



BRUSSELS CINCINNATI CLEVELAND COLUMBUS DAYTON NEW YORK WASHINGTON, D.C.

March 25, 2004

By Messenger

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001



RE: Public Service Company of Colorado d/b/a Xcel Energy v. The Burlington Northern and Santa Fe Railway Company, STB Docket No. 42057

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are the original and ten copies of exhibits used by counsel for complainant Xcel Energy in oral argument on March 18, 2004. Please note that this filing includes color documents.

Please date stamp the extra copy and return to this office by messenger. Feel free to contact me with any questions regarding this matter.

Best regards,

David E. Benz

Enclosures

cc: Counsel for Defendant

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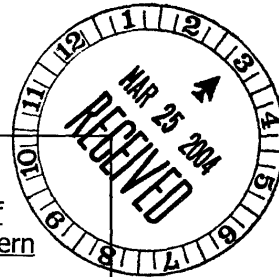
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STB Docket No. 42057, Public Service Company of
Colorado d/b/a Xcel Energy vs. The Burlington Northern
and Santa Fe Railway Company

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**Oral Argument Before the
Surface Transportation Board**

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March 18, 2004

Counsel's Exhibits – Complainant

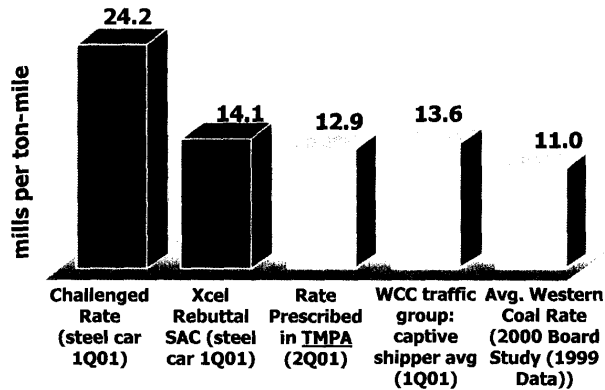
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Challenged Rates Are Exorbitant



Wyoming Colorado Coal Railroad (1 of 2)

- Very straightforward SARR
- 395.3 route miles; 593.4 track miles
- Follows BNSF routing but handles 55% of PRB tons (105.3 million tons in 2001)
- 133.6 million tons in 2020
- Single track/double track configuration
- Coal only/Unit trains/DP Configuration
- No joint-line PRB operations with UP
- 3 interchanges to BNSF; one to UP

Wyoming Colorado Coal Railroad
(2 of 2)

- 13 mine origins and 37 customers
- Loaded trains all move south
- Empty trains all move north
- Pawnee Station is only destination movement
- No "off-SARR" re-routes

WCC

WRPI/UP

Unit train coal	Traffic Type	Unit train coal
Mostly interchange	Traffic Destination	Mostly interchange
Reno Jct. to Northport	Busiest Segment	Shawnee Jct. to S. Morrill
22 (2001) 26 (2020)	Loaded trains per day	32 (UP 1999)
37 % (81 of 217 miles)	% double-tracked on busiest segment	29 % (UP 1999) (32 of 112 miles)

WCC Corrections/Refinements After Opening Evidence

.....

- Correct peak period calculation*
 - Add 30.2 miles of sidings*
 - Manually adjust three trains*
 - Correctly match curve/grade database to specific locations; correct input errors
 - Fix mathematical errors in crew calculations*
 - Correct input error in component of route database file
-

*** Response to BNSF's Feb. 6, 2003, Motion for Summary Disposition (filed Feb. 26, 2003)**

No Basis for Excluding Jeffrey Energy Center Tonnages from SARR

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- "On-SARR" reroute accepted by BNSF and Board in TMPA and WTU.
- WCC accounts for all JEC operations and costs.
- Revenues calculated from BNSF data.
- Xcel's burden is slight.
 - Only 7.1 miles (1%) longer from Eagle Butte
 - 26.5 miles shorter from Belle Ayr
- BNSF has used route in the past.

**WCC Provides Service to Western
Resources that Is Superior to BNSF's**
(1 of 2)

.....

- **WCC's PRB operations are simpler than real-life BNSF.**
 - WCC hauls only 55% of BNSF real-life tons (2001)
 - No joint line operation with UP
 - Loaded trains all go south
- **WCC avoids helper at steep Crawford Hill, thus reducing locomotive and fuel costs.**
- **BNSF congestion arguments are too late, but wrong anyway.**

**WCC Provides Service to Western
Resources that Is Superior to BNSF's**
(2 of 2)

.....

