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June 23, 2004

Via HAND DELIVERY

PUBLIC VERSION

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

ENTERED
Office of Proceedings

JUN 23 2004

Part of
Public Record

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

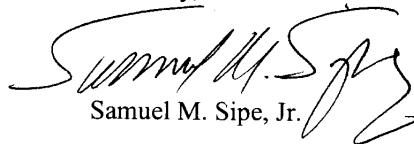
Dear Secretary Williams:

Enclosed for filing on behalf of The Burlington Northern and Santa Fe Railway Company in the above-captioned matter are the original and ten copies of the Public version of the Petition to Correct Technical Errors. This Petition addresses errors contained in the Board's June 8, 2004 decision in this matter. A PDF version of this Petition is contained on an accompanying CD. BNSF is filing three copies of the CD.

A Highly Confidential version of this Petition is being filed under separate cover.

Please date stamp the extra copy of the referenced pleading and return it with our messenger. If you have any questions regarding this matter, please contact the undersigned.

Sincerely,


Samuel M. Sipe, Jr.

cc: Counsel for Complainant

PUBLIC VERSION

BEFORE THE
SURFACE TRANSPORTATION BOARD

PUBLIC SERVICE COMPANY OF
COLORADO D/B/A/ XCEL ENERGY

Complainant,

v.

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

Defendant.

2 11412

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Docket No. 42057 ENTERED
Office of Proceedings

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PETITION TO CORRECT TECHNICAL AND COMPUTATIONAL ERRORS

The Burlington Northern and Santa Fe Railway Company ("BNSF"), defendant herein, hereby requests pursuant to 49 C.F.R. §1117.1 that the Board correct certain technical and computational errors in the decision served June 8, 2004 in the above-referenced matter ("June 8 Decision"). This petition does not address BNSF's objections to the merits of the Board's June 8 Decision, which BNSF intends to address in a separate petition for reconsideration. BNSF requests that the Board act promptly to correct the errors identified in this pleading since the errors do not involve any disputed legal, methodological or evidentiary issues.

I. PRELIMINARY STATEMENT

The Board has acknowledged that SAC cases are highly complex. They involve thousands of pages of evidence and workpapers, as well as massive electronic spreadsheets. Numerous calculations must be made to generate SAC results. The complexity of SAC cases creates the possibility that errors will be made by the Board in implementing the Board's SAC

analysis. The Board therefore “encourages parties to bring computational or technical errors to its attention.”¹

BNSF has carefully reviewed the calculations underlying the Board’s June 8, 2004 SAC determination in this case. BNSF has identified several areas where the Board used values or methodologies that were incorrect or were contrary to or inconsistent with the values or methodologies that are adopted in the decision itself. In other areas, the Board made technical errors in the use of electronic spreadsheet programs. The specific errors are described in detail below.

Most of these errors had the effect of increasing the supposed over-recovery of revenues by the stand-alone railroad. The most significant of these errors, discussed further below, was the Board’s failure to update the DCF analysis after modifying its input assumptions. In a few instances, the errors reduced the supposed over-recovery of revenues. As demonstrated in Exhibit 1, correcting these errors produces a maximum reasonable rate that is 4.9% higher in 2001 than the maximum reasonable rate set out in the June 8 Decision. Because the errors are apparent from an examination of the Decision and the Board’s workpapers and because the correction of these errors does not require that the Board reconsider the merits of its SAC determination or resolve any disputes over methodology or evidence, BNSF requests that the Board address this request promptly and issue a corrected decision as soon as possible. BNSF intends to address the merits of the Board’s Decision in a separate petition for reconsideration.

The specific technical and computational errors in the Board’s June 8 Decision are described below. The discussion of the Board’s errors is organized to follow the format for the filing of SAC evidence. BNSF is submitting an electronic workpaper that contains a revised

¹*Duke Energy Corporation v. Norfolk Southern Railway Company*, STB Docket No. 42069, slip op. at 2 (STB served February 3, 2004).

version of the electronic workpaper provided by the Board to the parties with the corrected values and an updated DCF analysis.² The corrected results of the DCF analysis are set forth in Exhibits 2 and 3 to this Petition, which are restated versions of Tables 3 and 4 of the June 8 Decision.³

II. TECHNICAL AND COMPUTATIONAL ERRORS

A. Errors In The Calculation Of SAC Volume And Revenue

1. Erroneous Application Of Maximum Capacity Factors

The Board failed to incorporate the assumptions as to the maximum volume for each plant in the WCC traffic group that were agreed upon by the parties. The Board does not discuss this issue in the text of the decision. However, the Board's volume cap assumptions for each plant are apparent from a review of the Board's workpapers.⁴ The inconsistency between those assumptions and the volume cap assumptions agreed to by the parties can be seen by comparing the Board's 2020 volume assumptions with the parties' 2020 volume cap assumptions, as discussed further below.

