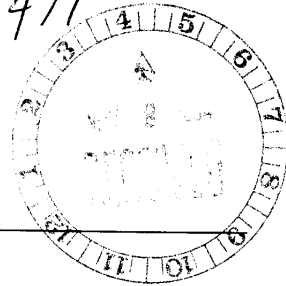


PUBLIC VERSION

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

212479



AEP TEXAS NORTH COMPANY

Complainant,

v.

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

Defendant.

Docket No. 41191 (Sub-No.1)

**SUPPLEMENTAL EVIDENCE OF
COMPLAINANT AEP TEXAS NORTH COMPANY**

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

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v.	)	Docket No. 41191 (Sub-No.1)
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THE BURLINGTON NORTHERN AND	)	
SANTA FE RAILWAY COMPANY	)	
	)	
Defendant.	)	

**SUPPLEMENTAL EVIDENCE OF
COMPLAINANT AEP TEXAS NORTH COMPANY**

Complainant, AEP Texas North Company ("AEP Texas"), hereby submits Supplemental Evidence with respect to (1) the results of a revised simulation of the peak-period operations of its stand-alone railroad ("SARR"), the Texas & Northern Railroad ("TNR") using the computerized Rail Traffic Controller ("RTC") Model, and (2) certain modest additions to the TNR's track assets, with resulting restatements of road property investment, annual operating expenses, and DCF results, occasioned by the revised RTC simulation. This Supplemental Evidence is accompanied by a Petition to Supplement the Record, which is the procedure specified in recent Board decisions for circumstances such as those presented here. *See, e.g.,* Docket No. 42069, *Duke Energy Corporation v. Norfolk Southern Railway Company*, Decision served March 25, 2003, at 2 ("*Duke/NS*").

I. INTRODUCTION AND SUMMARY

On September 6, 2004, Defendant The Burlington Northern and Santa Fe Railway Company ("BNSF") filed a Motion to Strike portions of AEP Texas' Rebuttal Evidence in this proceeding relating, *inter alia*, to the simulation of the TNR's operations using the RTC Model. One of the allegations in BNSF's Motion was that AEP Texas' Rebuttal simulation did not include all of the coal trains that represented the portion of the TNR's Rebuttal peak-year coal traffic group that moved during the peak period.

In its Reply to BNSF's Motion to Strike filed October 20, 2004, AEP Texas informed the Board that, due primarily to errors in the train file used for BNSF's own RTC simulation presented on Reply (which also was used for AEP Texas' Rebuttal RTC simulation), neither party had simulated the correct number of coal trains for its version of the TNR's peak-year traffic group. AEP Texas advised the Board that it had determined the number of peak-period coal trains that had to be added to BNSF's corrected RTC train file, and thus to its own Rebuttal RTC train file for its Rebuttal traffic group;¹ that it was in the process of conducting a revised RTC simulation using the correct train file; and that

¹ The peak-period loaded coal trains that represent AEP Texas' Rebuttal coal traffic group are shown in its Rebuttal Exhibit III-B-5. BNSF has not alleged that the number of coal trains listed (710) is incorrect in any way, assuming AEP Texas' Rebuttal peak-year coal traffic group is correct. Exhibit III-B-5 also includes 138 merchandise trains that the TNR moves in overhead service between Amarillo and Oklaunion, TX, which were included in AEP Texas' Opening and Rebuttal RTC simulations. BNSF modeled the same number of merchandise trains in its Reply RTC simulation, so the modeling of these trains is not in issue.

it intended to present the results to the Board when the simulation was completed and the results documented. The revised simulation now has been completed, and the results are presented in this filing.

The revised RTC modeling with the corrected (and increased) peak-period coal trains suggests a need for modest additions to the TNR's track assets to transport its peak traffic efficiently and in accordance with its operating plan. These are additions which would have been presented by AEP Texas on Rebuttal, had the defects in BNSF's Reply train file been apparent. As described below, a total of 69.6 miles of additional tracks and sidings have been added (including 0.8 miles of bad-order setout/equipment storage tracks), along with 16 crossovers. The resulting increase in road property investment costs (as well as minor changes in the TNR's peak-period operating statistics) have been reflected in a supplemental DCF analysis. The result of the supplemental DCF analysis is to increase SAC for the issue traffic by \$0.20 per ton in the first year of the 20-year DCF period.

II. CHANGES TO THE REBUTTAL RTC SIMULATION

After correcting BNSF's Reply RTC train file and adding the proper number of coal trains to match its Rebuttal peak-year traffic group, AEP Texas conducted a revised RTC simulation of the TNR's peak-period operations using the corrected and supplemented train file. Besides adding the correct number of peak-period coal trains, AEP Texas changed one other operating input to the Model. As noted in Mr. Reistrup's

Verified Statement submitted with AEP Texas' Reply to BNSF's Motion to Strike, BNSF's RTC simulation failed to cycle the TNR's local coal trains continuously between origin and destination. Instead, BNSF removed these trains from its simulation after the completion of one or more round trips, and then re-inserted them into the simulation at a later time.² By adopting BNSF's Reply RTC train file as the basis for its Rebuttal simulation, AEP Texas inadvertently continued this error. In the revised RTC simulation, AEP Texas has corrected this by instructing the Model to cycle the local coal trains continuously (starting with the first empty-train release time for each O/D pair).

As noted, the corrected supplemental RTC modeling indicated a need to add a total of 69.6 miles of additional track assets to the TNR system as presented in AEP Texas' Rebuttal filing. These track additions – which consist almost entirely of extensions of double/triple track segments and sidings – are described with specificity in the next section. No changes have been made in the TNR's route-miles or yard locations and sizes. The net result is a modest 4% increase in the TNR's total main-track miles (from 1,597.29 to 1,664.09), and an increase of 2.8 track for mine lead and setout tracks.

² AEP Texas' Opening RTC simulation cycled local coal trains continuously, thus avoiding this "disappearing train" problem (which causes trains to dwell for long periods of time at origin or destination without providing adequate storage capacity for them). The Board noted this problem with disapproval in Docket No. 42057, *Public Service Company of Colorado d/b/a Xcel Energy v. The Burlington Northern Railway Company*, Decision served June 8, 2004 ("PSCo/Xcel") at 25-26.