- **Comparing WCC peak period 2020 to BNSF average annual 2001 cycle times is "apples and oranges"**
- **Even so, WCC Opening peak period 2020 cycle times are comparable to BNSF's average 2001 cycle times.**
 - WCC peak period 2020 times are shorter than BNSF's average 2001 times for 3 of 4 quarters in 2001
 - BNSF cycle time "study" and data flawed
- **WCC Response/Rebuttal corrections and siding additions reduce Jeffrey peak period cycle time below BNSF averages**
 - Same analysis produces average peak period cycle times of 37.80 hours
 - Considerably shorter than all BNSF annual average data

WCC Operating Plan

- Meets customers' needs with low cycle times and consistent service.
- Simplified due to unit train, coal-only operations.
- Yard activities performed simultaneously rather than sequentially.
- Feasibility confirmed by string program.

RTC Flaws Solved by String Program

RTC Flaw

Hidden from scrutiny. No documentation; algorithms and processes undisclosed; feasibility of assumptions cannot be tested.

Ill-suited for SAC analysis. Designed to test impact of incremental traffic increases in pre-existing RR systems; no systemwide application; anomalous results.

No dispatcher input. Operating adjustments not possible; even the smallest capacity issues must be remedied by building more track.

String Program Solution

Feasibility fully tested. Source code and documentation produced to Board and BNSF for complete evaluation.

Good fit with SAC. Designed for developing feasible RR from the ground up while minimizing costs.

Same as dispatcher. Manual adjustments mimic real-life dispatchers; promotes efficient construction and operation.

"De-linked" Trains Are Inherent in Any Computer Model

Efficiencies achieved by the SARR
must be "placed" somewhere.

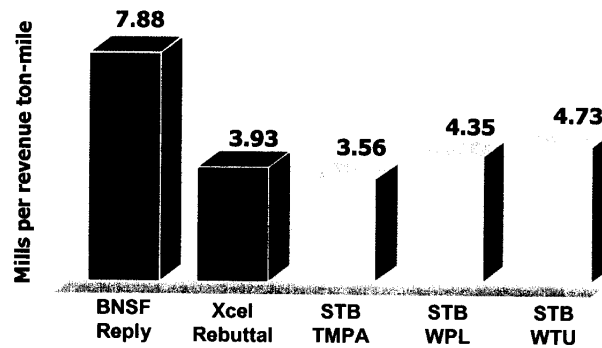
De-linking occurs upon return to. . .	if SARR cycle times begin with. . .	Found in evidence of. . .
Mine	Start of loading at mine	Xcel
Destination	Departure of empty train from destination	BNSF
Off-SARR	Departure of empty train from interchange	BNSF

"Re-linking" with additional facilities puts inefficiencies back in.

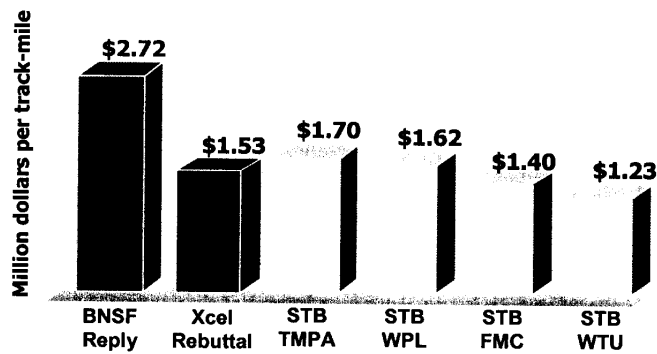
WCC Productivity Justifies Use of RCAF-A

- Density will increase 26%.
- Technology – Computer and software upgrades and replacement.
 - Xcel has included funds for annual software upgrades and replacement of computers and software every 5 years.
- New locomotives will be more efficient.
- Continued improvements in track materials.
- Board can test propriety of using RCAF-A (Total Factor Productivity and EIA productivity component).

BNSF Cannot Justify Its Proposed Operating Expenses for the WCC



BNSF Cannot Justify Its Proposed Road Property Investment Costs for the WCC



Rate Reduction Methodology

(1 of 2)

- **Question: Correct abuses of percent reduction method or adopt completely new method because abuses are possible?**
- **Percent reduction methodology can and has worked.**
- **Board has broad discretion to...**

"take whatever action is appropriate, based upon the nature of the violation shown, to afford relief to the complaining shipper and to promote proper pricing by the carrier." — Guidelines at 548.

- **Ultimate goal is to permit differential pricing while protecting customer from monopoly pricing practices.**
- **Action in individual cases will be deterrent to future behavior.**

Rate Reduction Methodology

(2 of 2)

- **Board can identify "gaming" by railroad:**
 - Actual evidence of intent,
 - Rate that substantially exceeds carrier pricing structure (ave. mills/ton mile for SARR captive customers), and/or
 - Operating cost and investment evidence beyond existing precedent and designed to justify higher rate.
- **Solution: Apply percent reduction methodology, but reduce rate by additional amount to correct for abuse of process and afford appropriate relief.**
- **Such actions will "promote proper pricing" by deterring future attempts to game use of percent reduction method.**

Wyoming Colorado Coal Railroad Route Map

