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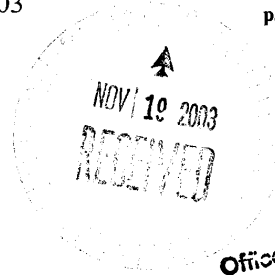
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November 19, 2003

VIA HAND-DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Case Control Unit
1925 K Street, N.W.
Washington, D.C. 20423



ENTERED
Office of Proceeding

NOV 19 2003

Part of
Public Record

Re: Docket No. 42072, Carolina Power & Light Company
v. Norfolk Southern Railway Company

Dear Secretary Williams:

Please find enclosed for filing UNDER SEAL in the above referenced proceeding an original and sixteen (16) copies of Counsel's Exhibit Nos. 1-4 of Carolina Power & Light Company utilized at today's oral argument. Please note that Exhibit Nos. 1 and 2 are labeled as "Highly Confidential," and as such, the exhibits have been placed in a separately sealed envelope labeled "Highly Confidential."

In addition, we have separately enclosed an original and sixteen (16) copies of the REDACTED, PUBLIC VERSION of Counsel's Exhibit Nos. 1-4 to be included in the public docket. This set of exhibits is directly attached, and is not included in a separately sealed envelope.

We have enclosed an additional hard copy of this filing to be date-stamped and returned to the bearer of this letter.

Thank you for your attention to this matter. Please call the undersigned if you should have any questions.

Sincerely,


Peter A. Pfohl

Enclosures

cc: Counsel for Defendant

**Example of NS's calculation of Trains and Locomotives
Based on NS's Assumed SARR Operation
(Biggs Origin to Wateree Destination - Devon Gathering Yard)**

<u>Item</u>	<u>Source</u>	<u>Amount</u>
1. Annual Volume - Peak Year	Note 1, Column S	
2. Distribution of train type		
a. Trainload (Trains > 70 cars)	1.0 - Line 2b	
b. Less Than Trainload	Note 2	
3. Cars per train		
a. Trainload (Trains > 70 cars)	Note 2	
b. Less Than Trainload	Note 2	
4. Tons per car	Note 3	
5. Tons per Train		
a. Trainload	Line 3a x Line 4	
b. Less Than Trainload	Line 3b x Line 4	
6. Trains for Gathering Movement		
a. Trainload	Line 1 x Line 2a / Line 5a	
b. Less Than Trainload	Line 1 x Line 2b / Line 5b	
c. Total	Line 6a + Line 6b	
7. Trains for Through Movement	Line 1 / Line 5a	
8. Locomotive Unit Miles for Origin Gathering		
a. Round Trip Distance - Miles	Note 4	
b. No. of Locomotives per Train	Note 4	
c. Gathering LUMs	Line 6c x Line 8a x Line 8b	

Values in RED are based on NS' analysis of Waybills in the peak week determined by CP&L

Note 1: NS workpaper "LUMs and Carmiles (CPL-NS)v2.xls", level "Line Haul GTM"

Note 2: NS workpaper "SMCPMB01 Train Length v2.xls"

Note 3: NS workpaper "SMRTOWC1 Lading and Ownership CPL.xls"

Note 4: NS workpaper "LUMs and Carmiles (CPL-NS)v2.xls", level "LUMs and Carmiles"

STB Docket No. 42072 Oral Argument
Carolina Power & Light Company
Counsel's Exhibit No. 1

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Examples of Mismatched Times in NS RDCAM Analysis

<u>Item</u>	<u>Source</u>	<u>Amount</u>
A. Failure of NS Hypothetical Mine Run Operations -- Biggs to Belmont		
1 Actual departure time from origin	Note 1	
2 NS calculated time		
a. Arrival at Devon yard (loaded)	Note 2	
b. Travel time from Biggs to Devon Yard - Hours	Note 3	
c. Calculated departure time from origin	Line 2a less Line 2b	
3 Difference between actual departure and NS assumed departure time	Line 1 less Line 2c	
B. Mismatched Waybill and Departure Dates -- Biggs to Catawba		
4 Actual departure time from origin	Note 4	
5 a. Arrival at Devon yard (loaded)	Note 5	
b. Travel time from Biggs to Devon Yard - Hours	Note 3	
c. Calculated departure time from origin	Line 5a less Line 5b	
6 Difference between actual departure at origin and		
a. NS assumed arrival at Devon	Line 4 less Line 5a	
b. Calculated departure time from origin	Line 4 less Line 5a	
Note 1: CP&L Rebuttal workpaper "Piedmont RR string trains with growth factors v2.xls", level "trainlist", cells I8 and J8.		
Note 2: NS Reply workpaper "CP&L Network and Trains.xls", level "trains", cell W104.		
Note 3: NS Reply Exhibit III-C-3-20 (cumulative time from the "Biggs to Thomas Wye" line to the "yard train - one track" line.		
Note 4: CP&L Rebuttal workpaper "Piedmont RR string trains with growth factors v2.xls", level "trainlist", cells I8 and J8.		
Note 5: NS Reply workpaper "CP&L Network and Trains.xls", level "trains", cell W36.		

STB Docket No. 42072 Oral Argument
Carolina Power & Light Company
Counsel's Exhibit No. 2

REDACTED

1. References to Evidence of Record on Future Efficiencies

A. Information Technology

The P&SH is making significant investments every year in technology products such as software, hardware and transportation management systems.