Under ordinary circumstances, the incremental track asset additions made in this supplemental filing would have been submitted during the Rebuttal phase of the case. Docket No. 37809, *McCarty Farms, Inc. v. Burlington Northern Railroad Co.*, Decision served August 20, 1997. In this instance, the data set deficiencies that necessitated these adjustments were not known until BNSF filed its Motion to Strike. However, the additions neither redesign AEP Texas' SARR nor alter the key assumptions on which its case-in chief is based. See Docket No. 41989, *Potomac Electric Power Company v. CSX Transportation, Inc.*, Decision served November 24, 1997 at 3; *Duke/NS* (Decision served November 6, 2003, at 15). There have been no changes in the TNR's route, yards or operating plan, and the same 13 random track outages that were reflected in the Rebuttal simulation continue to be included in the revised simulation. These modest additions of mainline tracks and extended sidings to the original SARR properly should be considered "refine[ments] [to the complainant's] evidence to address issues raised by the railroad" on reply. *Id.* at 14.

Finally, AEP Texas' operating experts made one manual adjustment to the Model's handling of trains. This adjustment facilitated the RTC program's efficient dispatching of the TNR's trains over the entire simulation period. The adjustment involved holding one empty coal train at Las Animas Yard for a total of one hour and 15 minutes, or one hour longer than the 15 minutes normally allotted for empty-train crew

changes at Las Animas.³ The single manual adjustment to the running of the RTC Model for purposes of the revised simulation represents a substantial reduction from the 19 manual adjustments made to the Rebuttal RTC simulation, which themselves were far fewer than the number of adjustments made by human dispatchers on a daily basis in a real-world Class I railroad dispatch center. The adjustment holds the train at an internal TNR yard, and is identical to what human dispatchers do when they intervene in the decisions made by real-world computerized dispatching systems. *See* Reistrup Verified Statement accompanying AEP Texas' Reply to BNSF's Motion to Strike, at 13-16.

Other than the changes summarized above, the revised RTC simulation presented in this Supplemental Evidence reflects the same inputs and assumptions, and the same operating plan, used for AEP Texas' Rebuttal simulation.

III. RESULTS OF REVISED SIMULATION

As indicated earlier, the revised RTC simulation with the correct number of coal trains indicated a need for several track asset additions to the TNR system. After the track asset additions described below were input into the model, the simulation ran with insignificant changes to the TNR's train transit times and operating statistics that are

³ The adjustment is shown in AEP Texas' supplemental electronic workpaper folder "TNR OCT22B," file "TNR OCT 22B.TRAIN." The held train is No. 44EAEPRWC3, an empty Oklaunion train destined for Rawhide Mine.

driven by transit times (locomotive hours and car hours),⁴ as presented in AEP Texas' Rebuttal Evidence.

A. TNR Track Asset Additions

After (1) adding the proper number of peak-period coal trains to reflect AEP Texas' Rebuttal traffic group, (2) adjusting the operating inputs so that the TNR's local coal trains would cycle continuously, and (3) running the RTC Model with no other operating input/assumption adjustments other than the removal of the 19 manual adjustments to the running of the RTC program that were made on Rebuttal, AEP Texas' experts determined that a total of ten track additions were needed to facilitate a smooth run to completion without significantly affecting transit times. A summary of these additions is included herewith as Exhibit S-1. The additions also are shown in blue color on the revised TNR track diagrams set forth in Exhibit S-2.⁵

The track asset additions reflected in the revised RTC modeling results include one TNR-owned siding at Buckskin Mine, 9.45 miles of third main track at the north end of the Orin Subdivision (near Donkey Creek), and 40.5 miles of second main track on the Pikes Peak Subdivision south of Denver. In addition, seven passing sidings on the Boise City and Red River Valley Subdivisions (south of Las Animas Jct.) have

⁴ The other operating statistics were developed from the complete list of 710 loaded coal trains that AEP Texas intended to simulate on Rebuttal, and thus are not affected by the revised simulation.

⁵ The track diagrams in Exhibit S-2 include the pages of AEP Texas' Rebuttal Exhibit III-B-6 that have been revised to reflect the additions described in this filing.

been extended from 1.6 miles (1.55 miles in one case) to 4.0 miles in length. A total of 16 crossovers also have been added. Combined with the retention/addition of switches at the ends of the extended passing sidings, the result is to create 12 new double or “universal” crossovers which facilitate the movement of trains between main tracks. Five bad-order setout/equipment storage tracks also have been added where a second main track/siding extension was added at the location of a Failed Equipment Detector (“FED”). A brief discussion of the specific track asset additions follows.

Campbell Branch. In order to more easily permit all coal trains to move to and from Buckskin Mine during the simulation period, a siding was added adjacent to that mine’s private lead trackage. This enables the mine trackage to accommodate three trains at a time, rather than two as was the case with the Rebuttal configuration. In the real world this track would not be needed for the TNR’s peak traffic volume, as there are three sidings on the Campbell Branch itself and a dispatcher would be able to hold Buckskin Mine trains at one of these three sidings. However, as a computer program the RTC Model does not account for human intervention and thus does not allow trains to be held on these sidings alone (or on a fourth siding were it constructed south of Buckskin Jct.). This appears to be a function of the Model’s dispatching methodology, which does not always perform the way a real-world dispatcher would and does not permit real-time intervention in the computer’s decisions by a human dispatcher.

In any event, this issue is resolved by adding a 2-mile siding adjacent to the private Buckskin Mine lead track. The operator of the mine will benefit from this improvement, because the mine will be able to accommodate one additional train at a time and thus will have added throughput capacity. Nonetheless, AEP Texas assumes that the TNR will bear the entire cost of constructing the siding, and it has been included in the additional capital costs described *infra*.

Orin Subdivision. AEP Texas has added 9.45 miles of third main track (including one set of intermediate crossovers between the third main and the second main and a single crossover between the first and second mains) at the north end of the Orin Subdivision. The revised RTC simulation indicated that this additional main track enables coal trains originating at Orin Subdivision Mines and moving to and beyond Alliance, NE to operate fluidly between the Orin Subdivision and the Black Hills Subdivision. As shown on page 2 of Exhibit S-2, the third main track connects with the second main north of the crossover between the first and second mains, thus permitting trains to operate to and from the Orin Subdivision without interfering with operations on the other main tracks.⁶

⁶ AEP Texas' revised RTC simulation also includes two tracks on the Orin Subdivision and Reno Branch near Reno Jct., WY that are not used by any trains during the simulation period. Since these tracks are not needed, they are not included in the TNR's track asset additions. However, in the interest of simplicity they were left in the model as "disabled" tracks. (This is consistent with the approach followed by BNSF in its Reply RTC modeling, wherein several TNR tracks were shown as "Tested, not needed.")

