure used by BNSF to develop the values described above.

revenues were allocated between the cross-over traffic and the residual BNSF. BNSF deduced, without demonstration, that a cross-subsidy must exist because revenues for the north-south traffic were so much greater than the stand-alone costs (Column (3) above). As shown in Table 1, Column (3) and Column (4), no such cross-subsidy existed.^{16/}

**B. CALCULATION OF WESTERN
SEGMENT TRAFFIC'S ATTRIBUTABLE
COSTS BASED ON REBUTTAL TRAFFIC LEVELS**

The Board in PPL I stated that the traffic moving over the western portion of the WMCRR was being cross-subsidized by the north-south traffic. To accomplish this, the Board accepted PPL's rebuttal revenues, restated the stand-alone investment needed for the western segment of the WMCRR and allocated PPL rebuttal operating expenses between north-south and western traffic based on a series of ratios of BNSF's reply operating expenses for the north-south traffic to PPL's opening operating expenses for the entire WMCRR. Because the flow of PPL's traffic changed between opening and rebuttal, the Board's allocation of operating expenses between north-south and western traffic was incorrect, assuming the correctness of the Board's methodology.

In order to correct the Board's error, I have evaluated the costs associated with the WMCRR's handling of that portion of the traffic group moving on the western portion of the stand-alone system.

^{16/} BNSF's position is that because the revenues generated by the north-south traffic are so much greater than the stand-alone costs, a cross-subsidy must exist. BNSF's position would eliminate all traffic from a stand-alone group whose revenues are greater than stand-alone costs. This would mean that the only traffic that could be included in a stand-alone group is traffic that generates revenues less than stand-alone costs. BNSF's position translates to no relief in every stand-alone proceeding because stand-alone revenues will always be less than stand-alone costs following BNSF's revenue division/cross-subsidy position.

An explanation of the procedures I followed to develop the costs of the western traffic and the results of my analysis are summarized below under the following headings.

1. STB's Approach And Problems
2. Evaluation of Western Segment Traffic Using STB's Methodology

1. STB's Approach And Problems

The STB's approach to evaluating WMCRR calendar year 2000 operating expenses relied upon BNSF's evaluation of the north-south traffic. The STB assumed that if the expenses associated with the north-south traffic developed by BNSF in reply were compared to PPL's opening operating expenses developed for the entire WMCRR system, the resulting relationship could be applied to PPL's rebuttal operating expenses to develop the rebuttal operating expenses associated with handling the north-south traffic. The STB's analysis assumed that if the resulting expenses associated with handling the north-south traffic were deducted from PPL's total rebuttal expenses, the Board would have identified the rebuttal expenses associated with handling the WMCRR's western traffic.

One of the problems with the STB's approach is that the traffic traversing the western portion of the WMCRR changed between opening and rebuttal evidence creating a mismatching of relationships between expenses and traffic.

A second problem with the STB's approach is that it improperly relied on mismatched economic theories i.e., it evaluated the economic value of added traffic at a total cost level. In evaluating whether or not a railroad would include an additional increment of traffic or determine if an existing

movement of traffic would make an economic contribution to that railroad's bottom line, the incremental or variable costs of handling that traffic are the appropriate costs to use.^{17/} Instead, the Board's procedures assume that total expenses (both variable and fixed or constant operating expenses) should be assigned to this increment of traffic that it evaluated, even though the WCMRR would incur the fixed or constant operating expenses with or without the traffic that moves over the western portion of the WCMRR.^{18/}

2. Evaluation of Western Segment Traffic Using STB's Methodology

Setting aside for the moment the second theoretical problem with the STB's approach to determining a cross-subsidy, I have calculated the WCMRR's costs associated with handling the western traffic based on the STB's approach in PPL II, but correcting the mismatching of traffic error.

The first step in this process was to develop the operating statistics associated with handling WCMRR's western traffic. Once developed, these statistics were applied to the applicable operating unit costs that I developed and presented in rebuttal for the entire WCMRR. The resulting aggregate expenses were combined with the STB's restated investment for the western portion of the WCMRR and compared to the revenues generated by the WCMRR to determine if correcting the mismatch

^{17/} The Board has stated that railroads may reasonably charge rates below variable cost, based on "directly variable cost", without being guilty of impermissible cross-subsidies, but it is not necessary for present purposes to pursue that approach. Coal Rate Guidelines - Nationwide, 1 I.C.C. 2d 520, n.51.

^{18/} To some extent the STB recognized this economic consideration when it did not allocate to the western traffic any of the monies included in the four categories of expenses that the BNSF assigned in total to the north-south traffic.

eliminates the revenue shortfall found by the Board. These steps and the results of my analysis are discussed below.

a. **Operating Statistics** -- Using the string diagram model that I used in Opening^{19/} and updated in Rebuttal, I developed the operating statistics associated with the movement of only the western traffic over the entire WMCRR. The WMCRR operating statistics resulting from my analysis are summarized in Exhibit_(TDC-23). Using the string analysis to develop operating statistics for only the traffic moving over the western portion of the WMCRR's is far more reliable than developing the statistics using a series of ratios.

b. **Operating Expenses** -- The operating unit costs that I developed in rebuttal were applied to the operating statistics discussed immediately above. This produced calendar year 2000 operating expenses (following the STB's methodology) associated with the western traffic. These are the same operating expenses used by the STB in PPL I for its cross-subsidy analysis. Development of calendar year 2000 western traffic operating expenses is detailed in Exhibit_(TDC-24).

The categories of expenses included in the Exhibit_(TDC-24) analysis are the same categories of expenses used by the STB in PPL I for its cross subsidy analysis. Notably, when BNSF made its expense determination for north-south traffic it included among those north-south expenses all costs for the "omitted four categories of operating expenses" identified by the Board in PPL II.^{20/} I will address these four categories of operating expenses later in this verified statement.

^{19/} This is the same model used by BNSF to develop the north-south cross-over traffic operating statistics -- see Klick/Kent, Reply, p. 15.

