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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

CAROLINA POWER & LIGHT
COMPANY,

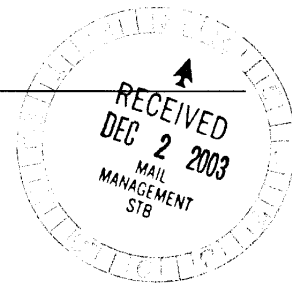
Complainant,

v.

NORFOLK SOUTHERN RAILWAY
COMPANY,

Defendant.

Docket No. 42072



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Office of Proceedings

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**REPLY OF COMPLAINANT
CAROLINA POWER & LIGHT COMPANY
TO SUPPLEMENTAL EVIDENCE OF DEFENDANT
NORFOLK SOUTHERN RAILWAY COMPANY**

PUBLIC VERSION

CAROLINA POWER & LIGHT
COMPANY

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Dated: December 2, 2003

Filing Contains Color Images

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CAROLINA POWER & LIGHT
COMPANY,

V.

NORFOLK SOUTHERN RAILWAY
COMPANY,

Docket No. 42072

Complainant Carolina Power & Light Company (“CP&L”) hereby replies to the Supplemental Evidence filed by Defendant Norfolk Southern Railway Company (“NS”) on November 24, 2003, in response to the Board’s Decision served October 14, 2003 (“October 14 Decision”). The October 14 Decision sought additional stand-alone cost (“SAC”) evidence on costs and revenues attributable to rerouted stand-alone railroad (“SARR”) non-local or crossover traffic.

Notwithstanding substantial disagreement as to underlying assumptions concerning the configuration, operating plan and road property investment (construction) costs for the SARR in this case, the Piedmont & Sand Hills Railroad (“P&SH”), CP&L

and NS adopted the same basic approach in their Supplemental Evidence (“SE”) to calculate the costs and revenues associated with the P&SH’s rerouted crossover traffic. NS concluded (as did CP&L, although it did not re-run its DCF model) that removing the crossover traffic reroutes has very little effect on the ultimate results of the SAC analysis, as the modest reduction in revenues is essentially offset by reductions in operating expenses (attributable to the SARR’s hauling the crossover traffic a shorter distance) and/or capital costs. This conclusion holds true regardless of whether one uses NS’s proposed enhancement to the modified mileage block prorate (“MMP”) method for determining revenue divisions, or the MSP method adopted by the Board in its recent *Duke/NS* decision (Docket No. 42069, STB served November 6, 2003) and used by CP&L to calculate P&SH revenues for purposes of its SE.

There are, however, significant differences in the details of the parties’ SE calculations. In particular, NS’s calculations are deficient because they: (1) understate the revenue impact by applying NS’s faulty “enhancement” to the MMP divisions to NS’s understated traffic and revenue projections, rather than applying the MSP methodology; (2) overstate the changes in capital costs associated with the restoring the original routing, largely because NS overstated the capital costs for the P&SH to begin with; and (3) understate the impact of the reduction in the P&SH’s operating expenses, largely because of NS’s reliance on its defective, mathematical spreadsheet analysis. (For a discussion of the problems with that analysis the Board is referred to CP&L Rebuttal Narrative at III-B-13 to 14, and in particular footnote 14 on page III-B-14, and CP&L Rebuttal Exhibit III-B-4.)

In the following discussion, CP&L will address the various details of NS's SE analysis and the discrepancies between NS's analysis and that presented by CP&L, and also demonstrate that CP&L's SE constitutes the best evidence of record in areas addressed with specificity by both parties. CP&L will present its analysis on the assumption that the reroutes are appropriate and will be retained where the total distance for the crossover movements is either (1) reduced, or (2) increased by less than 10 miles. As explained at pp. 6-11 of CP&L's SE, there are compelling reasons for retaining the reroutes for these movements.