Pikes Peak Subdivision. The initial run of the RTC Model with the corrected peak-period train file indicated congestion on the 53.3-mile portion of the Pikes Peak Subdivision between Englewood (near Denver) and the end of the Big Lift helper district at Palmer Lake, CO. The configuration in this area was single track with three intermediate passing sidings. Consistent with the simulation results, this has been converted to double track by connecting the passing sidings, with the addition of a set of universal crossovers at four locations (essentially retaining the switches at one end of each former passing siding in the process). This results in a net addition of 40.50 miles of second main track.

In addition, a total of four bad-order setout/equipment storage tracks have been added to the extended main track on the Pikes Peak Subdivision, one on either side of each of the FEDs at Mileposts 16.00 and 41.00. This enables trains operating on either main track to set out cars, or work equipment to be temporarily stored, without having to move from one main track to the other.

Boise City and Red River Valley Subdivisions. Initial runs of the RTC Model with the corrected train file suggested congestion on the Boise City and Red River Valley Subdivisions, which extend from Las Animas Jct. to Amarillo and Amarillo to Oklaunion, respectively. This was remedied by extending seven passing sidings (four on the Boise City Subdivision and three on the Red River Valley Subdivision) from 1.6 miles

(1.55 miles in one case) to 4.0 miles in length, and by providing an intermediate set of universal crossovers at the starting location for each siding extension.

Adding 2.4 miles to the length of these sidings, with intermediate crossovers, provides headroom for the temporary storage of TNR work equipment and for hi-rail track inspection vehicles to clear the main line without having to exit the track. The sidings needed to be extended only 1.6 miles to accommodate another coal train, but extending them an additional 0.8 mile (or 4,224 feet) provides more operating and equipment-storage flexibility, particularly during the peak simulation period.⁷ Hi-rail track inspection vehicles or work equipment such as spot tampers easily can clear the main line at the extended sidings, thus allowing trains to pass. This is consistent with the practice of real-world railroads.

One passing siding on the Boise City Subdivision has been extended near the location of an FED. This necessitated the addition of a bad-order setout/equipment storage track on the extended siding, at Milepost 219.00/219.16. Again, this enables trains operating on either main track to set out cars or MOW equipment to be temporarily stored without having to move from one main track to the other.

⁷ Two tracks in the northern portion of Alliance Yard remain unused by any trains during the simulation period. These tracks also are available for temporary storage of work equipment (and to hold trains in the event of a random track outage).

B. Peak-Period Transit Times and Operating Statistics

The results of the successful revised RTC simulation run are shown in AEP Texas supplemental electronic workpaper folder “TNR OCT22B,” file “TNR OCT 22B.HISTORY.”

The TNR’s round-trip transit times between the origin mines and Alliance produced by the revised simulation do not differ materially from those produced by AEP Texas’ Rebuttal simulation. Indeed, the round-trip transit times between the origin mines and points south of Alliance are lower than the times produced by the Rebuttal simulation due to the track asset additions south of Denver.

The TNR’s round-trip transit times for rerouted coal trains produced by AEP Texas’ Rebuttal simulation were shown in AEP Texas Rebuttal Exhibit II-C-2. A revised version of this Exhibit, reflecting the transit times for rerouted coal trains produced by the revised simulation, is included herewith as Exhibit S-3. The TNR train cycle times for the re-routed coal traffic originating at the five southernmost PRB mines were compared with the real-world BNSF 2002 cycle times in Table III-C-6 on page III-C-6 of AEP Texas’ Rebuttal Narrative. A revised version of this Table, which shows the round-trip transit times from both the Rebuttal and revised RTC simulations, is set forth on the following page.

TABLE III-C-6 (Revised) Comparative Coal Train Cycle Times (Hours:Minutes:Seconds) For Selected Movements from PRB Mines Served by the TNR					
<u>Origin</u>	<u>Destination</u>	<u>BNSF 2002 Cycle Time</u>	<u>TNR Peak Cycle Time (Rebuttal Sim.)</u>	<u>TNR Peak CycleTime (Revised Sim.)</u>	<u>Difference (BNSF 2002- TNR Revised)</u>
NacJct, WY ^{1/}	Alliance, NE	{ }	22:05:24	22:36:45	{ }
NacJct, WY	Denver, CO	{ }	40:28:12	40:54:49	{ }
NacJct, WY	HarPowPla, TX	{ }	93:04:48	76:39:01	{ }
NRocMine, WY ^{2/}	Alliance, NE	{ }	19:31:12	20:34:54	{ }
ConJct, WY ^{3/}	Alliance, NE	{ }	21:19:12	21:39:09	{ }
ConJct, WY	HarPowPla, TX	{ }	86:42:36	82:35:19	{ }
JacJct, WY ^{4/}	Alliance, NE	{ }	20:40:48	21:23:27	{ }
ThuJct, WY ^{5/}	Alliance, NE	{ }	20:31:48	20:58:09	{ }
Sources: Rebuttal Exhibit III-C-2 and AEP Texas Reb. electronic workpaper file "Transit Times TNR Rebuttal.xls"; Supplemental Exhibit S-3 and supp. electronic workpaper file "Exhibit S-3.xls." BNSF cycle times shown are via Guernsey, WY. ^{1/} North Antelope/Rochelle Mine. ^{2/} North Rochelle Mine. ^{3/} Antelope Mine. ^{4/} Jacobs Ranch Mine. ^{5/} Black Thunder Mine.					

As shown in this Table, AEP Texas' revised RTC simulation demonstrates that the TNR's internal "reroute" of coal traffic via Alliance instead of via Guernsey continues to result in substantially faster round-trip transit times than those experienced by the real-world BNSF from the five southernmost PRB mines. Thus, the TNR's route does not result in any diminution of service for any shipper that purchases coal from any of these mines.

The modest changes in the TNR transit times resulting from the revised RTC simulation result in some minor changes in the TNR's peak-period operating

statistics and, thus, in its annual operating expenses as calculated by the DCF Model. For example, the TNR's base-year (2000) road locomotive requirements are reduced from 221 to 217, including 205 base locomotives and 12 peak locomotives.⁸ The revised operating statistics and revised operating expenses are shown in supplemental electronic workpaper files "TNR Operating Statistics – Rebuttal.xls" and "TNR_OP_EXP_Rebut.xls," respectively.

C. Changes in Capital Costs

AEP Texas' engineering expert, Harvey Stone, has calculated the additional TNR road property investment (construction) costs for the 69.6 miles of additional TNR track and the additional crossovers described above and in Exhibits S-1 and S-2. Also included are costs for additional appurtenances such as switches, signals, AEI scanners, FEDs, extended grade crossings, bridges and culverts.