^{20/} See BNSF Reply electronic workpapers "DCF_Time_Sustain.123".

c. **Study Results** – Continuing to follow the STB’s procedures, I combined the aggregate operating expenses with the STB’s restated investment^{21/} and compared the results to the revenues associated with the western traffic using the Board’s DCF model from PPL I. The study results are shown in Exhibit_(TDC-25).

The Exhibit_(TDC-25) study results show that on a cumulative present value basis over the 20-year DCF model life, no revenue shortfall exists. On the contrary, following the STB’s methodology but correcting for the mismatching error in traffic levels results in revenues for the western traffic exceeding stand-alone costs by \$38 million. Where there is no revenue shortfall, there is no cross-subsidy.

C. OMITTED FOUR CATEGORIES OF OPERATING EXPENSES

In PPL II, the STB provides the parties with an opportunity to “...submit evidence on the proper allocation of the four categories of operating expenses that were omitted from our prior analysis...”^{22/} The four categories of operating expenses referred to by the Board include the categories of operating managers, general & administrative, loss and damage and maintenance-of- way. As noted above,

^{21/} As noted in my verified statement accompanying PPL’s Motion for Reconsideration, the STB overstated the investment needed for the western portion of the system if the traffic is to be viewed incrementally. In designing the entire WMCRR, facilities were constructed to effectively handle all traffic. Additional facilities were added to the western portion of the WMCRR to make the more dense north-south portion of WMCRR perform more efficiently. If the objective is to determine the costs associated with only handling the western traffic, then the investment in facilities only installed to insure a smooth operation of the entire WMCRR have to be eliminated from the analysis. However, in keeping with the Board’s decision in PPL II, and pending STB action on PPL’s request for reconsideration of that decision, I have not removed the investment in these unneeded facilities but rather used the STB’s inflated restatement of investment for the western segment.

^{22/} PPL II, unprinted, p. 10.

these operating expenses were not omitted by BNSF in its reply evaluation. Rather, they were assigned by BNSF in total to the north-south traffic.

These so-called omitted categories of operating expenses can be assessed in two ways. The first way is to assume that BNSF knew what it was doing and intentionally assigned all the monies for these four expense categories to the north-south traffic, possibly because it correctly assumed that these categories of expenses should be the responsibility of the core system. Under this approach, which allocates costs as the incumbent railroad did in the evidence in this proceeding, these categories of expense cannot be reallocated to the western part of the WMCRR as an offset to the \$38 million revenues surplus discussed above.

In the passage I quoted above from PPL II, the Board appears to have invited BNSF to argue that some of the "omitted" expenses in the four categories should be allocated to the western part of the WMCRR, notwithstanding the original allocation adopted by BNSF. This invitation, and the Board's stated rationale of wanting to insure that its "final cross-subsidy analysis will be as complete as possible," are inconsistent with the Board's refusal in PPL II to allow PPL to provide more accurate traffic volumes and more appropriate investment costs for the western part, using data included in the record.

Allowing BNSF to change its evidence is also inconsistent with the Board's contention that all parties knew or should have known that revenues exceeding costs are required not just for stand-alone railroads as a whole, but also for each segment of a SARR. As the Board develops its new test, it must consider the extent to which it wants to encourage railroads to exploit the

segment cross-subsidy concept by attributing the lowest possible traffic volumes and the highest possible costs to one or more segments of each stand-alone railroad developed in stand-alone cases. Major disputes are likely, driving up litigation costs and burdens for the parties and the Board's Staff. Nevertheless, I will provide my views on the issue raised by the Board.

**IV. EVALUATING WHETHER OR NOT
THE WMCRR IS HANDLING TRAFFIC
THAT IS BEING CROSS-SUBSIDIZED**

In explaining this limited reopening, the STB instructed the parties as follows:

“On this limited reopening, the parties should submit evidence as to the appropriate split of operating expenses between traffic using the western part and traffic using the north-south part, based upon the traffic volumes used on rebuttal”.^{23/}

When a railroad (or any company) evaluates whether or not to handle new traffic (or a new line of business), it compares the revenues that will be generated by the new traffic to the economic costs (i.e., the attributable, variable, incremental or marginal costs) of handling the new traffic. As long as the revenues from the new traffic are greater than the economic costs of handling new traffic, the railroad (or any company) is better off with the new traffic than without the new traffic. This same theoretical approach is used to evaluate whether or not a railroad should continue to handle existing or theoretical traffic movements.^{24/}

In this section of my verified statement, I apply these real world railroad pricing principles to develop the operating expenses assignable to the “western” traffic moving on the WMCRR to determine whether or not the WMCRR should handle this traffic, i.e., whether the traffic would pay its way or require a cross-subsidy under the Board’s approach. Specifically, I utilize the following

^{23/} PPL II, unprinted, p. 10.

^{24/} This is also consistent with Ex Parte 347 (Sub No. 2) where it is stated, “As a general rule, it is betetr for a railroad to carry any traffic that covers its own attributable costs and makes any contribution (no matter how slight) the joint and common costs.” 1 S.T.B. 1004 (1996).

information and develop the following analyses based on the "traffic volumes used in rebuttal" and other information contained in the record in this proceeding:

1. I used the STB's calculation of road capital costs for the western portion of the stand-alone railroad (even though this level of capital costs includes investment not needed to handle only the western traffic);
2. I used the traffic levels the way the traffic was routed in rebuttal (even though as demonstrated in my opening evidence accompanying PPL's petition for reconsideration, partial rerouting of a few of the stand-alone customers would increase stand-alone revenues more than the incremental costs of handling that traffic);
3. I applied URCS^{25/} variable regression coefficients to the total traffic levels of the stand-alone railroad for each of the fifteen (15) expense categories included in the stand-alone cost analysis and determined the percent variable for each WMCRR category of expense;
4. I applied the Step 3 percent variables to the total operating expenses of the western traffic as it moved over the entire stand-alone railroad; and
5. I combined the variable operating expenses from Step 4 to the road capital costs from Step 1 and compared the result to the revenues generated by the western traffic as it moved over the entire stand-alone railroad using the Board's DCF model from PPL I.