II. REROUTED VOLUMES AND REVENUES

The principal differences between the parties with respect to their SE calculations of the volumes and revenues resulting from the rerouted crossover movements include the following:

- (1) NS primarily used its proposed density-based enhancement to the MMP method for determining crossover revenue divisions, although it also submitted alternative calculations using the new MSP method. CP&L used only the MSP method.
- (2) NS removed the revenues and expenses associated with the reroutes for all rerouted crossover movements where the total distance increased as a result of the reroute. CP&L removed the revenues and expenses only for those reroutes where the total distance increased by more than 10 miles.
- (3) NS assumed that restoring the original routing for rerouted crossover coal movements originating on the Elmore Branches (*i.e.*, the "Category B" traffic described in CP&L's SE) would change the interchange point between the P&SH and NS from Bluefield, VA to Iaeger, WV. CP&L assumed that the interchange point would be moved from Bluefield to Morri Branch Jct., WV rather than Iaeger (although it pointed out that Iaeger is also a potential interchange point located along the original route of movement; *see* CP&L SE at 4).

- (4) With respect to changing the interchange point for rerouted crossover traffic from Bluefield to Iaeger, NS assumed that the proper location for 1,000-mile car inspections on coal trains originated by the P&SH that do not move through West Roanoke or Kenova is Devon, and that the P&SH still needs a yard at Bluefield. CP&L provided for car inspections at Iaeger and eliminated the P&SH yard at Bluefield.

As CP&L demonstrated in its SE, CP&L's approach with respect to Items (1) and (2) above is consistent with the Board's *Duke/NS* decision and fully supported by the evidence of record. With respect to Item (3), CP&L agrees with NS that the interchange point for the Category B rerouted traffic can logically be changed from Bluefield to Iaeger rather than from Bluefield to Morri Branch Jct. With respect to Item (4), CP&L's experts continue to believe that Iaeger is the appropriate point for 1,000-mile inspections, particularly since Category B rerouted traffic (coal traffic originated by the P&SH at mines on the Elmore Branches) does not move through Devon. CP&L agrees with NS that a yard continues to be needed at Bluefield, but its size can be reduced from four tracks to two due to the reduced interchange traffic volume moving through Bluefield and the elimination of the car-inspection function at Bluefield.

A. Change in Interchange Point for Category B Rerouted Traffic from Morri Branch Jct. to Iaeger

CP&L indicated in its SE that if the original routing were restored for the Category B traffic where the reroute results in an increase in the total distance for the movement of more than 10 miles, Morri Branch Jct. would be an appropriate location for the interchange between the P&SH and the residual NS. CP&L presented P&SH revenues and costs with and without the reroutes for this traffic assuming the interchange were changed from Bluefield to Morri Branch Jct. NS, in its SE, proposed that the

interchange point be moved from Bluefield to Iaeger rather than Morri Branch Jct. as Iaeger is also a common point on the original NS route of movement for this traffic.

CP&L agrees with NS that Iaeger is also an appropriate and logical interchange point for the Category B rerouted traffic if the original (2001 NS) off-SARR routing for this traffic were restored. If the interchange location for this traffic is changed from Morri Branch Jct. to Iaeger, the P&SH would move the traffic via Elmore and Bluestone and thence over its main line to Iaeger. *See* Exhibit S-1 submitted with CP&L's SE. The P&SH's operating costs would reflect its internal route between Morri Branch Jct. or Elmore (depending on the specific origin involved) and Iaeger via Bluestone.

B. Change in P&SH Revenues for Category B Traffic

Changing the interchange point for the rerouted Category B traffic from Morri Branch Jct. to Iaeger changes the relative mileages on the P&SH and on the residual NS. The change in mileage results in a change in the P&SH's revenues, which CP&L has calculated using the MSP method adopted by the Board in the *Duke/NS* case.

The revised P&SH revenues for all of the peak-year (2003) rerouted Category B traffic resulting from restoring the original routing and changing the interchange point from Bluefield to Iaeger (instead of Morri Branch Jct.) are shown in Exhibit S-2 (Category B Revised) and Supplemental e-Workpaper "Exhibit S-3SM (Category B Revised).xls" submitted herewith. Exhibit S-3 (Category B Revised) submitted herewith shows the revised revenue for the three Category B movements for which the reroutes result in either a decrease in total distance or an increase in total

distance of less than 10 miles. The change in the interchange point from Bluefield to Iaeger (rather than from Bluefield to Morri Branch Jct.) results in a net reduction of \$0.38 million in the P&SH's revenues, compared with rerouting this traffic via Bluefield.