Xcel proposed to cap volumes to shippers in the WCC traffic group based on two factors:

(1) an 85 percent maximum capacity factor, and (2) BNSF's share of coal deliveries to each

² See attached BNSF electronic workpaper "FOIA DCF 42057, 5-18 - Corrected.123."

³ The calculations contained in the attached electronic workpapers and in the attached exhibits are being sponsored by BNSF's witness in this proceeding, Michael R. Baranowski, Senior Managing Director at FTI Consulting, Inc. His Verified Statement is attached. Mr. Baranowski's qualifications were described in BNSF's Reply Evidence.

⁴ See STB electronic workpaper "FOIA Tons & Revenues 42057, 5-18.xls" worksheet "BNSF Quantity" column AC.

particular plant in 2001.⁵ BNSF accepted Xcel's methodology for capping volume growth.⁶ While the Board incorporated the 85 percent maximum capacity factor into its workpapers, it improperly failed to limit future volume growth to BNSF's share of PRB coal deliveries to each individual plant.⁷

This error is illustrated by the following example. Xcel included Detroit Edison's Monroe plant in the WCC traffic group. That plant receives a significant amount of coal from mine regions other than the PRB. In 2001, BNSF delivered only { } percent of the total coal transported to the Monroe plant in that year.⁸ Xcel assumes total coal volumes to the Monroe plant will continue to grow until they reach the 85 percent capacity factor level but also assumes that the WCC will carry only { } percent (BNSF's share) of the total coal delivered to the plant in each year of the DCF period.⁹ Using this methodology, both Xcel and BNSF cap coal volumes to the Monroe plant at { } tons.¹⁰ Due to its failure to recognize that the

⁵ See Xcel Opening electronic workpaper "WCC Traffic_Xcel.xls" worksheet "ProjTonRev" column O; Xcel Rebuttal electronic workpaper "WCC Traffic_XcelRebuttal.xls" worksheet "ProjTonRev" column O.

⁶ See BNSF Reply electronic workpaper "WCC Traffic_BNSFReply.xls" worksheet "ProjTonRev" column O.

⁷ See STB electronic workpapers "FOIA Tons & Revenues 42057, 5-18.xls" worksheet "BNSF Quantity" column AC.

⁸ See Xcel Rebuttal electronic workpaper "WCC Traffic_XcelRebuttal.xls" worksheet "85% Capacity."

⁹ See Xcel Rebuttal electronic workpaper "WCC Traffic_XcelRebuttal.xls" worksheet "ProjTonRev" cell O21.

¹⁰ See Xcel Rebuttal electronic workpaper "WCC Traffic_XcelRebuttal.xls" worksheet "ProjTonRev" cell AW21; BNSF Reply electronic workpaper "WCC Traffic_BNSFReply.xls" worksheet "ProjTonRev" cell BY22. While the parties agree on the maximum volume level for the Monroe plant, they disagree as to the year that this maximum level will be reached. Xcel and BNSF assume that this maximum volume level will be achieved by 2009 and 2016, respectively. This difference reflects the parties' differing volume escalation assumptions.

stand-alone railroad will transport only BNSF's share of coal deliveries to the Monroe plant, the STB improperly assumes that the Monroe plant will receive up to { } tons of coal from the WCC.¹¹

As a result of this error, the Board overstates volumes to several plants in the traffic group. Those plants are identified in an attached workpaper.¹² As shown in the workpaper, this single error by the Board causes volumes to be overstated by over 6 million tons in year 2020 alone. The Board should correct the technical error in its traffic workpapers so that the WCC will deliver only BNSF's share of total coal volumes to a particular plant based upon BNSF's share of coal deliveries to that plant in 2001, as the parties agreed.¹³

2. Erroneous Calculation Of Rate Escalation

Consistent with the methodology proposed by both Xcel and BNSF, the Board states that revenues will be calculated from 2004 through the end of the applicable contract term "by forecasting the change produced by the rate adjustment mechanism set forth in the applicable contract." June 8 Decision at 55. However, the Board erred in implementing this methodology by incorporating into its workpapers an incorrect rate escalation provision for three shippers in the WCC shipper group. As a result, the Board did not properly calculate future revenues for these shippers.