The above study approach assumes that the stand-alone railroad is operating profitably (an assumption implicit in the STB's approach). The stand-alone railroad then evaluates whether or not the western traffic is contributing to the value of the stand-alone railroad. Comparing the revenues that the western traffic generates to the combined return on investment associated with building the required facilities plus the variable operating costs associated with handling this traffic, demonstrates that a cross-subsidy does not exist.

^{25/} Uniform Railroad Costing System ("URCS") used by both parties to develop variable costs. See PPL opening electronic file BN 99 STB.c.

The remainder of this section of my verified statement summarizes the analyses I developed to demonstrate that the western traffic is not cross-subsidized.

- A. Development of WMCRR Percent Variables For Each Expense Category
- B. Application of WMCRR Percent Variables To Determine Western Traffic Variable Expenses
- C. Evaluation of Cross-Subsidy

**A. DEVELOPMENT OF WMCRR PERCENT
VARIABLES FOR EACH EXPENSE CATEGORY**

Utilizing the variable and fixed regression coefficients that the STB uses to develop a railroad's variable unit costs, I developed the WMCRR variable costs for calendar year 2000. These WMCRR variable costs were necessary in order to develop the costs that would be attributed to a portion of the traffic handled by the WMCRR.

In making this determination, I considered and included the fifteen (15) categories of operating expenses that would be included in any railroad profitability evaluation. My analysis also considered and included the "four omitted categories of operating expenses" that the Board asked the parties to address when responding to PPL II.

Analytically I proceeded as follows. The total calendar year 2000 WMCRR operating expenses for all traffic handled were separated into fifteen (15) categories of expense. The URCS regression equation for each category of expense was next identified. For each URCS regression equation, the variable coefficients and the fixed coefficients were identified. The variable and

fixed coefficients for each category of expense were applied to the aggregate annual calendar year 2000 traffic statistics associated with each category of expense to determine the percent of the total WMCRR calendar year 2000 expenses that were considered variable with changes in traffic in the long run.

The results of my percent variable analysis for each of the fifteen expense categories are summarized on Exhibit_(TDC-26).

**B. APPLICATION OF WMCRRR
PERCENT VARIABLES TO DETERMINE
WESTERN TRAFFIC VARIABLE EXPENSES**

I applied the percent variables developed in Exhibit_(TDC-26) to the total operating expenses in each of the fifteen (15) expense categories included in the stand-alone cost analysis for the western traffic shown in Exhibit_(TDC-24). These total operating expenses are summarized in Exhibit_(TDC-24). For the "omitted four expense categories", an additional step was required, assuming any reallocation of those expenses is warranted. Prior to applying the percent variable, a portion of the total operating expenses for the entire WMCRR had to be allocated to the western traffic. The allocating factors I used are the variable statistics used to separate total expenses between variable and fixed costs (see Exhibit_(TDC-26)).

The results of applying the percent variables to each of the fifteen (15) expense categories are show by category on Exhibit_(TDC-27).

**C. EVALUATION OF
CROSS-SUBSIDY**

The variable operating expenses developed in Exhibit_(TDC-27) were combined with the STB's restated investment for the western portion of the WMCRR in the 20 year DCF model, that the Board used in PPL I, and compared to the revenues associated with the western traffic. The study results are shown on Exhibit_(TDC-28).

The Exhibit_(TDC-28) study results show that on a cumulative present value basis over the 20-year DCF model life, when corrected economic costs are applied^{26/} to the western traffic, revenues for the western traffic exceed long run attributable costs by over \$6 million. Accordingly, the WMCRR is viable and not subject to challenge under the Board's segment cross-subsidy approach, because no cross-subsidy exists.

^{26/} As noted earlier in this verified statement, the STB has overstated the investment needed to handle the western traffic. If the investment were adjusted to recognize only the capital requirements of the western traffic, the surplus shown on Exhibit_(TDC-28) would be considerably larger.

V. CONCLUSIONS

The two analyses summarized in the text of this verified statement and quantified in the accompanying exhibits demonstrate that the traffic handled by WMCRR on the western portion of the theoretical railroad is not being cross-subsidized by the north-south traffic moving on the WMCRR. The Board should therefore “proceed with a full SAC analysis of the WMCRR”.^{27/}

^{27/} PPL II at 11.

Abstract

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Thomas D. Crowley

Anthony V. Evanshaw III
Anthony V. Evanshaw III
Notary Public for the State of Virginia

REDUCTION	
BNSF 90041	(R)1st Revised Title Page
BNSF 	
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY BNSF PRICE LIST 90041 LOCAL ALL-RAIL RATES ON RAW SUBBITUMINOUS COAL (STCC 11-21)	
BETWEEN STATIONS IN THE CONTINENTAL UNITED STATES	
THIS TARIFF ALSO APPLIES ON INTRASTATE TRAFFIC	
Governed, except as otherwise provided herein: By UFC 6000-Series and Tariff ICC BN 6041-Series	
For explanation of abbreviations and reference marks, see Item 100.	
ISSUED July 27, 2001	EFFECTIVE July 1, 2001
Issued by Paul M. Anderson, P.O. Box 961069, Ft. Worth, TX 76161-0069	