C. Facilities Changes Resulting from Changing the Interchange Point for Category B Traffic From Morri Branch Jct. to Bluefield

If Iaeger rather than Morri Branch Jct. is selected as the interchange point between the P&SH and NS for the Category B traffic (which both NS and CP&L agree is appropriate), one of the facilities changes described by CP&L in its SE would not be necessary. Specifically, since no traffic would be interchanged at Morri Branch Jct., there would be no need for a turnout connection between the P&SH and NS at Morri Branch Jct. Thus, the \$51,298 cost of this turnout has been removed from the additional P&SH investment (construction) costs shown in the attached CP&L Exhibit S-7 (Revised).

III. CHANGES IN THE P&SH OPERATING PLAN AND INVESTMENT COSTS RESULTING FROM RESTORATION OF ORIGINAL ROUTING FOR CERTAIN REROUTED CROSSOVER TRAFFIC

As noted above, NS and CP&L disagree on several of the changes in the P&SH operating plan and investment costs that would result from restoring the original route for rerouted crossover traffic where appropriate. Part of the difference between the parties is attributable to the fact that NS assumed that the original routing should be restored unless the reroute resulted in a decrease in the total distance involved, whereas CP&L demonstrated that restoration of the original routing would be appropriate only if the reroute increased the total movement distance by more than 10 miles.

Both parties agree that with respect to rerouted coal traffic for which the original routing should be restored, the interchange point should be changed from Bluefield to Iaeger. Both parties also agree that P&SH-originated crossover coal trains moving through Iaeger that do not move through one of the two normal P&SH car-inspection points (West Roanoke or Kenova) would have to receive 1,000-mile inspections at a different location. In their Opening and Reply SAC evidence, both parties provided for inspection of such trains at Bluefield. *See* CP&L Rebuttal Narrative at III-C-69. Both parties now agree that restoration of the original routing, where appropriate, eliminates the need to perform car inspections at Bluefield. In its SE, CP&L proposed to move the inspection function from Bluefield to Iaeger; NS proposed to move this function from Bluefield to Devon.

After reviewing NS's SE, CP&L's rail operations expert, Mr. Lyman, has concluded that Iaeger remains the most appropriate place to perform car inspections on trains containing P&SH-originated crossover coal traffic that do not move through West Roanoke or Kenova. First, since both parties originally agreed that these inspections should be conducted at the Bluefield interchange point, it is logical that moving the interchange location for this traffic from Bluefield to Iaeger should be accompanied by moving the car-inspection function from Bluefield to Iaeger, too. Second, some of the rerouted traffic that would move via Iaeger rather than Bluefield originates on the Elmore Branches. This traffic does not move through Devon, which is located on the P&SH main line northwest of Iaeger (*i.e.*, toward Kenova). *See* Exhibit S-1 submitted with CP&L's SE. It would be inefficient, and unnecessarily expensive, to move trains

originating on the Elmore Branches 23 miles past Iaeger for car inspections, then move them 23 miles back to Iaeger to deliver them to NS. (Iaeger is located at Milepost 422.4; the P&SH's Devon yard is located west of Milepost 445.0.)

At page 6 of its SE, NS asserts that "[i]t would be difficult to construct inspection facilities at Iaeger, given the physical constraints at that location." It is unclear from this whether NS assumes the Iaeger yard would be constructed adjacent to the P&SH main line near Iaeger, or at the location of NS's present Iaeger yard. As indicated at pp. 20-21 and in Exhibit S-6 of CP&L's SE, the P&SH's Iaeger yard would be constructed at the location of NS' existing yard, *i.e.*, along NS's Dry Creek Branch just south of the Tug Fork River, rather than along the main line. This location was selected precisely to avoid the "physical constraints" resulting from placement of the yard along the main line. NS's Iaeger yard has six tracks, so there certainly is room for the proposed four-track P&SH interchange/inspection yard at the same location.

CP&L also notes that its design for the P&SH Iaeger yard has four tracks, whereas NS's design has only three tracks. CP&L provided one additional yard track to assure the yard has sufficient capacity both for interchanging trains and conducting 1,000-mile car inspections. In this regard, Mr. Lyman notes that only three empty trains per day would need to be inspected at Iaeger, which is one train every eight hours. A three-track yard would probably suffice for this small inspection volume, but Mr. Lyman decided to replicate the four-track yard he originally provided at Bluefield to be absolutely sure the Iaeger yard has ample capacity.