The total net additional road property investment costs for the track assets that have been added to the TNR as a result of the revised RTC simulation equal \$85.9 million. The development of these additional capital costs is shown in Exhibit S-4, with further details provided in supplemental electronic workpaper file "IIIFTOTAL.xls." These costs are included in the revised DCF calculations described *infra*.

³ The TNR's revised locomotive count by year is shown in supplemental electronic workpaper file "Exh III-C-3 AEP locomotives by year.xls." This is a revised version of AEP Texas Rebuttal Exhibit III-C-3.

IV. REVISED DCF ANALYSIS

AEP Texas has revised the DCF analyses presented in its Rebuttal Evidence and errata⁹ to reflect the changes in the TNR's annual operating expenses and the cost of the track asset additions described above. The results are shown in supplemental electronic workpaper file 'Exhibit III-H-3SP.xls.' As was the case with AEP Texas' previous evidentiary submissions, SAC for the Oklahoma coal movement was determined using two alternative methodologies for the allocation of surplus SARR revenues over stand-alone costs: the equalized percentage reduction method employed by the Board in recent rate cases and AEP Texas' proposed generalized percentage reduction method.

The results for the period from 2Q00 through 1Q04 using the generalized percentage reduction method are shown in Column (5) of the revised version of Table III-H-4 on pp. III-H-8-9 of AEP Texas' Rebuttal Narrative, set forth below. The net result is that SAC during the first year of the 20-year DCF period increases by approximately 20 cents per ton, and is similar to the SAC levels reflected in AEP Texas' Rebuttal Evidence as filed on July 27, 2004.

⁹ On August 17, 2004, AEP Texas filed an Errata to its Rebuttal Evidence which corrected certain road property investment and other calculations; the result was to reduce SAC by about 20 cents per ton in 2000. In its Reply to BNSF's Motion to Strike filed October 20, 2004, AEP Texas corrected the application of the change in the RCAF value from 3Q04 to 4Q04 to the calculation of operating expenses in the DCF model, as well as the resulting SAC calculations. The SAC results presented in this Supplemental Evidence reflect the corrections in AEP Texas' August 17, 2004 and October 20, 2004 filings.

Table III-H-4 (Revised)
Summary of Maximum Rate Calculations for Issue Traffic- 2Q00 through 1Q04

<u>Time Period</u> (1)	<u>BNSF Rate Per Ton ^{1/}</u> (2)	<u>BNSF Variable Cost Per Ton ^{2/}</u> (3)	<u>Jurisdictional Threshold Per Ton ^{3/}</u> (4)	<u>Stand-Alone Cost Per Ton ^{4/}</u> (5)	<u>Maximum Rate Per Ton ^{5/}</u> (6)
Buckskin Mine Originations					
2Q00	\$13.68	\$6.53	\$11.75	\$10.91	\$11.75
3Q00	15.78	6.55	11.79	10.91	11.79
4Q00	15.78	6.77	12.19	10.91	12.19
1Q01	15.78	6.96	12.53	11.48	12.53
2Q01	15.78	6.98	12.56	11.46	12.56
3Q01	15.78	7.03	12.65	11.48	12.65
4Q01	15.78	6.92	12.46	11.48	12.46
4Q03	18.04	7.23	13.01	10.27	13.01
Eagle Butte Mine Originations					
1Q03	\$17.25	\$7.31	\$13.16	\$9.85	\$13.16
2Q03 117 Cars	18.04	6.94	12.49	10.27	12.49
2Q03 128 Cars	18.04	6.88	12.38	10.27	12.38
3Q03	18.04	7.08	12.74	10.27	12.74
4Q03	18.04	7.08	12.74	10.27	12.74
1Q04	18.83	7.16	12.89	10.09	12.89
Jacobs Ranch Mine Originations					
2Q00	\$13.68	\$5.97	\$10.75	\$10.91	\$10.91
3Q00	15.78	6.33	11.39	10.91	11.39
1Q01	15.78	6.80	12.24	11.48	12.24
2Q01	15.78	6.80	12.24	11.46	12.24
3Q01	15.78	6.66	11.99	11.48	11.99
4Q01	15.78	6.73	12.11	11.48	12.11
1Q02	15.78	6.39	11.50	9.95	11.50
4Q02	17.25	7.28	13.10	9.95	13.10
Black Thunder Mine Originations					
1Q01	\$15.78	\$6.47	\$11.65	\$11.48	\$11.65
3Q01	15.78	7.01	12.62	11.48	12.62
4Q01	15.78	6.54	11.77	11.48	11.77
2Q02	15.78	6.77	12.19	9.95	12.19
4Q02	17.25	7.29	13.12	9.95	13.12
4Q03	18.04	7.12	12.82	10.27	12.82
1Q04	18.83	7.24	13.03	10.09	13.03
Caballo Fojo Mine Originations					
2Q00	\$13.68	\$6.44	\$11.59	\$10.91	\$11.59
4Q00	15.78	6.65	11.97	10.91	11.97
1Q01	15.78	6.85	12.33	11.48	12.33
2Q01	15.78	6.69	12.04	11.46	12.04
3Q01	15.78	6.99	12.58	11.48	12.58
4Q01	15.78	7.00	12.60	11.48	12.60
North Antelope Mine Originations					
3Q03	\$18.04	\$7.01	\$12.62	\$10.27	\$12.62
Caballo Mine Originations					
2Q02	\$15.78	\$7.27	\$13.09	\$9.95	\$13.09
3Q02	17.25	6.67	12.01	9.95	12.01
4Q02	17.25	7.58	13.64	9.95	13.64
2Q03	18.04	7.28	13.10	10.27	13.10
Cordero Mine Originations					
2Q03	\$18.04	\$6.87	\$12.37	\$10.27	\$12.37

North Rochelle Mine Originations					
3Q02	\$17.25	\$7.33	\$13.19	\$9.95	\$13.19
4Q03	18.04	6.72	12.10	10.27	12.10
Antelope Mine Originations					
4Q03	\$18.04	\$5.97	\$10.75	\$10.27	\$10.75
1Q04	18.83	7.06	12.71	10.09	12.71
1/	The Pricing Letters.				
2/	Rebuttal Exhibit II-A-151.				
3/	Column (3) x 180 percent.				
4/	Supplemental electronic workpaper "Exhibit III-H-3SP.xls."				
5/	Greater of jurisdictional threshold (Column (4)) or stand-alone cost (Column (5)).				