First, the Board used an incorrect rate escalation provision for the {

¹¹ See STB electronic workpaper "FOIA Tons & Revenues 42057, 5-18.xls" worksheet "BNSF Quantity" cell 2115.

¹² See attached BNSF electronic workpaper "STB Volume Cap Error.xls."

¹³ BNSF's correction to this technical error is set out in BNSF's attached electronic workpaper "FOIA Tons & Rev 42057, 5-18 BNSF Correct for Tech Errors.xls" worksheet "BNSF Quantity."

},

when the contract expires.¹⁴ Instead of acknowledging that the contract does not provide for rate escalation, the Board improperly assumed that the EIA forecast would apply from {

}.¹⁵ The Board's incorrect assumption caused the rate

for the movement to increase by 11.6 percent in those three years {

}.

Second, the Board used an incorrect rate escalation provision for {

} during the term of the contract. Both BNSF and Xcel

incorporated the contract term which specifies that the rate will escalate at {

}.¹⁶ The Board improperly assumed that the rate would escalate at {

} during the term of the contract.¹⁷

Third, the Board used an incorrect rate escalation provision for {

} The contract escalation provides for {

¹⁴ See Xcel Rebuttal electronic workpaper, "WCC Traffic_XcelRebuttal.xls" worksheet "ProjTonRev" cell CZ 15 and BNSF Reply electronic workpaper, "WCC Traffic_BNSFReply.xls" worksheet "ProjTonRev" cell CZ 16.

¹⁵ See STB electronic workpaper, "FOIA Tons & Revenues 42057, 5-18.xls" worksheet "BNSF Price" cells J178 to L178.

¹⁶ See Xcel Rebuttal electronic workpaper, "WCC Traffic_XcelRebuttal.xls" worksheet "ProjTonRev" cell CZ 22 and BNSF Reply electronic workpaper, "WCC Traffic_BNSFReply.xls" worksheet "ProjTonRev" cell CZ 23.

¹⁷ See STB electronic workpaper, "FOIA Tons & Revenues 42057, 5-18.xls" worksheet "BNSF Price" cells J186 to M186.

} escalation for that year of the contract.¹⁸ The Board incorrectly assumed that the rate for that plant would escalate by { }.¹⁹

The Board should correct these technical errors and incorporate the correct rate escalation provisions into its revenue projection workpapers for the three shippers referenced above.²⁰

3. Erroneous Application Of Rate Escalation For Expired Contracts In 2004

The Board states that revenues will be calculated for expired contracts during the 2002 to 2004 period using the BNSF internal business forecasts. Specifically, the Board states that “for post-contract periods in 2002-2004, the Board uses BNSF’s internal rate forecasts for that period, as they are consistent with the procedure used by the parties and the Board to develop tonnage projections for the WCC’s traffic.” June 8 Decision at 55. However, the Board failed to apply this methodology. Instead, the Board incorrectly used the EIA transportation rate forecast to project 2004 rates for WCC shippers whose contracts had expired.²¹ BNSF’s Reply Evidence used the BNSF internal forecast to project revenues to sole-served plants with expired contracts in 2004.²² The Board’s failure to rely on the BNSF internal business forecast in 2004 affects the revenue forecast for those shippers not only in 2004 but also for the subsequent years in the DCF

¹⁸ See Xcel Rebuttal electronic workpaper, “WCC Traffic_XcelRebuttal.xls” worksheet “ProjTonRev” cell AL 35.

¹⁹ See STB electronic workpaper, “FOIA Tons & Revenues 42057, 5-18.xls” worksheet “BNSF Price” cell L108. The Board’s error may have resulted from BNSF’s incorrect assumption of a { } for this contract. See BNSF Reply electronic workpapers, “WCC Traffic_BNSFReply.xls” worksheet “ProjTonRev” cell CZ 36.

²⁰ BNSF’s corrections are included in the attached BNSF electronic workpaper “FOIA Tons & Rev 42057, 5-18 BNSF Correct for Tech Erros.xls” worksheet “BNSF Price.”

²¹ See STB electronic workpaper, “FOIA Tons & Revenues 42057, 5-18.xls” worksheet “BNSF Price” column J.