Issued by Paul M. Anderson, P.O. Box 961069, Ft. Worth, TX 76161-0069

BNSF 90041		THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY		1st Revised Page 2	
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For explanation of abbreviations and reference marks, see Item 100.					
ISSUED July 27, 2001			EFFECTIVE August 17, 2001		
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BNSF 90041		THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY		Original Page 3	
PARTICIPATING CARRIERS					
ABBREVIATION		NAME OF CARRIER			
BNSF.....		(1) Burlington Northern and Santa Fe Railway Company, The.			
(1) The term "The Burlington Northern and Santa Fe Railway Company" or "BNSF", as used herein, includes The Burlington Northern and Santa Fe Railway Company and other carriers as named in Note 3200 of the Official Railroad Station List OP&SL 6000-Series.					
For explanation of abbreviations and reference marks, see Item 100.					
ISSUED May 23, 2000		EFFECTIVE July 1, 2000			
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BNSF 90041		THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY		Original Page 4	
RULES AND OTHER GOVERNING PROVISIONS					
GENERAL RULES AND REGULATIONS					
APPLICATION				SUBJECT	
ABBREVIATION		EXPLANATION		ITEM	
STCC.....		Standard Transportation Commodity Code Tariff STCC 6001-Series.			
UFC.....		Uniform Freight Classification (Uniform Classification Committee, Agent).			
REFERENCE MARK		EXPLANATION		EXPLANATION OF ABBREVIATIONS AND REFERENCE MARKS	
(A)		Denotes Increase.			
(R)		Denotes Reduction.			
(C)		Denotes changes in wording which result in neither increases nor reductions in charges.			
For explanation of abbreviations and reference marks, see Item 100.					
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RULES AND OTHER GOVERNING PROVISIONS			
GENERAL RULES AND REGULATIONS			
APPLICATION		SUBJECT	ITEM
When this price list is amended by revised pages, the cancellation of prior pages will be affected by means of this rule. A revised page will not show a cancellation notice. Revisions of each page will be published and filed in numerical sequence.		CANCELLATION OF ORIGINAL AND REVISED PAGES	200
For example - "First Revised Page 10" will have the effect of cancelling Original Page 10. "45th Revised Page 12" will have the effect of cancelling 44th Revised Page 12.			
Freight charges will be assessed on the basis of the applicable minimum weight per trainload or the actual weight of coal per trainload whichever is greater.		MINIMUM WEIGHT	205
Shipper provided cars shall be aluminum bottom dump open-top and suitable for loading not less than 115 net tons of coal per carload, not subject to any private car mileage allowance and furnished at no cost to BNSF. The minimum tender for a train of shipper provided cars is sixty-five (65) such cars.		RAIL CAR SUPPLY AND TENDER REQUIREMENTS	210
Claims for damage to or destruction of either shipper provided or BNSF provided cars shall be handled in accordance with the procedures set forth in the field manual and office manual of the Association of American Railroads Interchange Rules, as amended from time to time.			
Weights shall be ascertained at origin by shipper, its agent, or the coal mine operator, at no charge to BNSF, and will be provided to BNSF via either electronic data interchange or facsimile upon release of a loaded train. BNSF shall have the right to inspect and certify the origin scales. The minimum weight per trainload for a train of shipper provided cars is 7,475 net tons of coal.		TRAINLOAD AND CAR WEIGHTS	215
In the event that the gross weight on any of the cars and its coal loading exceeds 286,000 lbs., BNSF shall incur no liability for any damage to, or extraordinary costs associated with, shipper's unloading system at destination. In the event that any car is loaded in excess of its marked capacity, BNSF, shall, at its option, remove and transport such cars to a facility or location where excess coal may be unloaded. For each such overloaded car so handled shipper shall pay BNSF a charge of \$410.00. This charge shall include return of such cars to line-haul service after excess coal has been unloaded. Unloading of excess coal shall be at shipper's expense and in the event such excess coal is further transported by BNSF, such charges as applicable therefor shall be in addition to the charges included herein.		OVERLOADED CARS	220

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RULES AND OTHER GOVERNING PROVISIONS					
SPECIAL RULES AND REGULATIONS - UNLIMITED					
APPLICATION			SUBJECT	ITEM	
Shipper or its agent shall be responsible for the provision of appropriate loading facilities. All cars in each shipment shall be tendered to BNSF for loaded movement within four (4) hours of actual or constructive placement for loading at origin (Loading Free Time). Actual placement is made when an empty train arrives at the designated loading point at origin and the train crew requests loading instructions. If actual placement is prevented due to any cause attributable to shipper, its agents, or the mine operator, BNSF may constructively place the train at any available hold point. In the event of constructive placement, loading free time shall begin when BNSF notifies shipper, its agents, or the mine operator that the train has arrived at the hold point and shall end when the train is actually placed at origin. Shipper shall pay a charge of \$425.00 per hour or fraction thereof that a train is held in excess of loading free time.			LOADING	225	
Shipper or its agent shall be responsible for the provision of appropriate unloading facilities. At the destination, one-half of the consist will be held on railroad property and the other one-half will be switched into the plant. After unloading of first segment by shipper, railroad will switch out empty cars and switch into the destination the second consist. Upon notification from shipper, railroad will switch out the second empty consist and rebuild the train for return to origin. All cars in each shipment shall be tendered to BNSF for empty movement within ninety-six (96) hours of actual or constructive placement for unloading at destination, exclusive of railroad switching time (Unloading free Time). Actual placement is made when a loaded train arrives at the designated unloading point at destination and the train crew requests unloading instructions. If actual placement is prevented due to any cause attributable to shipper or its agents, BNSF may constructively place the train at any available hold point. In the event of constructive placement, unloading free time shall begin when BNSF notifies shipper or its agents that the train has arrived at the hold point and shall end when the train is actually placed at destination. Shipper shall pay a charge of \$425.00 per hour or fraction thereof that a train is held in excess of unloading free time.			UNLOADING	230	
Coal unit train accessorial services and charges therefor, other than specified in this price list, shall be as described in Tariff ICC BN 6041-Series or successors thereto, except that no change in destination shall be permitted.			ACCESSORIAL SERVICES	235	
BNSF will bill each shipment under the terms of the bill of lading. All cars for each shipment are to be billed on one (1) bill of lading. This price list, correct address and patron code must be shown on the bill of lading to insure accurate billing. Freight charges will be billed by BNSF and paid by shipper in accordance with 49 CFR, Part 1320, as amended, from time-to-time. In the event that shipper does not make timely payment, or if adverse credit conditions occur, which in BNSF's judgment could affect shippers ability to meet payment terms, BNSF may require shipper to pay cash in advance of service for all amounts for which shipper is liable under this price list.			BILLING AND PAYMENT	240	
Rates are subject to adjustment on July 1st of each year. Said adjustment shall reflect 100 percent (100%) of the percentage change in the RCAF-U on July 1st of the then current year as compared with the level of the RCAF-U on July 1st of the previous year.			SELECTIVE INCREASES	(A)250 (Addition)	
For explanation of abbreviations and reference marks, see Item 100.					
ISSUED July 27, 2001			EFFECTIVE August 17, 2001		
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BNSF 90041		THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY		(A)1st Revised Page 7	
RATES					
APPLICATION		RATES IN CENTS PER 2,000 LBS.	ROUTE	ITEM	
FROM	TO				
Decker Jct.....MT	Corette Generating Station	(1) 548	BNSF	1000	
Nerco Jct.....MT	at Billings..... MT				
(1) Rate applies in privately owned equipment.					
Buckskin Jct.....WY	Corette Generating Station at Billings..... MT	(1) 682	BNSF	1001	
Eagle Butte Jct.....WY					
East Gillette Jct.....WY					
Dry Fork Jct.....WY					
Rawhide Jct.....WY					
Union Jct.....WY					
(1) Rate applies in privately owned equipment.					
Belle Ayr.....WY	Corette Generating Station at Billings..... MT	(1) 719	BNSF	1002	
Caballo Jct.....WY					
Coal Creek Jct.....WY					
Cordero.....WY					
Rojo Jct.....WY					
(1) Rate applies in privately owned equipment.					
Jacobs Jct.....WY	Corette Generating Station at Billings..... MT	(1) 795	BNSF	1003	
Nacco Jct.....WY					
Thunder Jct.....WY					
(1) Rate applies in privately owned equipment.					