V. CONCLUSION

AEP Texas' Supplemental Evidence demonstrates the continued feasibility of the TNR's operating plan and the railroad's ability to meet the transportation needs of its traffic group after revision of the Rebuttal RTC train file to include the correct number of coal trains for AEP Texas' Rebuttal traffic group. The modest track asset additions and revised annual operating expenses resulting from the revised RTC simulation result in very modest changes in the SAC results. These results demonstrate the unreasonableness of the common carrier rates charged by BNSF for the movement of PRB coal to AEP Texas' Oklaunion Generating Station.

Respectfully submitted,

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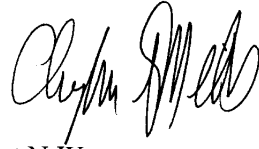
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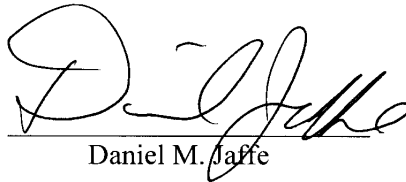
Handwritten signatures of William L. Slover and Kelvin J. Dowd.

Attorneys & Practitioners

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of November, 2004, I caused a copy of the Supplemental Evidence of Complainant AEP Texas North Company to be served by hand delivery on counsel for BNSF, as follows:

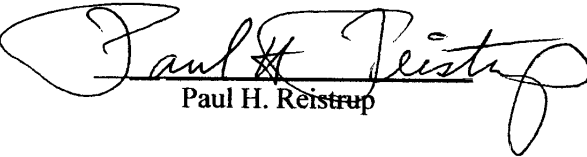
Samuel M. Sipe, Jr.
Anthony J. LaRocca
Linda S. Stein
Steptoe & Johnson, L.L.P.
1330 Connecticut Avenue, N.W.
Washington, D.C. 20036-1795



Daniel M. Jaffe

VERIFICATION

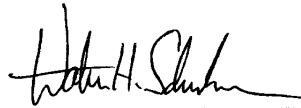
I, Paul H. Reistrup, verify under penalty of perjury that I am the same Paul H. Reistrup whose Statement of Qualifications appears in Part IV of the Narrative portion of AEP Texas North Company's ("AEP Texas") Opening Evidence in this proceeding; that I am responsible (jointly with AEP Texas Witness Walter Schuchmann) for the portions of the foregoing Supplemental Evidence of AEP Texas related to the revised inputs and assumptions used in the revised RTC simulation of the TNR's operations, and changes in the TNR's track configuration, operating plan and peak-period operating resulting from the revised simulation; 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.


Paul H. Reistrup

Executed on: November 3, 2004

VERIFICATION

I, Walter H. Schuchmann, verify under penalty of perjury that I am the same Walter H. Schuchmann whose Statement of Qualifications appears in Part IV of the Narrative portion of AEP Texas North Company's ("AEP Texas") Opening Evidence in this proceeding; that I am responsible (jointly with AEP Texas Witness Paul Reistrup) for the portions of the foregoing Supplemental Evidence of AEP Texas related to the revised inputs and assumptions used in the revised RTC simulation of the TNR's operations, and the results of the revised simulation; 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.



Walter H. Schuchmann

Executed on: November 4, 2004

Washington, District of Columbia

The foregoing instrument was acknowledged before me this
4th day of November, 2004

by Walter H. Schuchmann

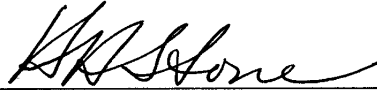
Gwendolyn M. Penn Notary Public

My commission expires GWENDOLYN M. PENN

NOTARY PUBLIC, DISTRICT OF COLUMBIA
MY COMMISSION EXPIRES 9-14-2009

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 AEP Texas North Company's ("AEP Texas") Opening Evidence in this proceeding; that I am responsible for the portions of the foregoing Supplemental Evidence of AEP Texas related to the additional capital costs for the TNR track asset additions described therein and for Exhibits S-2 and S-4; 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. H. Stone", written over a horizontal line.

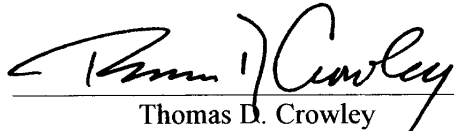
Harvey H. Stone

Executed on: November 4, 2004

VERIFICATION

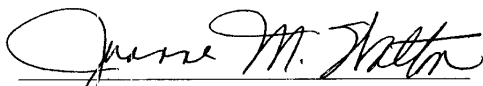
STATE OF VIRGINIA)
)
CITY OF ALEXANDRIA)

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 AEP Texas North Company's ("AEP Texas") Opening Evidence in this proceeding; that he is responsible for the portions of the foregoing Supplemental Evidence of AEP Texas related to changes in the stand-alone railroad's annual operating expenses, roadbed preparation/earthwork expenses and the DCF results that occur as a result of the revised RTC simulation of the TNR's operations; 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 4th day of November, 2004



Notary Public for the State of Virginia

My Commission expires 12/31/2008

**TNR TRACK ASSET ADDITIONS
RESULTING FROM REVISED RTC SIMULATION**

Campbell Branch (Campbell to Eagle Butte Jct., WY)

1. Add a 2.0-mile siding on the lead track for Buckskin Mine (enabling the mine to accommodate three coal trains on site rather than two).

Orin Subdivision (Donkey Creek to South Logan, WY)

2. Add 9.45 miles of third main track between Milepost 0.55 and Milepost 10.00, with one set of universal (double) crossovers at Milepost 8.35/8.40 and a crossover between Mains 1 and 2 at Milepost 0.65.

Pikes Peak Subdivision (Denver to Pueblo, CO)

3. Convert single track with passing sidings to double track between Milepost 7.95 (near Englewood) and Milepost 53.30 (near Palmer Lake). The total distance involved is 45.35 miles, but only 40.50 track miles are being added because passing sidings are essentially being connected. At or near one end of each of the former passing sidings add a crossover and switches needed to make one set of universal crossovers.