²² See BNSF Reply electronic workpaper “WCC Traffic_BNSF Reply.xls” worksheet “ProjTonRev” row AD and worksheet “OD_Revenues” row X.

period. The Board should correct its technical error and incorporate the BNSF internal business forecast into its revenue projection workpapers.²³

B. Errors In The Calculation Of SARR Operating Costs

1. Understatement Of Incremental Operating Expenses Attributable To Jeffrey Traffic

The Board explained at page 83 of the June 8 Decision that it developed an adjustment to the base year operating expenses for the WCC to account for the operating expenses incurred by the WCC to handle the Jeffrey traffic. This adjustment was necessary because the Board accepted BNSF's operating plan and corresponding operating costs for the WCC but BNSF's operating plan did not include any traffic moving to the Jeffrey plant. Since the Board concluded that the Jeffrey traffic should be included in the WCC, it needed to add the operating expenses attributable to that traffic to the base year operating expenses.

To adjust WCC operating expenses (other than MOW costs) to account for the additional Jeffrey traffic, the Board applied a "tonnage calibration" that "conforms with the way the Board (and the parties) forecast operating expenses in future years." June 8 Decision at 83.

Specifically, the Board observed that the DCF model "implicitly assumes that . . . operating expenses would increase or decrease in proportion to tonnage on the WCC." *Id.* Consistent with this assumption, the Board created a tonnage calibration that was intended to increase operating expenses that would be incurred as a result of the incremental Jeffrey traffic. With this calibration, operating expenses increase in proportion to the increase in tonnage produced by the addition of the Jeffrey traffic to the WCC.

²³ BNSF's correction to this technical error is set out in the attached BNSF electronic workpaper "FOIA Tons & Rev 42057, 5-18 BNSF Correct for Tech Errors.xls" worksheet "BNSF Price."

The Board's tonnage calibration produced a 6.1% increase in base year operating expenses. *Id.* This percent increase was determined as follows. First, the Board assumed that the WCC tonnage of 94.2 million tons in the base year (*i.e.*, 2001 WCC tonnage without Jeffrey traffic) was the equivalent of 100 billion ton-miles. Second, the Board assumed that the 11.1 million base year tons of Jeffrey traffic to be added to the WCC was the equivalent of 6.1 billion ton-miles. The ratio of 6.1/100, or 6.1%, represented the supposed increase in ton-miles produced by adding the Jeffrey traffic to the WCC. The Board applied this same percentage increase to the base year operating costs.

The Board's workpapers do not include any calculations showing how the Board produced the ton-mile values used to develop the tonnage calibration -- *i.e.*, how the Board determined that 94.2 million tons of coal traffic on the WCC translated into 100 billion ton-miles or how the 11.1 million tons of Jeffrey traffic translated into 6.1 billion ton-miles. However, the Board's methodology clearly produced erroneous values. The table below sets out the correct base year net tons, net-ton-miles and gross-ton-miles for the WCC and for the Jeffrey traffic. The sources of these data are identified in the footnotes to the table.

Table 1
2001 Operating Statistics for the WCC
(millions)

Description	Tons	Net Ton-Miles ^{1/}	Gross Ton-Miles ^{2/}	STB Ton-Miles
WCC 2001 Traffic Excluding JEC	94.2	23,754	35,203	100,000
2001 JEC Traffic	11.1	3,012	4,386	6,100
Total 2001	105.3	26,765	39,589	106,100
Incremental JEC %	11.8%	12.7%	12.5%	6.1%

^{1/} BNSF Reply electronic workpaper "Restated WCRR Traffic Exhibits2.xls" tab "2001Revenues"

^{2/} Attached electronic workpaper "LUMs and Carmiles (PSC-BNSF) 2001 tons.xls"

When the Board's tonnage calibration is developed using the correct ton-mile figures, it is clear that the base year operating costs should have been increased to account for the addition

of the Jeffrey traffic by 12.7% based on the incremental increase in net ton-miles produced by the JEC traffic or by 12.5% based on the incremental increase in gross ton-miles produced by the JEC traffic rather than 6.1%.²⁴

2. Erroneous Calculation Of Locomotive Maintenance Expenses

On page 60 of the June 8 Decision, the Board acknowledges that the SD70 locomotive maintenance contract on which both parties based locomotive maintenance expenses “contains a monthly minimum maintenance charge based on 9,000 LUM per locomotive. Under the operating plan used here the WCC locomotives would fall short of the minimum LUM requirement. Thus, the minimum charge would apply to the SD70 locomotives.” However, the Board’s operating expense workpaper fails to base its total locomotive maintenance costs for SD70 locomotives on the minimum charge based on 9,000 LUMs per month, and instead bases costs on the actual (less than 9000) LUMs traveled.²⁵ The Board should correct this error and base locomotive maintenance costs on the minimum contract charge.