In its SAC Reply Evidence, NS provided for a large, 15-track yard at Devon (largely due to the alleged need to assemble LTL shipments into complete trains). As indicated in Part III-B of CP&L's Rebuttal Evidence, Mr. Lyman disagrees that a large yard is needed at Devon. The P&SH is moving unit trains from mine to destination or interchange point,¹ and has no need to assemble/disassemble trains at gathering yards. In any event, Mr. Lyman notes NS's statements at page 7 of its SE that "the Devon yard, as proposed by NS in its Reply, would have adequate track facilities to accommodate the inspection of empty trains received from NS at Iaeger" and that no additional facilities would be required to perform inspections at Devon. These statements are proof that either (1) the P&SH yard at Devon as proposed by NS in its Reply Evidence is oversized, or (2) not even one additional track is needed for car inspections.

NS conceded in its SE that redirecting rerouted P&SH crossover traffic from interchanges at Bluefield and Altavista to a new interchange at Iaeger would reduce the number of daily train movements on the P&SH main line between Iaeger and Bluefield, thus enabling the elimination of NS's proposed third main track in the vicinity of Bluestone and a reduction in the size of the P&SH's Bluefield yard. *Id.* at 7-8. NS indicated that the reduction in daily train movements between Iaeger and Bluefield would be about three loaded trains, or a total of six daily trains in both directions (*id.* at 7). CP&L showed in its SE Exhibit S-5 that the reduction would average five daily trains in

¹ At page 9 of its SE, NS refers to the P&SH's need to make "local movements" to P&SH customer facilities at Celco and Glen Lyn, VA. CP&L provided for delivery of coal to the Celco and Glen Lyn facilities in split trains to accommodate their unloading capabilities. The sidings at Glen Lyn and Celco shown on pp. 26 and 28 of CP&L Rebuttal Exhibit III-B-3 would be used to stage cars for delivery to these facilities.

both directions in the peak year; the difference is due to CP&L's retention of the reroutes where the total distance increases by less than 10 miles. CP&L also notes that moving the interchange point from Morri Branch Jct. to Iaeger for the 0.44 million peak-year tons of Category B rerouted traffic whose rerouting increases the total distance by more than 10 miles adds 0.2 loaded and empty trains per day to the line segment between Bluestone and Iaeger. This small increase does not appreciably impact the capacity of this segment. Moreover, the daily train volume is larger east of Bluestone (*i.e.*, between Bluestone and Bluefield) than it is west of Bluestone (*i.e.*, between Bluestone and Iaeger).

NS further stated in its SE that the other track additions between Devon and Bluefield that it made on Reply would need to be retained, notwithstanding the substantial reduction in traffic volume, "to accommodate the volume of P&SH train activity, and the light movement of helper units, in an efficient manner" (*id.* at 9).² However, NS has not provided any evidence showing why the additional tracks it proposed to add between Devon (actually Iaeger) and Bluefield continue to be needed. In fact, Mr. Lyman provided for double track over the entire length of the helper district between Welch and Bluefield largely to accommodate the return movement of helpers to Welch.

As shown in CP&L SE Exhibit S-5, elimination of the reroutes where the total distance increases by more than 10 miles results in a maximum of 24.6 daily trains (12.3 loads and 12.3 empties) moving over the busiest part of this line between Bluestone and Bluefield. Assuming half of these trains have helpers, and further assuming that each

² Eastbound loaded trains require helper assistance between Welch, WV and Bluefield. See CP&L Op. Narrative at III-C-17 to 18 and Reb. Narrative at III-C-22.

returning helper is counted as a separate train, the total train count comes to 37 trains per day (24.6 +12.3) or 18.5 trains per track per day. This is less than one train per hour per track even if one were to assume both tracks are available only 20 hours per day. Moving one train per hour per track on a double-track main line with CTC certainly is not difficult from an operational standpoint.

NS also indicates at page 8 of its SE that moving the interchange for certain rerouted crossover traffic from Bluefield to Iaeger would enable the P&SH to reduce the size of its Bluefield yard from 10 to six tracks. However, there is no need for even a six-track yard at Bluefield given the reduction in the volume of interchange traffic moving through Bluefield.