Boise City Subdivision (Las Animas Jct., CO to Amarillo, TX)

- 4-7. Extend each of the following four 1.6-mile passing sidings by 2.4 miles to a total of 4.0 miles in length; where the extension begins for each siding add one crossover and switches needed to make one set of universal crossovers. Total additional track miles: 9.6

Jaffe - extend siding south from Milepost 220.00 to Milepost 217.60

Campo - extend siding south from Milepost 150.28 to Milepost 147.88

Walt - extend siding south from Milepost 81.69 to Milepost 79.29

Julliard - extend siding north from Milepost 8.91 to Milepost 11.31

**TNR TRACK CONFIGURATION CHANGES
RESULTING FROM REVISED RTC SIMULATION**

Red River Valley Subdivision (Amarillo to Oklaunion, TX)

- 8-10. Extend each of the following three passing sidings to a total of 4.0 miles in length; where the extension begins for each siding add a crossover and switches needed to make one set of universal crossovers. Total additional track miles: 7.25

Ashtola - extend 1.6-mile siding south from Milepost 287.83 to Milepost 285.43

Childress - extend 1.6-mile siding north from Milepost 222.25 to Milepost 224.65

Chillicothe - extend 1.55-mile siding south from Milepost 177.38 to Milepost 174.98; also extend this siding north from Milepost 178.93 to Milepost 178.98 so that siding is 4.0 miles in length

The total additional main-track miles resulting from the changes described above equal 66.80. The 2.0-mile siding at Buckskin Mine increases the added track miles to 68.80. Five additional bad-order setout/equipment storage tracks have also been added where a second main track or siding extension crosses the location of a Failed Equipment Detector (FED) – four on the Pikes Peak Subdivision and one on the Boise City Subdivision. This adds a total of 0.8 setout track miles.

A total of 16 crossovers between main tracks have been added, several of which utilize existing turnouts. This results in one additional single crossover on the Orin Subdivision, and a total of 12 new universal crossovers – one on the Orin Subdivision, four on the Pikes Peak Subdivision, four on the Boise City Subdivision, and three on the Red River Valley Subdivision. A net of 58 turnouts have been added, including turnouts for the crossovers and for the additional bad-order setout tracks where a second main track has been added or a siding extended.

One additional AEI scanner has been included, for the added third main track on the Orin Subdivision. A single-track FED has also been added for the third main track on the Orin Subdivision, and two single-track FED's on the Pikes peak Subdivision have been converted to double-track FED's.

The locations of all of the track asset additions described in this exhibit are shown in blue color on Exhibit S-2.

III-B-6

LEGEND:

- 136# PREMIUM CWR
- - - 136# STANDARD CWR
- - - 115# CWR CLASS 1 RELAY

20 = TURNOUT TYPE

TURNOUT TYPES

- 24 - 24 ELECTRIC
- 20 - 20 ELECTRIC
- 14 - 14 ELECTRIC
- 14H - #14 HAND-THROWN
- 10S - #10 SPRING
- 10 - #10 HAND-THROWN
- 10E - #10 ELECTRIC

(FED) 1 FAILED EQUIPMENT DETECTOR WITH NUMBER OF TRACKS COVERED

(AEI) 1 AUTOMATIC EQUIPMENT IDENTIFICATION SCANNER WITH NUMBER OF TRACKS COVERED

LEGEND:

DIVISION: **POWDER RIVER**
SUBDIVISION: **CAMPBELL**

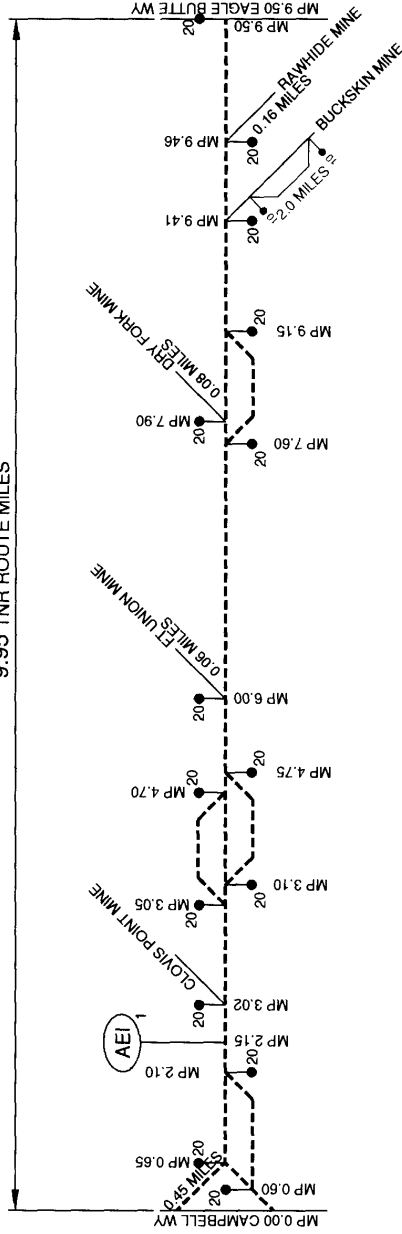
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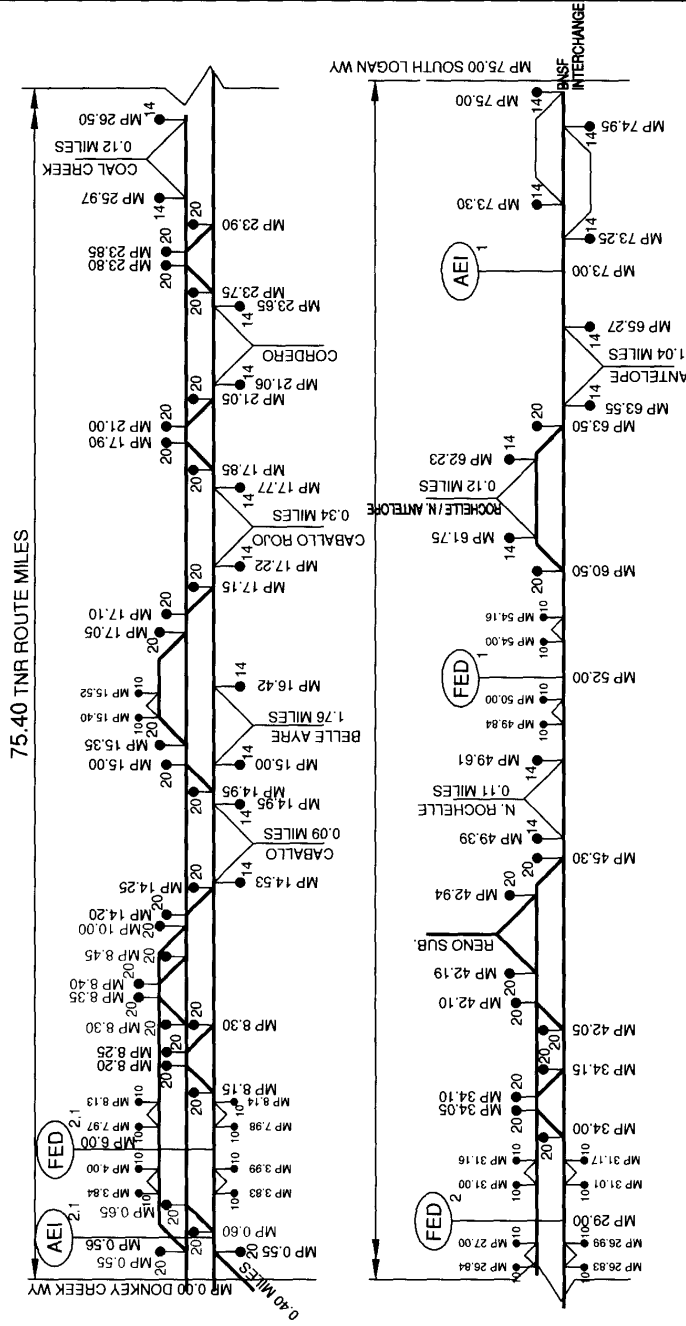
NOT TO SCALE