3. Erroneous Calculation Of MOW Track Geometry Testing Expenses

The Board noted at page 81 of the June 8 Decision that the parties agreed on the unit costs for track geometry testing but disagreed as to the frequency of testing to be performed on the WCC. The Board accepted BNSF’s evidence as to the frequency of track geometry testing. Decision at 82. However, as indicated in Table C-6 of the Decision at page 78, the Board mistakenly used Xcel’s track geometry testing cost instead of BNSF’s cost. The Board should correct this error and use BNSF’s cost evidence on this issue.

²⁴ See attached BNSF electronic workpaper “WCC OPR_EXP (BNSF) STB Version – Corrected.xls.”

²⁵ See “WCC OPR_EXP (BNSF) STB version.xls.”

C. Errors In The Calculation Of SARR Construction Costs

1. Failure To Account For 25-Foot Track Centers On Double-Track Mainline

The parties disagreed on the necessary distance separating parallel tracks on the WCC's double-track line segments. Xcel argued that track centers only needed to be 15 feet apart on WCC double-track line segments. BNSF argued that the track centers needed to be 25 feet apart on those line segments where BNSF currently has 25-foot track centers. BNSF submitted an inventory of locations where the lines replicated by the WCC currently have 25-foot track centers.²⁶ The distance between track centers affects the amount of earthwork required to construct double-track line segments: wider track centers require more earthwork and therefore result in greater costs. BNSF's earthwork quantities reflected the use of 25-foot track centers.²⁷

At page 91 of the June 8 Decision, the Board reviewed the parties' position on this issue and concluded that "BNSF's track centers are used here." However, the Board mistakenly implemented BNSF's track centers only on part of the WCC. Specifically, the WCC consists of line segments that have a 24-foot roadbed and line segments that have a 28-foot roadbed. *See* June 8 Decision at 90-91.²⁸ The Board adjusted its grading quantity assumptions to account for 25-foot track centers on the sections of the WCC that have a 24-foot roadbed but it inadvertently failed to make the same calculations for the sections of the WCC that have a 28-foot roadbed.²⁹

²⁶ *See* BNSF Reply workpaper BNSF.RP.WP.III-F-00041.

²⁷ *See* BNSF Reply electronic workpaper "III-F 2 Grading.xls" tab "IIIF_11 CY Grad."

²⁸ The roadbed is the part of the track structure on which a set of tracks is placed.

²⁹ *See* "STB Grading.xls" at tab "IIIF CALC."

2. Failure To Account For Track Centers In Guernsey Yard That Are Over 15 Feet Apart

The Board also accepted BNSF's yard track configuration for the Guernsey Yard. June 8 Decision at 50. BNSF configured the Guernsey Yard to include some yard tracks that were spaced at distances greater than 15 feet apart.³⁰ However, the Board's earthworks calculations for the Guernsey Yard are based on an erroneous assumption that no yard track centers are more than 15 feet apart.³¹

3. Errors In The Calculation Of Fine Grading Costs

Xcel argued that no fine grading costs should be included because sub-ballast would act as a surrogate for fine grading. The Board rejected this argument and accepted BNSF's position that fine grading was necessary. June 8 Decision at 97-98. However, the Board made two errors in its calculation of fine grading costs for the WCC.

First, the Board *understated* fine grading costs by including fine grading in the WCC's yards only for the Bill and Northport Yards.³² The Board should have included fine grading for all WCC yards. Second, the Board *overstated* fine grading costs by applying BNSF's subgrade unit cost for fine grading (\$0.32) to all fine grading quantities. BNSF presented a separate and lower unit cost (\$0.15) for fine grading on sideslopes.³³ The Board should have used BNSF's lower unit cost for sideslope quantities.

³⁰ See BNSF Reply Exhibit III.F 4, Page 13A of 27.

³¹ See "STB Grading.xls" at tab "IIIF_12 YARDS." Correction of this technical error does not address the more significant error in the Board's assumption of 1 foot of fill for the Guernsey Yard. See June 8 Decision at 94-95. This latter error, however, involves methodological and legal issues that BNSF will raise in its separate petition for reconsideration.

³² See "STB Grading.xls" at tab "IIIF_12 YARDS."

³³ See BNSF Reply electronic workpaper "III F 2 Grading.xls" tab "IIIF Unit Costs."