As shown in CP&L's SE Exhibit S-4, the volume of interchange coal traffic moving through Bluefield in both directions would be reduced from 17.44 million tons to 8.26 million tons in the peak year if the original routing were restored for movements where the reroutes increase the total distance by less than 10 miles. This equates to 2.3 loaded trains per day, or 4.6 trains per day in both directions. This daily interchange volume (an average of one train every 5.2 hours) actually warrants only one interchange siding. However, to be conservative, CP&L's Witness Lyman has concluded that the P&SH should retain a two-track yard at Bluefield. A two-track yard would easily accommodate the equivalent of one train every 10.4 hours per track.

In its SE, CP&L provided only a turnout for the interchange connection with NS at Bluefield given the relocation of most of the Bluefield interchange volume to Iaeger. As noted above, CP&L has concluded that a small yard is still needed at Bluefield

because of the volume of Bluefield interchange traffic remaining after restoration of the original routing for rerouted crossover traffic that otherwise moves through Bluefield. The yard is shown on revised page 27 of CP&L Rebuttal Exhibit III-B-3 submitted herewith. Its cost (\$1.18 million) has been included in Exhibit S-7 (Revised).

NS concurs with CP&L that if the original routing is restored for the rerouted traffic, there would be no need for any off-SARR capacity improvements on the residual NS's Clinch Valley District between Bluefield and Richlands, VA. NS SE at 10. As CP&L demonstrated in its SE, the retention of a relatively small volume of rerouted traffic where the total distance either decreases or increases by less than 10 miles results in the addition of one train per day in both directions to the Bluefield interchange volume. The affected portion of the Clinch Valley District between Bluefield and Cedar Bluff, VA has plenty of capacity to handle this small traffic increase. CP&L SE at 23-24.

NS further asserts at page 10 of its SE that "CP&L's evidence did not account for the additional investment the residual NS would be required to make to accommodate the rerouted crossover traffic", which NS did not identify "[b]ecause the Board emphasized the narrow scope of its request for supplemental evidence" (*id.*). However, NS failed to present specific evidence of the need for any such "additional" off-SARR investments and related costs, and CP&L submits there is no basis to conclude that there is any need for them.

IV. CONCLUSION

CP&L submits that the changes in revenues and costs described above, which have been made in response to NS's SE on the revenues and costs associated with

rerouted crossover traffic, are appropriate and should be accepted by the Board in lieu of the changes proposed by NS. The net result, however, has not changed. Restoration of the original routing for the crossover traffic where the rerouting results in an increase in total distance of more than 10 miles results has a *de minimus* impact on the SAC results, while providing substantial additional capacity on the P&SH main line and in particular the busiest segment between Devon (Jaeger) and Bluefield.

Respectfully submitted,

CAROLINA POWER & LIGHT
COMPANY

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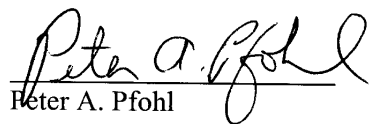
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CERTIFICATE OF SERVICE

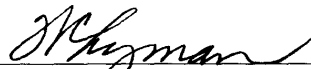
I hereby certify that on December 2, 2003, I caused five copies of the foregoing Reply (together with associated exhibits and workpapers) to be served by hand upon the following counsel for Defendant Norfolk Southern Railway Company:

G. Paul Moates, Esq.
Paul A. Hemmersbaugh, Esq.
Sidley Austin Brown & Wood
1501 K Street, N.W.
Washington, D.C. 20005


Peter A. Pfohl

VERIFICATION

I, William C. Lyman, verify under penalty of perjury that I am the same William C. Lyman whose Statement of Qualifications appears in Part IV of the Narrative portion of Carolina Power & Light Company's ("CP&L") Opening Evidence in this proceeding; that I am responsible for the portions of the foregoing Reply of CP&L to the Supplemental Evidence of Norfolk Southern Railway Company related to the changes in the stand-alone railroad's facilities and operating plan that would result from restoring the original route for certain crossover coal traffic that CP&L rerouted for purposes of its earlier evidentiary submissions in this case; that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.