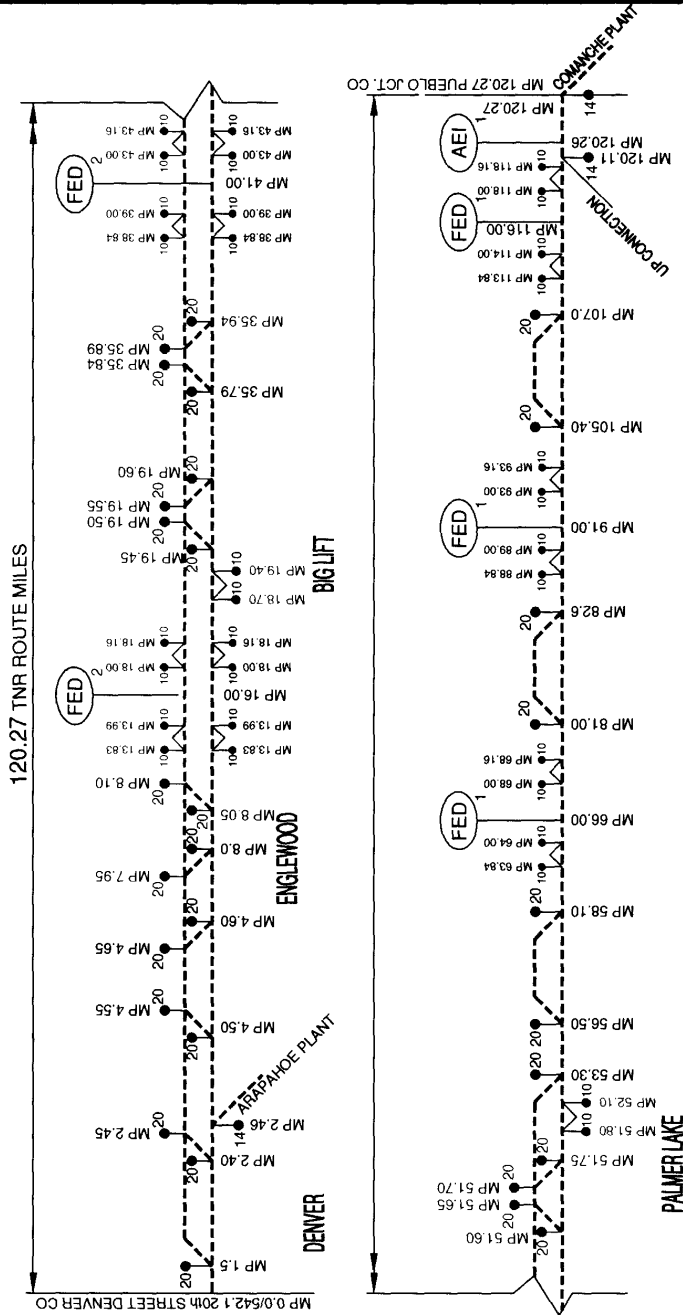
FROM: CAMPBELL

TO: EAGLE BUTE

9.95 TNR ROUTE MILES







SEGMENT 5
PAGE 11 OF 20

EXHIBIT: S-2
III-B-6

- LEGEND:**
- 20 = TURNOUT TYPE*
 - * TURNOUT TYPES
 - 24 - #24 ELECTRIC
 - 20 - #20 ELECTRIC
 - 14 - #14 ELECTRIC
 - 14H - #14 HAND-THROWN
 - 10S - #10 SPRING
 - 10 - #10 HAND-THROWN
 - 10E - #10 ELECTRIC
 - 136# PREMIUM CWR
 - 136# STANDARD CWR
 - 115# CWR CLASS 1 RELAY
 - 10 = FAILED EQUIPMENT DETECTOR WITH NUMBER OF TRACKS COVERED
 - HB = HOT BEARING DETECTOR
 - DE OR DEO = DRAGGING EQUIPMENT DETECTOR
 - HW = HOT WHEEL DETECTOR
 - 100 = AUTOMATIC EQUIPMENT IDENTIFICATION SCANNER WITH NUMBER OF TRACKS COVERED