4. Failure To Include All Construction Costs For The Relocation Of Highway 59

Xcel assumed that the WCC's Bill Yard would be built at the location of an existing UP yard. The Board accepted BNSF's position that the Bill Yard would have to be constructed in a different location and that the construction of the Bill Yard would require the relocation of existing Highway 59. June 8 Decision at 93-94. BNSF presented evidence on the excavation costs for the construction of the Bill Yard at the new location that included excavation costs for the relocation of Highway 59.³⁴ The Board accepted these excavation quantities. June 8 Decision at 95. BNSF also presented evidence on other costs that would be incurred to relocate Highway 59, such as the costs to remove and replace asphalt.³⁵ The Board inadvertently failed to include any of these additional costs in its Bill Yard calculations.³⁶ The Board should correct this error and include all of BNSF's costs for the relocation of Highway 59.

5. Errors In The Calculation Of Costs For Mine Spurs

The Board rejected BNSF's calculation of the main track miles associated with certain mine spurs. See June 8 Decision at 46 and Tables A-1 and A-2. As a result, BNSF's mine spur miles were 1.24 miles greater than the miles that the Board intended to use in its calculations. See Table A-2. However, in calculating the WCC's grading quantities, the Board inadvertently included the 1.24 miles that it had rejected.³⁷ Separately, the Board improperly eliminated the 1.24 mine-spur miles twice in the calculation of certain track construction materials, thus

³⁴ See BNSF Reply electronic workpaper "III F 2 Grading.xls" tab "IIIF 12 Yards" and BNSF.RP.III-F-000148-149.

³⁵ See BNSF Reply electronic workpaper "III F 2 Grading.xls" at tab "Hwy 59."

³⁶ See "STB Grading.xls" at tab "IIIF Summary."

³⁷ See "STB Grading.xls" at tab "IIIF_17 CY Grad."

understating the costs for those materials.³⁸ Both errors have been corrected in the attached workpaper.

6. Earthworks For Sterling Yard

In calculating earthwork costs for the construction of the WCC yards, the Board inadvertently failed to include any yard track miles for the Sterling Yard in the calculations of other earthworks quantities.³⁹

D. Errors In The Application Of The DCF Model

1. Failure To Update The DCF Analysis After Modifying Input Assumptions

The discounted cash flow results set out at page 36 of the June 8 Decision and included in the Board's electronic workpapers "FOIA DCF 42057, 5-18.123" cannot be reproduced using the inputs to the DCF analysis described in the June 8 Decision and contained in the Board's workpapers. It appears that the DCF results set out at page 36 are the product of a different set of DCF inputs than those on which the Board based its decision. If the DCF analysis is run using the inputs actually included in the Board's electronic workpapers, without making any of the corrections described above, the cumulative present value overage is reduced from \$661.7 million to \$627.5 million.

This error appears to have resulted from the failure to re-run or update the DCF analysis after changes were made to certain DCF inputs. While the input values in the DCF are linked together electronically such that changes in some inputs automatically produce changes in other inputs, two separate "macros" in the DCF model must be re-run after changes are made in inputs to update the DCF results. The Board appears to have failed to carry out this necessary updating

³⁸ See "STB WCC Construction Cost1.xls" at tab "Ties."

³⁹ See "STB Grading.xls" at tab "IIIF_16 Othr EW."

after inputs were changed. BNSF has reviewed the DCF inputs contained in the Board's electronic workpapers and has confirmed that they correspond with the values described in the June 8 Decision (with the exception of the errors pointed out in this pleading). Therefore, the correction of this error simply requires the re-running of the DCF model after all corrections are made to the input values.

2. Calculation Of Insurance Expenses Over The 20-Year DCF Period

BNSF urged the Board to assess the insurance costs of the WCC using a quote for a fixed annual amount that was obtained from an insurance company. Xcel based its insurance calculations on a fixed percentage of the WCC's annual operating expenses, and therefore assumed that the WCC's insurance expenses would increase as its operating expenses increased. The Board rejected BNSF's fixed quote evidence and used Xcel's percentage approach. June 8 Decision at 83.

To implement Xcel's approach, the Board started with BNSF's operating expense spreadsheets and changed the formula in the operating expense tab of the spreadsheet for year one of the DCF period to compute insurance based on a percentage of operating expenses. However, the Board failed to change the formulas for years 2 through 20 of the DCF.⁴⁰ BNSF's spreadsheets kept the insurance amount constant over the 20 year DCF period to reflect the terms of the quote BNSF had received. Therefore, the Board's failure to modify the formulas for years 2 through 20 of the DCF resulted in insurance costs for the WCC that do not increase as operating expenses increase as a result of growing traffic volumes over the 20-year DCF period.

⁴⁰ See "FOIA DCF 42057, 5-18.123" at tab "Operating SAC."