William C. Lyman

Executed on: December 1, 2003

VERIFICATION

I, Harvey H. Stone, verify under penalty of perjury that I am the same Harvey H. Stone whose Statement of Qualifications appears in Part IV of the Narrative portion of Carolina Power & Light Company's ("CP&L") Opening Evidence in this proceeding; that I am responsible for the portions of the foregoing Reply of CP&L to the Supplemental Evidence of Norfolk Southern Railway Company related to the changes in the stand-alone railroad's facilities at Morri Branch Jct. and Bluefield and the costs associated therewith that would result from restoring the original route for certain crossover coal traffic that CP&L rerouted for purposes of its earlier evidentiary submissions in this case; that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.

A handwritten signature in cursive script, appearing to read "H. Stone", written over a horizontal line.

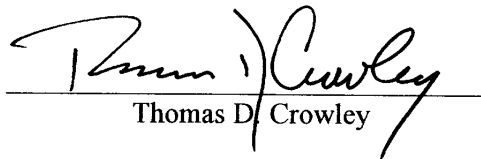
Harvey H. Stone

Executed on: December 1, 2003

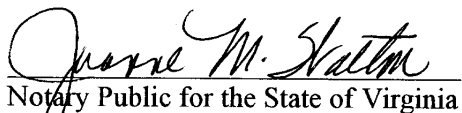
VERIFICATION

STATE OF VIRGINIA)
CITY OF ALEXANDRIA)

Thomas D. Crowley, being duly sworn, deposes and says that he is the same Thomas D. Crowley whose Statement of Qualifications appears in Part IV of the Narrative portion of Carolina Power & Light Company's ("CP&L") Opening Evidence in this proceeding; that he is responsible for the portions of the foregoing Reply of CP&L to the Supplemental Evidence of Norfolk Southern Railway Company related to the changes in the stand-alone railroad's traffic flows, daily train counts, and revenues that would result from restoring the original route for certain crossover coal traffic that CP&L rerouted for purposes of its earlier evidentiary submissions in this case; and that he knows the contents thereof and that the same are true as stated to the best of his knowledge, information and belief.