- The P&SH has over \$1.2 million each year in operating expenses devoted to its transportation management system from RMI. See "Carolina P & L - Rebuttal Operating Budget.xls," row 10. CP&L's Opening workpapers discuss that this system is continuously refined and itemizes some of the enhancements that RMI is working on, such as on-board remote computing and locomotive maintenance management. See CP&L Opening Workpapers Vol. 4, p. 2214.
- Software packages are also being maintained on a yearly basis. See CP&L Rebuttal electronic workpaper "Carolina P & L - Rebuttal Operating Budget.xls," rows 20-24.
- The P&SH's technological hardware is being replaced every five years through the amortization process, which assumes a yearly expense for IT capital items that carries on for the 20-year DCF period. See CP&L Rebuttal electronic workpaper "OPR_EXP_REB.123," row 293.

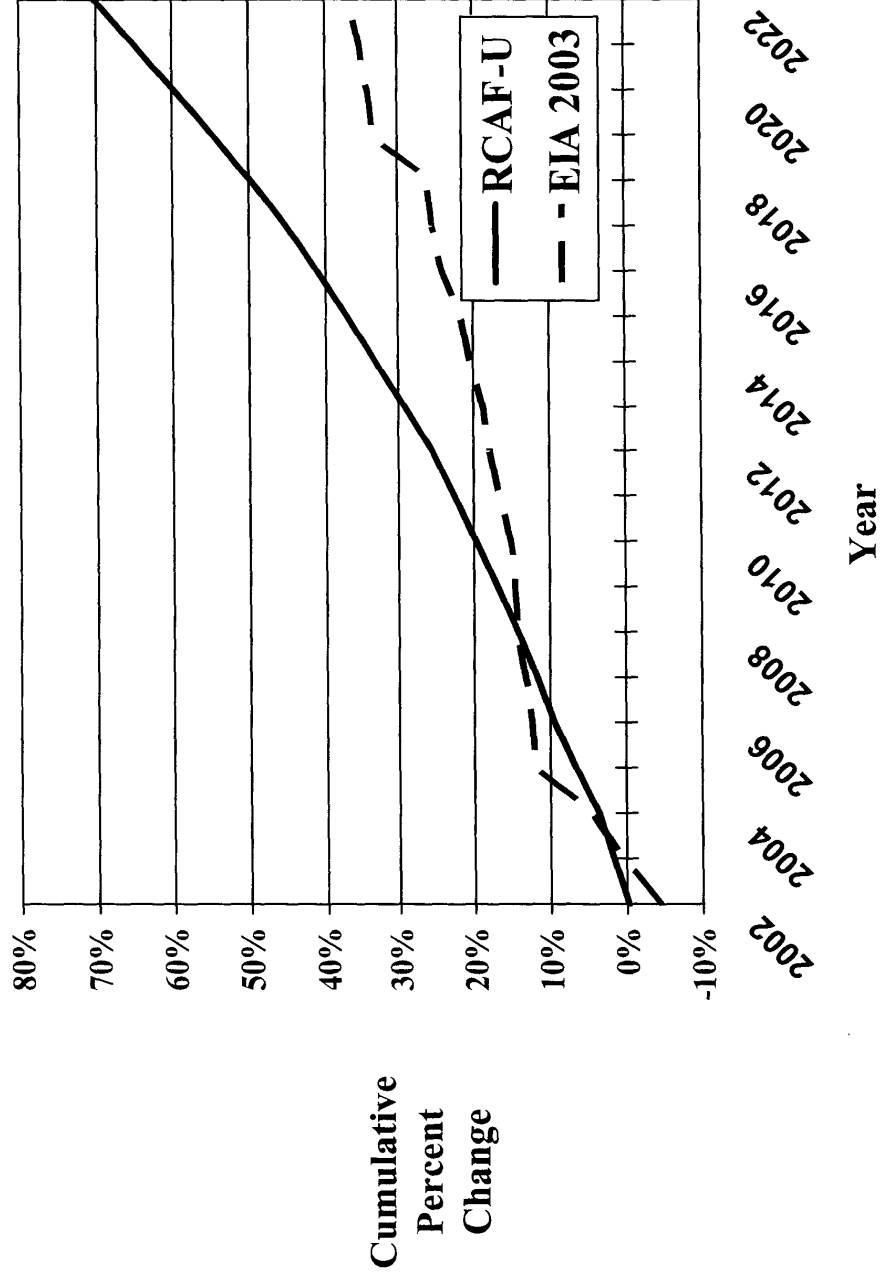
B. Locomotives

The P&SH's locomotives will be replaced through the leasing process. In particular, the locomotive lease costs for the AC4400 locomotives being used by both parties is based on a lease for GE Dash-8 locomotives, which has a 12-year term. See NS Reply Narrative at p. III-D-2; CP&L Opening Workpapers Vol. 4, p. 2072. Upon expiration of the initial lease, the locomotives will be replaced with new locomotives.

2. Productivity in EIA Forecasts

EIA's Annual Energy Outlook accounts for railroad productivity improvements that affect coal transportation rates. The productivity adjustments are discussed in detail in a section of the EIA/Issues in Midterm Analysis and Forecasting 1997 titled "Forecasting Annual Energy Outlook: Coal Transportation Rates. See <http://tonto.eia.doe.gov/FTP/ROOT/forecasting/060797.pdf>, pp. 75-82 as numbered by EIA.

EIA 2003 vs. RCAF-U



Sources:
RCAF-U: CPL Rebuttal electronic worksheet "Exhibit III-H-8.123"
EIA 2003: Average Coal Transportation Rates for the Electricity
Sector, Central Appalachia Supply Region