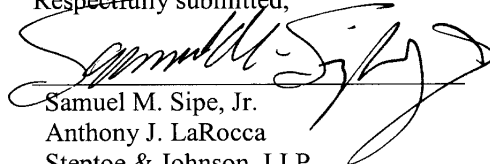
III. CONCLUSION

The Board should promptly correct the technical and computational errors identified herein and revise the June 8, 2004 Decision to reflect the corrected SAC calculations.

Richard E. Weicher
Michael E. Roper
THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY
2500 Lou Menk Drive
Fort Worth, Tx 76131

June 23, 2004

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Samuel M. Sipe, Jr.', is written over a horizontal line.

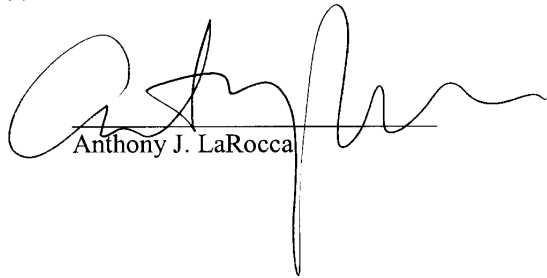
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ATTORNEYS FOR THE BURLINGTON
NORTHERN AND SANTA FE RAILWAY
COMPANY

CERTIFICATE OF SERVICE

I hereby certify that on June 23, 2004, I caused a copy of the foregoing Petition To
Correct Technical And Computational Errors be served by hand upon the following counsel for
Public Service Company of Colorado d/b/a Xcel Energy:

Thomas W. Wilcox
Troutman Sanders LLP
401 9th Street, NW
Suite 1000
Washington, D.C. 20004



Anthony J. LaRocca

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**PUBLIC SERVICE COMPANY OF
COLORADO D/B/A/ XCEL ENERGY**

Complainant,

v.

**THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY**

Defendant.

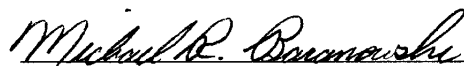
Docket No. 42057

VERIFIED STATEMENT OF MICHAEL R. BARANOWSKI

I am Michael R. Baranowski, Senior Managing Director at FTI Consulting, Inc. I have presented evidence on behalf of The Burlington Northern and Santa Fe Railway Company ("BNSF") in the above-captioned matter. My qualifications are set out in Section IV of BNSF's April 4, 2003 Reply Evidence.

I hereby declare under penalty of perjury that the calculations contained in the electronic workpapers that accompany BNSF's Petition to Correct Technical and Computational Errors and contained in Exhibits 1-3 to that Petition were prepared by me or under my supervision and that those calculations are true and correct.

Executed on June 23, 2004



Michael R. Baranowski

Comparison of STB Decision SAC Rate and SAC Rates Corrected for Technical Errors

Year	STB Decision			Technical Errors Corrected			Corrected Steel Rate % Difference	Corrected Alum. Rate % Difference
	SAC Rate Reduction	Steel SAC Rate	Alum. SAC Rate	SAC Rate Reduction	Steel SAC Rate	Alum. SAC Rate		
2001 1 Qtr	16.66%	\$7.70	\$7.48	12.59%	\$8.08	\$7.85	4.9%	4.9%
2001 2 Qtr	16.83%	7.62	7.41	12.78%	7.99	7.77	4.9%	4.9%
2001 3 Qtr	16.48%	7.68	7.46	12.41%	8.05	7.82	4.9%	4.9%
2001 4 Qtr	16.31%	7.68	7.47	12.23%	8.06	7.83	4.9%	4.9%
2002 1 Qtr	21.66%	7.18	6.97	17.83%	7.53	7.31	4.9%	4.9%
2002 2 Qtr	22.01%	7.14	6.94	18.20%	7.49	7.28	4.9%	4.9%
2002 3 Qtr	21.80%	7.16	6.96	17.98%	7.51	7.30	4.9%	4.9%
2002 4 Qtr	19.73%	7.35	7.14	15.80%	7.71	7.49	4.9%	4.9%
2003	18.89%	7.58	7.36	13.20%	8.11	7.88	7.0%	7.0%
2004	16.89%	7.93	7.71	12.60%	8.35	8.11	5.3%	5.2%
2005	17.58%	8.06	7.84	13.16%	8.49	8.26	5.4%	5.4%
2006	18.43%	8.20	7.97	14.01%	8.64	8.40	5.4%	5.4%
2007	17.45%	8.49	8.25	12.96%	8.95	8.70	5.4%	5.4%
2008	16.71%	8.76	8.51	12.22%	9.23	8.97	5.4%	5.4%
2009	17.39%	8.90	8.65	12.70%	9.40	9.14	5.7%	5.7%
2010	17.92%	9.04	8.78	13.14%	9.56	9.29	5.8%	5.8%
2011	18.00%	9.23	8.97	13.05%	9.79	9.51	6.0%	6.0%
2012	18.05%	9.44	9.18	12.72%	10.05	9.78	6.5%	6.5%
2013	18.70%	9.58	9.31	13.14%	10.23	9.95	6.8%	6.8%
2014	18.95%	9.77	9.50	13.26%	10.45	10.17	7.0%	7.0%
2015	19.85%	9.88	9.61	14.05%	10.60	10.31	7.2%	7.2%
2016	21.30%	9.92	9.63	15.33%	10.68	10.35	7.6%	7.6%
2017	21.02%	10.19	9.90	14.96%	10.97	10.66	7.7%	7.7%
2018	21.22%	10.40	10.11	15.18%	11.20	10.88	7.7%	7.7%
2019	21.17%	10.64	10.35	14.97%	11.48	11.16	7.9%	7.9%
2020	21.57%	10.84	10.53	15.24%	11.71	11.38	8.1%	8.1%