Thomas D. Crowley

Sworn to and subscribed before me
this 1 day of December, 2003


Notary Public for the State of Virginia

My Commission expires 12/31/2003

IMPACT ON THE PIEDMONT & SAND HILL RAILROAD REVENUES, COSTS & TON-MILES RESULTING FROM TRAFFIC RE-ROUTING

Category Description (1)	Revenues		Costs		Ton-Miles	
	With Reroutes (3)	Without Reroutes (4)	With Reroutes (5)	Without Reroutes (6)	With Reroutes (7)	Without Reroutes (8)
All Rerouted Movements						
A Change "Off" Junction from laeger, WV to Altavista, VA (Blue)	2,322,168	\$14,247,232	\$6,506,429	\$696,870	603,273,736	142,509,221
B Change "Off" Junction from laeger, WV to Bluefield, WV - Origins on Elmore Branches (Green)	718,424	2,600,519	2,217,448	399,411	57,180,959	81,679,218
C Change "Off" Junction from laeger, WV to Bluefield, WV - Origins not on Elmore Branch (Red)	9,672,086	26,951,673	22,381,969	5,131,922	1,049,472,900	578,635,754
D Change "On" Junction from laeger, WV to Bluefield, WV (Gray)	<u>\$24,565</u>	<u>1,921,556</u>	<u>1,424,535</u>	<u>517,437</u>	<u>105,815,251</u>	<u>75,411,427</u>
Total Reroutes	13,337,243	\$45,720,979	\$32,530,360	\$4,294,572	1,815,742,906	878,235,620
Difference	xxx	\$13,190,598	xxx	xxx	937,507,287	xxx
Movements Where Reroute Increased Total Miles (by more than 10 miles)						
A Change "Off" Junction from laeger, WV to Altavista, VA (Blue)	415,201	\$2,418,165	\$1,166,534	\$522,418	106,833,920	24,449,738
B Change "Off" Junction from laeger, WV to Bluefield, WV - Origins on Elmore Branches (Green)	441,309	1,653,342	1,309,714	197,328	40,353,295	55,401,932
C Change "Off" Junction from laeger, WV to Bluefield, WV - Origins not on Elmore Branch (Red)	8,118,651	23,262,585	19,627,415	4,328,897	885,255,046	490,039,115
D Change "On" Junction from laeger, WV to Bluefield, WV (Gray)	<u>606,926</u>	<u>1,870,887</u>	<u>1,385,720</u>	<u>502,831</u>	<u>102,828,440</u>	<u>73,283,282</u>
Total Reroutes	9,582,087	\$29,204,979	\$23,489,383	\$5,551,474	1,195,270,701	643,174,067
Difference	xxx	\$5,715,596	xxx	xxx	492,096,634	xxx
Movements Where Reroute Increased Total Miles (by less than 10 miles)						
A Change "Off" Junction from laeger, WV to Altavista, VA (Blue)	1,793,655	\$11,249,892	\$5,123,694	\$564,506	471,337,868	115,440,843
B Change "Off" Junction from laeger, WV to Bluefield, WV - Origins on Elmore Branches (Green)	160,984	503,299	489,765	41,974	8,583,667	14,073,221
C Change "Off" Junction from laeger, WV to Bluefield, WV - Origins not on Elmore Branch (Red)	252,256	688,851	535,210	124,514	25,462,888	13,183,066
D Change "On" Junction from laeger, WV to Bluefield, WV (Gray)	<u>17,639</u>	<u>50,668</u>	<u>38,815</u>	<u>14,606</u>	<u>2,986,812</u>	<u>2,128,145</u>
Total Reroutes	2,224,534	\$12,502,710	\$6,187,484	\$2,485,935	508,371,234	144,825,275
Difference	xxx	\$6,315,226	xxx	xxx	xxx	xxx
Movements Where Reroute Decreased Total Miles						
A Change "Off" Junction from laeger, WV to Altavista, VA (Blue)	113,312	\$579,174	\$216,200	\$122,749	25,102,007	2,618,640
B Change "Off" Junction from laeger, WV to Bluefield, WV - Origins on Elmore Branches (Green)	116,131	443,878	417,969	40,313	8,243,997	12,204,064
C Change "Off" Junction from laeger, WV to Bluefield, WV - Origins not on Elmore Branch (Red)	1,301,179	2,990,237	2,219,344	678,512	138,754,967	75,413,573
D Change "On" Junction from laeger, WV to Bluefield, WV (Gray)	<u>Q</u>	<u>Q</u>	<u>Q</u>	<u>Q</u>	<u>Q</u>	<u>Q</u>
Total Reroutes	1,530,622	\$4,013,289	\$2,853,513	\$841,574	172,100,971	90,236,278
Difference	xxx	\$1,159,776	xxx	xxx	81,864,694	xxx

EXHIBIT S-3 (CATEGORY B REVISED)

HAS BEEN REDACTED

**REVISED COST OF CHANGES IN TRACK CONFIGURATION
RESULTING IN RESTORATION OF ORIGINAL ROUTE
FOR CERTAIN P&SH CROSSOVER TRAFFIC**

1. Add Three (3) No. 14 Turnouts (laeger & 2 at Bluefield Yard)	\$153,896
2. Add Four (4) No. 10 Turnouts (Bluefield Yard)	\$100,703
3. Add Bridge Connecting Mainline (Wharncliffe to Bluefield) to laeger Yard	\$799,066
4. Add 0.1 Miles of 115-pound Track & Grading from Mainline (Wharncliffe to Bluefield) to laeger Yard	\$57,454
5. Add 3.109 Miles of 119-pound Track & Associated Yard Fill for Bluefield Yard	\$1,182,246
6. Total Additional Road Property Investment	\$2,293,365

Derivation of above amounts:

Line 1/Add three (3) No. 14 turnouts (electric) in cell H30 CP&L Rebuttal electronic workpaper "iiif3f.xls." Open CP&L Rebuttal electronic workpaper "IIIFTTotal.xls" to update the total. Note that Line 1 no longer includes the No. 14 turnout for Morri Branch Junction.

Line 2/Add four (4) No. 10 hand thrown turnouts in cell H27 of CP&L Rebuttal electronic workpaper "iiif3f.xls." Open CP&L Rebuttal electronic workpaper "IIIFTTotal.xls" to update the total.