DIVISION: POWDER RIVER

SUBDIVISION: PIKES PEAK

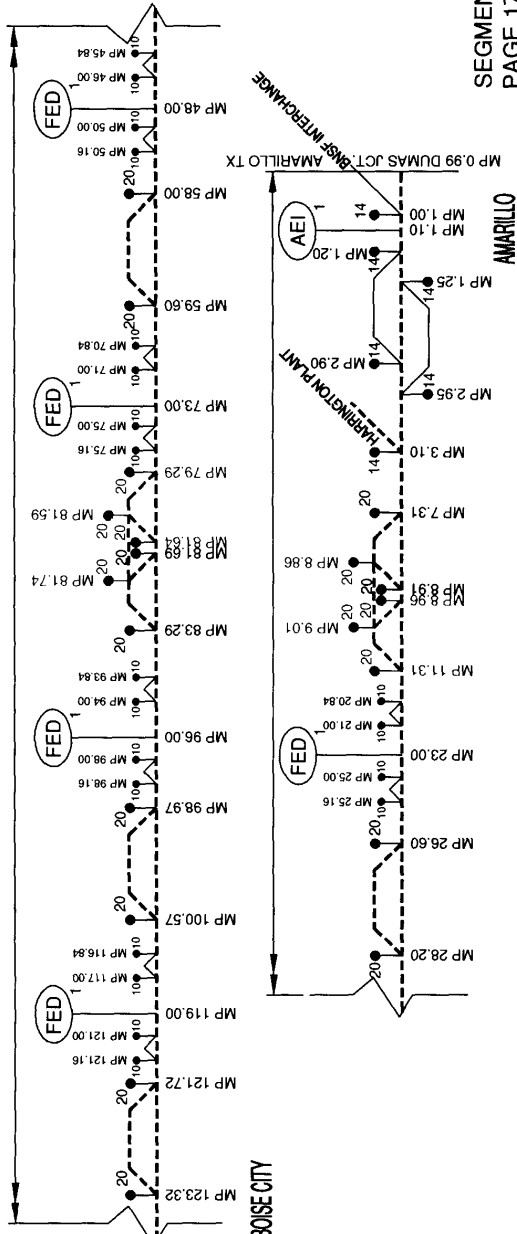
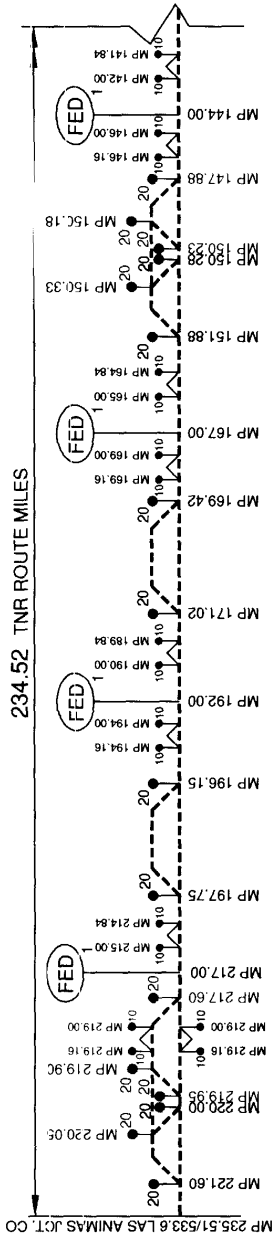
DATE: 11/1/04

FROM: 20th STREET DENVER MP: 0.0

TO: PUEBLO JCT. MP: 120.27

NOT TO SCALE

MP 235.51/533.6 LAS ANIMAS JCT. CO



SEGMENT 8
PAGE 17 OF 20

EXHIBIT: S-2
III-B-6

LEGEND:

END:

20 = TURNOUT TYPE

* TURNOUT TYPES

24 - #24 ELECTRIC
20 - #20 ELECTRIC
14 - #14 ELECTRIC
14H - #14 HAND-THROWN
10S - #10 SPRING
10 - #10 HAND-THROWN
10E - #10 ELECTRIC

NUMBER OF TRACKS COVERED WITH AUTOMATIC EQUIPMENT IDENTIFICATION SCANNER WITH

NUMBER OF TRACKS COVERED

136# PREMIUM CWR
136# STANDARD CWR
115# CWR CLASS 1 RELAY

FAILED EQUIPMENT DETECTOR WITH
NUMBER OF TRACKS COVERED
H# = HOT WHEEL DETECTOR
W# = WHEEL DETECTOR
HW# = HOT WHEEL DETECTOR

AUTOMATIC EQUIPMENT IDENTIFICATION SCANNER WITH
NUMBER OF TRACKS COVERED

DIVISION: **KANSAS**

SUBDIVISION: BOISE CITY

DATE: 11/1/04

MP: 235.51

MP: 0.95

NOT TO SCALE

EXHIBIT S-3
REDACTED

**TNR ROAD PROPERTY INVESTMENT COST ADJUSTMENTS
RESULTING FROM TRACK ASSET ADDITIONS**

The track additions described in AEP Texas' Supplemental Narrative and Exhibit S-1 resulted in a road property investment cost increase of \$85.9 million, including additives such as engineering and contingencies. A detailed break down of the costs is included in supplemental electronic workpaper file "IIIFTOTAL.xls." Cost items that changed are marked in blue. The following table summarizes the changes in road property investment costs by category.

<u>TNR Road Property Investment Costs</u>					
Item	AEP Texas Opening	BNSF Reply	AEP Texas Rebuttal ^{1/}	AEP Texas Supplemental	Difference Between AEP Texas Supplemental & Rebuttal
1. Land	\$89.5	\$326.9	\$89.5	\$89.5	\$0.0
2. Roadbed Preparation	\$582.2	\$897.2	\$658.1	\$664.2	\$6.1
3. Bridges	\$167.5	\$196.3	\$184.5	\$191.9	\$7.4
4. Culverts	\$29.7	\$34.5	\$26.5	\$26.9	\$0.5
5. Track Construction	\$1,064.0	\$1,039.7	\$1037.9	\$1087.6	\$49.7
6. Signals and Communications	\$121.9	\$155.3	\$136.4	\$143.9	\$7.5
7. Buildings and Facilities	\$47.1	\$69.7	\$59.6	\$59.6	\$0.0
8. Public Improvements	\$14.7	\$76.4	\$13.0	\$13.1	\$0.2
9. SUBTOTAL	\$2,116.6	\$2,796.0	\$2205.5	\$2276.8	\$71.3
10. Test Borings and Soil Investigation	\$1.4		\$2.0	\$2.1	\$0.1
11. Mobilization	\$9.6	\$59.3	\$10.8	\$11.0	\$0.2
12. Engineering	\$137.8	\$360.1	\$211.6	\$218.7	\$7.1
13. Contingency	\$202.7	\$493.8	\$211.6	\$218.7	\$7.1
14. TOTAL CONSTRUCTION COSTS	\$2,468.1	\$3,709.2	\$2641.5	\$2727.4	\$85.9

^{1/} Reflects AEP Texas' Errata to Rebuttal Evidence filed August 17, 2004.

The supplemental electronic workpapers follow the format that AEP Texas used in Opening and Rebuttal (e.g., bridge quantities continue to reside in the "TNR Bridge List.xls" spreadsheet). However, AEP Texas notes several items that may be more difficult to track through the electronic workpapers. First, the Buckskin track addition was added to the TNR's yard track quantities because the track is the same type and weight as the TNR yard tracks. Second, the AEI scanner addition is included in the "TNR - Capital Budget.xls" spreadsheet – AEP Texas has included AEI scanner costs in this spreadsheet throughout the proceeding.

Further, AEP Texas corrected a problem with ballast unit costs from "Davis," which BNSF identified in its Motion to Strike. In particular, AEP Texas indexed a cost it mistakenly assumed was from 2003 back to 2000, but the cost was actually a 2000 quote that did not require any adjustment other than indexing from 1Q00 to 3Q00. Finally, AEP Texas notes that the "SpotMaint.xls" spreadsheet was also updated as a result of the capital improvements. The changes in spot maintenance costs are included in the above named spreadsheet and flow through as required to the DCF analysis.