STB Decision Table 3
Discounted Cash Flow Analysis - Corrected
(\$ millions)

Year	WCC Revenue Requirements	BNSF Forecasted Revenues	Difference	Present Value	Cumulative Difference
2001	\$299	\$341	\$43	\$42	\$42
2002	\$296	\$359	\$63	\$56	\$98
2003	\$318	\$366	\$48	\$39	\$137
2004	\$323	\$370	\$47	\$33	\$170
2005	\$334	\$384	\$51	\$32	\$202
2006	\$345	\$401	\$56	\$32	\$234
2007	\$354	\$407	\$53	\$27	\$261
2008	\$359	\$409	\$50	\$23	\$284
2009	\$369	\$423	\$54	\$23	\$307
2010	\$378	\$436	\$57	\$22	\$328
2011	\$388	\$446	\$58	\$20	\$348
2012	\$398	\$456	\$58	\$18	\$366
2013	\$408	\$470	\$62	\$17	\$384
2014	\$418	\$482	\$64	\$16	\$400
2015	\$428	\$498	\$70	\$16	\$416
2016	\$440	\$519	\$80	\$16	\$432
2017	\$450	\$529	\$79	\$15	\$447
2018	\$460	\$542	\$82	\$14	\$461
2019	\$472	\$556	\$83	\$13	\$473
2020	\$484	\$571	\$87	\$12	\$485

STB Decision Table 4
SAC Rate - Corrected

Year	Steel Tariff Rate	Alum. Tariff Rate	SAC Rate Reduction	Steel SAC Rate	Alum. SAC Rate
2001 1 Qtr	\$9.24	\$8.98	12.59%	\$8.08	\$7.85
2001 2 Qtr	9.16	8.91	12.78%	7.99	7.77
2001 3 Qtr	9.19	8.93	12.41%	8.05	7.82
2001 4 Qtr	9.18	8.92	12.23%	8.06	7.83
2002 1 Qtr	9.16	8.90	17.83%	7.53	7.31
2002 2 Qtr	9.16	8.90	18.20%	7.49	7.28
2002 3 Qtr	9.16	8.90	17.98%	7.51	7.30
2002 4 Qtr	9.16	8.90	15.80%	7.71	7.49
2003	9.34	9.08	13.20%	8.11	7.88
2004	9.55	9.28	12.60%	8.35	8.11
2005	9.78	9.51	13.16%	8.49	8.26
2006	10.05	9.77	14.01%	8.64	8.40
2007	10.28	9.99	12.96%	8.95	8.70
2008	10.52	10.22	12.22%	9.23	8.97
2009	10.77	10.47	12.70%	9.40	9.14
2010	11.01	10.70	13.14%	9.56	9.29
2011	11.26	10.94	13.05%	9.79	9.51
2012	11.52	11.20	12.72%	10.05	9.78
2013	11.78	11.45	13.14%	10.23	9.95
2014	12.05	11.72	13.26%	10.45	10.17
2015	12.33	11.99	14.05%	10.60	10.31
2016	12.61	12.23	15.33%	10.68	10.35
2017	12.90	12.54	14.96%	10.97	10.66
2018	13.20	12.83	15.18%	11.20	10.88
2019	13.50	13.13	14.97%	11.48	11.16
2020	13.82	13.43	15.24%	11.71	11.38