Line 3/Add the bridge data from row 45 of the "Railroad" tab of CP&L Rebuttal electronic workpaper "CPL Rebuttal Bridges.xls" to an empty row (450 in this case) in the tab "CPL Rebuttal" in the same spreadsheet, matching the respective columns, such as piers, height, etc. Adjust the equation under the "Inventory Summary" tab in cells C2-9 to include the new row 450. Save the file and open CP&L Rebuttal electronic workpaper "iiif3f.xls" to update that file. Open CP&L Rebuttal electronic workpaper "IIIFTTotal.xls" to update the total.

Line 4/Add 0.1 miles of track to cell F17 of CP&L Rebuttal electronic workpaper "Track Tabulation.xls" Save the file and open CP&L Rebuttal electronic workpaper "iiif3f.xls" to update that file. Open CP&L Rebuttal electronic workpaper "IIIFTTotal.xls" to update the total.

Line 4/Add 0.05 miles of grading to segment no. 31 (Wharncliffe to Bluestone) in tab "IIIF_Miles" of CP&L Rebuttal electronic workpaper "III-F_Grading Piedmont RR Rebuttal.123." Copy the new grading total from cell D16 on tab "IIIF_Summary" in the same spreadsheet to cell F8 of CP&L Rebuttal electronic workpaper "IIIFTTotal.xls." Finally, open CP&L Rebuttal electronic workpaper "Mobilization.xls." to update the final total in "IIIFTTotal.xls."

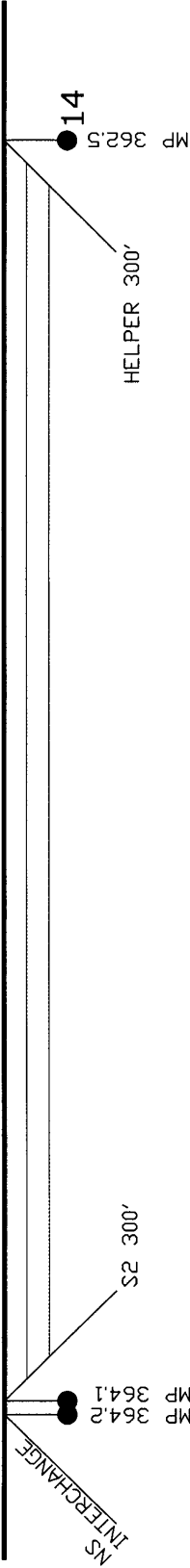
Line 5/Add 3.109 miles of track to cell F18 of CP&L Rebuttal electronic workpaper "iiif3f.xls." Open CP&L Rebuttal electronic workpaper "IIIFTTotal.xls" to update the total.

Line 5/Add 16,416 feet of yard track to cell C16 in tab "IIIF_9Yards" of CP&L Rebuttal electronic workpaper "III-F_Grading Piedmont RR Rebuttal.123." Copy the new grading total from cell D16 on tab "IIIF_Summary" in the same spreadsheet to cell F8 of CP&L Rebuttal electronic workpaper "IIIFTTotal.xls." Finally, open CP&L Rebuttal electronic workpaper "Mobilization.xls." to update the final total in "IIIFTTotal.xls."

PSH BLUEFIELD YARD

MAIN RUNNER 2

MAIN RUNNER 1



ALL SWITCHES ARE #10 UNLESS OTHERWISE NOTED

REVISION: 12-01-03

BLUEFIELD YARD PAGE 27 OF 37

DIVISION: **VIRGINIA**

DISTRICT:

CHRISTIANBURG

YARD: **BLUEFIELD**

MP: **362.5**

DATE: **5/24/02**

NOT TO SCALE

LEGEND:

- 136# PREMIUM CWR
- 136# RAIL STANDARD CWR
- 119# CLASS 1 RELAY JOINTED
- 115# RAIL STANDARD CWR
- (FED) 1 FAULTY EQUIPMENT DETECTOR NUMBER OF TRACKS COVERED
- (AEI) 1 AUTOMATIC EQUIPMENT IDENTIFICATION SCANNER NUMBER OF TRACKS COVERED
- [RW] MAINTENANCE OF WAY
- TURNOUT
- *TURNOUT TYPES
 - 20 - #20 ELECTRIC
 - 14 - #14 ELECTRIC
 - 14H - #14 HAND-THROWN
 - 10H - #10 HAND-THROWN

EXHIBIT:

III-B-3