REDUCTION	
BNSF 90041-A	Original Title Page
	
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY BNSF PRICE LIST 90041-A (Cancels BNSF price list 90041)	
LOCAL ALL-RAIL RATES ON RAW SUBBITUMINOUS COAL (STCC 11-21)	
BETWEEN STATIONS IN THE CONTINENTAL UNITED STATES	
THIS TARIFF ALSO APPLIES ON INTRASTATE TRAFFIC	
Governed, except as otherwise provided herein: By UFC 6000-Series and Tariff ICC BN 6041-Series	
For explanation of abbreviations and reference marks, see Item 100.	
ISSUED July 1, 2002	EFFECTIVE July 1, 2002
Issued by Paul M. Anderson, P.O. Box 961069, Ft. Worth, TX 76161-0069	

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY
COMMON CARRIER PRICING AUTHORITY BNSF 90041-A

Effective Date: July 1, 2002.
Expiration Date: Effective until changed, superceded or cancelled.
Commodity: Raw sub-bituminous Coal, STCC 11-21-Series (excluding artificially dried or processed coal).
Origins: Montana and Wyoming Powder River Basin Mines listed in Attachment A.
Destination: Corette Generating Station located near Billings, MT.
Route: BNSF Direct.
Rate (s): In U.S. Dollars per net short ton of Coal as designated below:

ORIGIN GROUP	ORIGIN MINES	SHIPPER PROVIDED RAILCARS
GROUP A	West Decker, East Decker and Spring Creek	\$5.48
GROUP B	Buckskin, Clovis Point, Dry Fork, Eagle Butte, Fort Union and Rawhide	\$6.82
GROUP C	Belle Ayr, Caballo, Caballo Rojo, Coal Creek and Cordero	\$7.19
GROUP D	Black Thunder, Jacobs Ranch, North Antelope and Rochelle	\$7.95

Minimum Annual Volume:

The aforementioned rate is subject to a minimum annual volume of 500,000 tons per year.

Railcar Supply and Tender Requirements:

Shipper provided railcars shall be aluminum open top bottom dump suitable for loading not less than 115 net Tons of coal per carload, not subject to any private car mileage allowance and furnished at no cost to BNSF. The minimum tender for a train of shipper provided railcars is sixty-five (65) such railcars.

Claims for damage to or destruction of either shipper railcars or BNSF provided railcars shall be handled in accordance with the procedures set forth in both the field and office manuals of the Association of American Railroads Interchange Rules, as amended from time-to-time, provided, however, in no event shall BNSF be responsible for loss or damage to Shipper-supplied equipment, which loss or damage results from events of Force Majeure, improper loading or unloading, or inherent defects in design, materials, or workmanship of such equipment.

Trainload and Railcar Weights:

Freight charges will be assessed on the basis of the applicable minimum weight per trainload or the Actual weight of coal per trainload whichever is greater. Weights shall be ascertained at origin by the Shipper, its agent, or the coal mine operator, at no charge to BNSF, and will be provided to BNSF via Either electronic data interchange or facsimile upon release of a loaded train. BNSF shall have the right To inspect and certify the origin scales. The minimum weight per trainload of Shipper provided railcars is 7,475 net tons of coal.

In the event that the gross weight on rail of any railcar and its Coal lading exceeds 286,000 pounds, BNSF shall incur no liability for any damage to, or extraordinary costs associated with, Shipper's unloading system at Destination. In the event that any railcar is loaded in excess of its marked capacity, BNSF shall, at its option, remove and transport such railcar to a facility or location where excess Coal may be unloaded. For each such overloaded railcar so handled Shipper shall pay to BNSF distance and carload charges as designated in BNSF Rules Tariff 6041-series. Unloading of the excess coal shall be at the Shipper's expense.

Loading:

Shipper or its agent shall be responsible for the provision of appropriate loading facilities. All cars in each shipment shall be tendered to BNSF (or its agent or contractor) for loaded movement within four (4) hours of Actual or Constructive Placement (as defined in BNSF 6041-series) for loading at origin ("Loading Free Time"). Shipper shall pay a charge per hour or fraction thereof that a train is held in excess of loading free time as published in Tariff BNSF 6041-series.

Unloading:

Shipper or its agent shall be responsible for the provision of appropriate unloading facilities. At Destination, one half of the consist will be held on the property of BNSF or MRL and the other half will be switched into the plant. After unloading of the first segment by the Shipper, Railroad will switch out empty cars and switch into the Destination the second half of the consist. Upon notification from the Shipper, Railroad will switch out the second empty consist and rebuild the train for return to Origin. All cars in each shipment shall be tendered to BNSF for empty movement within ninety-six (96) hours of Actual or Constructive Placement (as defined in Tariff BNSF-6041-series), for unloading at Destination (time commencing upon the placement of the first segment of railcars and exclusive of Railroad switching time on the second segment of railcars), ("Unloading Free Time"). Shipper shall pay train Detention Charges as designated in BNSF 6041-series for the time that a train is held in excess of Unloading Free Time.

Accessorial Services:

Coal unit train accessorial services and charges therefore, other than specified in this common carrier authority, shall be as described in BNSF Authority 6041-series or successors thereto, except that no change in destination shall be permitted.

Billing and Payment:

BNSF will bill each shipment under the terms of the Uniform Straight Bill of Lading. All railcars for each shipment are to be billed on one (1) Bill of Lading. This Common Carrier Authority BNSF 90041, correct address and patron code must be shown on the bill of lading to insure accurate billing. Freight charges will be billed by BNSF and paid by shipper within fifteen (15) days of receipt of invoice by wire transfer. In the event that shipper does not make timely payment, or if adverse credit conditions occur, which in BNSF's judgement could affect shipper's ability to meet payment terms, BNSF may require shipper to pay cash in advance of service for all amounts for which shipper is liable under this Common Carrier Authority.

Switch Absorption:

BNSF will be responsible for all handling and/or switching fees, if any, or charges by MRL for delivery to the Destination.

Other Provisions:

Shipments made under the provisions of this Common Carrier Authority are subject to the Uniform Freight Classification 6000-series or its successor, applicable tariffs, statutes, federal regulatory rules and regulations, AAR rules and other accepted practices within the railroad industry as may be amended from time-to-time.

Shipments shall be deemed to be in service to the Origin served by the immediately preceding shipment; provided, however, diversion to any other qualified Origin as set forth in Attachment A is authorized without additional charges to the Shipper, in the event reasonable notice (by telephone or otherwise) is given to BNSF operating personnel prior to departure of empty trains from the Shipper's Pawnee facility of intention to divert the empty train to a specifically identified alternate Origin.

ATTACHMENT A
(BNSF 90041)

GROUP A	
COAL MINE	BNSF ORIGIN
Spring Creek	Nerco Junction
East Decker	Decker Junction
West Decker	Decker Junction

GROUP B	
COAL MINE	BNSF ORIGIN
Buckskin	Buckskin Junction
Clovis Point	East Gillette Junction
Dry Fork	Dry Fork Junction
Eagle Butte	Eagle Junction
Fort Union	Union Junction
Rawhide	Rawhide Junction

GROUP C	
COAL MINE	BNSF ORIGIN
Belle Ayr	Belle Ayr Junction
Caballo	Caballo Junction
Caballo Rojo	Rojo Junction
Coal Creek	Coal Creek Junction
Cordero	Cordero Junction

GROUP D	
COAL MINE	BNSF ORIGIN
Black Thunder	Thunder Junction
Jacobs Ranch	Jacobs Junction
North Antelope	Nacco Junction
Rochelle	Nacco Junction

REDUCTION	
BNSF 90041-B	Original Title Page
BNSF 	
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY BNSF PRICE LIST 90041-B (Cancels BNSF price list 90041-A)	
LOCAL ALL-RAIL RATES ON RAW SUBBITUMINOUS COAL (STCC 11-21)	
BETWEEN STATIONS IN THE CONTINENTAL UNITED STATES	
THIS TARIFF ALSO APPLIES ON INTRASTATE TRAFFIC	
Governed, except as otherwise provided herein: By UFC 6000-Series and Tariff ICC BN 6041-Series	
For explanation of abbreviations and reference marks, see Item 100.	
ISSUED December 10, 2002	EFFECTIVE January 1, 2003
Issued by Paul M. Anderson, P.O. Box 961069, Ft. Worth, TX 76161-0069	

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY
COMMON CARRIER PRICING AUTHORITY BNSF 90041-B

Effective Date: January 1, 2003.
Expiration Date: Effective until changed, superceded or cancelled.
Commodity: Raw sub-bituminous Coal, STCC 11-21-Series (excluding artificially dried or processed coal).
Origins: Montana and Wyoming Powder River Basin Mines listed in Attachment A.
Destination: Corette Generating Station located near Billings, MT.
Route: BNSF Direct.
Rate (s): In U.S. Dollars per net short ton of Coal as designated below:

ORIGIN GROUP	ORIGIN MINES	SHIPPER PROVIDED RAILCARS
GROUP A	West Decker, East Decker and Spring Creek	\$5.59
GROUP B	Buckskin, Clovis Point, Dry Fork, Eagle Butte, Fort Union and Rawhide	\$6.96
GROUP C	Belle Ayr, Caballo, Caballo Rojo, Coal Creek and Cordero	\$7.33
GROUP D	Black Thunder, Jacobs Ranch, North Antelope and Rochelle	\$8.11

Minimum Annual Volume:

The aforementioned rate is subject to a minimum annual volume of 500,000 tons per year.

Railcar Supply and Tender Requirements:

Shipper provided railcars shall be aluminum open top bottom dump suitable for loading not less than 115 net Tons of coal per carload, not subject to any private car mileage allowance and furnished at no cost to BNSF. The minimum tender for a train of shipper provided railcars is sixty-five (65) such railcars.

Claims for damage to or destruction of either shipper railcars or BNSF provided railcars shall be handled in accordance with the procedures set forth in both the field and office manuals of the Association of American Railroads Interchange Rules, as amended from time-to-time, provided, however, in no event shall BNSF be responsible for loss or damage to Shipper-supplied equipment, which loss or damage results from events of Force Majeure, improper loading or unloading, or inherent defects in design, materials, or workmanship of such equipment.

Trainload and Railcar Weights:

Freight charges will be assessed on the basis of the applicable minimum weight per trainload or the Actual weight of coal per trainload whichever is greater. Weights shall be ascertained at origin by the Shipper, its agent, or the coal mine operator, at no charge to BNSF, and will be provided to BNSF via either electronic data interchange or facsimile upon release of a loaded train. BNSF shall have the right to inspect and certify the origin scales. The minimum weight per trainload of Shipper provided railcars is 7,475 net tons of coal.

In the event that the gross weight on rail of any railcar and its Coal lading exceeds 286,000 pounds, BNSF shall incur no liability for any damage to, or extraordinary costs associated with, Shipper's unloading system at Destination. In the event that any railcar is loaded in excess of its marked capacity, BNSF shall, at its option, remove and transport such railcar to a facility or location where excess Coal may be unloaded. For each such overloaded railcar so handled Shipper shall pay to BNSF distance and carload charges as designated in BNSF Rules Tariff 6041-series. Unloading of the excess coal shall be at the Shipper's expense.

Loading:

Shipper or its agent shall be responsible for the provision of appropriate loading facilities. All cars in each shipment shall be tendered to BNSF (or its agent or contractor) for loaded movement within four (4) hours of Actual or Constructive Placement (as defined in BNSF 6041-series) for loading at origin ("Loading Free Time"). Shipper shall pay a charge per hour or fraction thereof that a train is held in excess of loading free time as published in Tariff BNSF 6041-series.

Unloading:

Shipper or its agent shall be responsible for the provision of appropriate unloading facilities. At Destination, one half of the consist will be held on the property of BNSF or MRL and the other half will be switched into the plant. After unloading of the first segment by the Shipper, Railroad will switch out empty cars and switch into the Destination the second half of the consist. Upon notification from the Shipper, Railroad will switch out the second empty consist and rebuild the train for return to Origin. All cars in each shipment shall be tendered to BNSF for empty movement within ninety-six (96) hours of Actual or Constructive Placement (as defined in Tariff BNSF-6041-series), for unloading at Destination (time commencing upon the placement of the first segment of railcars and exclusive of Railroad switching time on the second segment of railcars) ("Unloading Free Time"). Shipper shall pay train Detention Charges as designated in BNSF 6041-series for the time that a train is held in excess of Unloading Free Time.

Accessorial Services:

Coal unit train accessorial services and charges therefore, other than specified in this common carrier authority, shall be as described in BNSF Authority 6041-series or successors thereto, except that no change in destination shall be permitted.

Billing and Payment:

BNSF will bill each shipment under the terms of the Uniform Straight Bill of Lading. All railcars for each shipment are to be billed on one (1) Bill of Lading. This Common Carrier Authority BNSF 90041, correct address and patron code must be shown on the bill of lading to insure accurate billing. Freight charges will be billed by BNSF and paid by shipper within fifteen (15) days of receipt of invoice by wire transfer. In the event that shipper does not make timely payment, or if adverse credit conditions occur, which in BNSF's judgement could affect shipper's ability to meet payment terms, BNSF may require shipper to pay cash in advance of service for all amounts for which shipper is liable under this Common Carrier Authority.

Switch Absorption:

BNSF will be responsible for all handling and/or switching fees, if any, or charges by MRL for delivery to the Destination.

Other Provisions:

Shipments made under the provisions of this Common Carrier Authority are subject to the Uniform Freight Classification 6000-series or its successor, applicable tariffs, statutes, federal regulatory rules and regulations, AAR rules and other accepted practices within the railroad industry as may be amended from time-to-time.

Shipments shall be deemed to be in service to the Origin served by the immediately preceding shipment; provided, however, diversion to any other qualified Origin as set forth in Attachment A is authorized without additional charges to the Shipper, in the event reasonable notice (by telephone or otherwise) is given to BNSF operating personnel prior to departure of empty trains from the Shipper's Pawnee facility of intention to divert the empty train to a specifically identified alternate Origin.

ATTACHMENT A
(BNSF 90041)

GROUP A	
COAL MINE	BNSF ORIGIN
Spring Creek	Nerco Junction
East Decker	Decker Junction
West Decker	Decker Junction

GROUP B	
COAL MINE	BNSF ORIGIN
Buckskin	Buckskin Junction
Clovis Point	East Gillette Junction
Dry Fork	Dry Fork Junction
Eagle Butte	Eagle Junction
Fort Union	Union Junction
Rawhide	Rawhide Junction

GROUP C	
COAL MINE	BNSF ORIGIN
Belle Ayr	Belle Ayr Junction
Caballo	Caballo Junction
Caballo Rojo	Rojo Junction
Coal Creek	Coal Creek Junction
Cordero	Cordero Junction

GROUP D	
COAL MINE	BNSF ORIGIN
Black Thunder	Thunder Junction
Jacobs Ranch	Jacobs Junction
North Antelope	Nacco Junction
Rochelle	Nacco Junction

**The Burlington Northern and Santa Fe Railway Company
Common Carrier Pricing Authority BNSF 90041-C
(CANCELS BNSF PRICE LIST 90041-B)**

Effective Date: May 27, 2003.

Expiration Date: Effective until superceded or cancelled.

Commodity: Raw sub-bituminous Coal, STCC 11-21-Series (excluding artificially dried or processed coal).

Origins: Montana and Wyoming Powder River Basin Mines listed in Attachment A.

Destination: Corette Generating Station located near Billings, MT.

Route: BNSF direct.

Fuel Surcharge: All freight rates cited herein (but not to include fallback rates) are subject to the fuel cost recovery surcharge as stipulated BNSF Rules Book 6100-series, Item 3375A.

Rate(s): In U.S. Dollars per net short ton of Coal as designated below:

ORIGIN GROUP	ORIGIN MINES	SHIPPER PROVIDED RAILCARS
Group A	West Decker, East Decker and Spring Creek	\$5.48
Group B	Buckskin, Clovis Point, Dry Fork, Eagle Butte, Fort Union and Rawhide.	\$6.82
Group C	Belle Ayr, Caballo, Caballo Rojo, Coal Creek and Cordero	\$7.19
Group D	Black Thunder, Jacobs Ranch, North Antelope and Rochelle.	\$7.95

Minimum Annual Volume:

The aforementioned rates are subject to a minimum annual volume of 500,000 tons per year. In the event the minimum annual volume is not shipped in a given calendar year, fallback rates of \$6.30 pnt. for Group A, \$7.84 pnt. for Group B, \$8.27 pnt. for Group C, \$9.14 pnt for Group D shall apply retroactively in lieu of the freight rates originally applied and accounting shall be made within 30 days following the end of the calendar year in which retroactive application of the fallback rates is required.

Railcar Supply and Tender Requirements:

Shipper provided railcars shall be aluminum open top bottom dump suitable for loading not less than 115 net tons of coal per carload, not subject to any private car mileage allowance and furnished at no cost to BNSF. The minimum tender for a train of shipper provided railcars is sixty-five (65) such railcars.

**The Burlington Northern and Santa Fe Railway Company
Common Carrier Pricing Authority BNSF 90041C**

Claims for damage to or destruction of either shipper railcars or BNSF provided railcars shall be handled in accordance with the procedures set forth in the field manual and office manual of the Association of American Railroads Interchange Rules, as amended from time-to-time, provided, however, in no event shall BNSF be responsible for loss or damage to Shipper-supplied equipment, which loss or damage results from events of Force Majeure, improper loading or unloading, or inherent defects in design, materials, or workmanship of such equipment.

Minimum Freight Charges and Railcar Weights:

The minimum lading is 115 tons per railcar load. The minimum tender is 65 railcars per shipment. Freight charges will be assessed on the great of (1) 115 tons per car multiplied by 65 railcars (7,475 net tons of coal), OR, (2) the actual tonnage of the coal in the railcars (subject to a minimum of 115 tons per car) multiplied by the actual number of railcars in the shipment.

Weights shall be ascertained at origin by shipper, its agent, or the coal mine operator, at no charge to BNSF, and will be provided to BNSF via either electronic data interchange or facsimile upon release of a loaded train. BNSF shall have the right to inspect and certify the origin scales.

In the event that the gross weight on rail of any railcar and its Coal lading exceeds 286,000 pounds, BNSF shall incur no liability for any damage to, or extraordinary costs associated with, Shipper's unloading system at Destination. In the event that any railcar is loaded in excess of its marked capacity, BNSF shall, at its option, remove and transport such railcar to a facility or location where excess Coal may be unloaded. For each such overload railcar so handled Shipper shall pay to BNSF distance and carload charges as designated in BNSF Rules Tariff 6041-series. Unloading of the excess coal shall be at Shipper's expense.

Loading:

Shipper or its agent shall be responsible for the provision of appropriate loading facilities. All cars in each shipment shall be tendered to BNSF (or its agent or contractor) for loaded movement within four (4) hours of Actual or Constructive Placement (as defined in BNSF 6041-series) for loading at origin ("Loading Free Time"). Shipper shall pay a charge per hour or fraction thereof that a train is held in excess of loading free time as published in Tariff BNSF 6041-series.

Unloading:

Shipper or its agent shall be responsible for the provision of appropriate unloading facilities. At Destination, one half of the consist will be held on the property of BNSF or MRL and the other half will be switched into the plant. After unloading of the first segment by Shipper, Railroad will switch out empty cars and switch into the Destination the second half of the consist. Upon notification from Shipper, Railroad will switch out the second empty consist and rebuild the train for return to Origin. All cars in each shipment shall be tendered to BNSF for empty movement within ninety-six (96) hours of Actual or Constructive Placement (as defined in Tariff BNSF 6041-series) for unloading at Destination (time commencing upon the placement of the first segment of railcars and exclusive of Railroad switching time on the second segment of railcars) ("Unloading Free Time"). Shipper shall pay train Detention Charges as designated in BNSF 6041-series for the time that a train is held in excess of Unloading Free Time.

**The Burlington Northern and Santa Fe Railway Company
Common Carrier Pricing Authority BNSF 90041C**

Accessorial Services:

Coal unit train accessorial services and charges therefor, other than specified in this common carrier authority, shall be as described in BNSF Authority 6041-series or successors thereto, except that no change in destination shall be permitted.

Billing and Payment:

BNSF will bill each shipment under the terms of the Uniform Straight Bill of Lading. All railcars for each shipment are to be billed on one (1) Bill of Lading. This Common Carrier Authority BNSF 90041C, correct address and patron code must be shown on the bill of lading to insure accurate billing. Freight charges will be billed by BNSF and paid by shipper within fifteen (15) days of receipt of invoice by wire transfer. In the event that shipper does not make timely payment, or if adverse credit conditions occur, which in BNSF's judgement could affect shipper's ability to meet payment terms, BNSF may require shipper to pay cash in advance of service for all amounts for which shipper is liable under this Common Carrier Authority.

Switch Absorption:

BNSF will be responsible for all handling and/or switching fees, if any, charges by MRL for delivery to Destination.

Other Provisions:

Shipments made under the provisions of this Common Carrier Authority are subject to the Uniform Freight Classification 6000-Series or its successor, applicable tariffs, statutes, federal regulatory rules and regulations, AAR rules, and other accepted practices within the railroad industry as may be amended from time-to-time.

Shipments shall be deemed to be in service to the Origin served by the immediately preceding shipment; provided, however, diversion to any other qualified Origin as set forth in Attachment A, is authorized without additional charge to Shipper, in the event reasonable notice (by telephone or otherwise) is given to BNSF operating personnel prior to departure of empty trains from Shipper's Pawnee facility of intention to divert the empty train to a specifically identified alternate Origin.

The Burlington Northern and Santa Fe Railway Company
Common Carrier Pricing Authority BNSF 90041C

ATTACHMENT A

GROUP A	
COAL MINE	BNSF ORIGIN
Spring Creek	Nerco Jct.
East Decker	Decker Jct.
West Decker	Decker Jct.

GROUP B	
COAL MINE	BNSF ORIGIN
Buckskin	Buckskin Junction
Clovis Point	East Gillette Junction
Dry Fork	Dry Fork Junction
Eagle Butte	Eagle Junction
Fort Union	Union Junction
Rawhide	Rawhide Junction

GROUP C	
COAL MINE	BNSF ORIGIN
Belle Ayr	Belle Ayr Junction
Caballo	Caballo Junction
Caballo Rojo	Rojo Junction
Coal Creek	Coal Creek Junction
Cordero	Cordero Junction

GROUP D	
COAL MINE	BNSF ORIGIN
Black Thunder	Thunder Junction
Jacobs Ranch	Jacobs Junction
North Antelope	Nacco Junction
Rochelle	Nacco Junction

Exhibit_(TDC-23)

through

Exhibit_(TDC-28)

have been

REDACTED