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August 25, 2005

Via HAND DELIVERY

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

PUBLIC VERSION

Re: **STB Docket No. 42088, *Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company***

Dear Secretary Williams:

Enclosed for filing in the above-captioned matter are the original and ten copies of the Public version of the Errata to the Reply Evidence filed by BNSF Railway Company on July 20, 2005. Also enclosed are three copies of a CD containing a PDF version of the Errata and Attachments. BNSF is filing the Highly Confidential version of this Errata today under a separate cover letter.

Please date stamp the extra copy of this cover letter and return it to the messenger who delivered this filing.

Sincerely,

Anthony J. LaRocca

Enclosures

cc: Counsel for Complainant

**ENTERED
Office of Proceedings**

AUG 26 2005

**Part of
Public Record**

PUBLIC VERSION

**BEFORE THE
SURFACE TRANSPORTATION BOARD**



WESTERN FUELS ASSOCIATION, INC.
and BASIN ELECTRIC POWER
COOPERATIVE, INC.

Complainant,

v.

BNSF RAILWAY COMPANY

Defendant.

Docket No. 42088

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**ERRATA TO DEFENDANT BNSF RAILWAY COMPANY'S
JULY 20, 2005 REPLY EVIDENCE**

Defendant, BNSF Railway Company ("BNSF"), submits the following errata to its Reply Evidence filed in the above-captioned proceeding on July 20, 2005.

A majority of the changes described below result from a single error. In its Reply Evidence, BNSF stated that SARR revenues in the "avoidable cost" scenario (BNSF's preferred case) were calculated using BNSF's 2004 URCS costs. *See* BNSF Reply Narr. at III.A-49. However, BNSF's consultants inadvertently used BNSF's 2003 URCS costs in calculating SARR revenues. The SARR revenues have been recalculated using BNSF's 2004 URCS costs. As a result of this recalculation, a number of changes to BNSF's Reply Evidence are required. These changes are described in this errata filing and the corrected tables, exhibits and workpapers are attached. In addition, BNSF has identified a few other errors in the text of the Reply Narrative, unrelated to the revenue calculation error described above, that are also addressed in this filing. This errata filing is organized in the following manner:

- **Narrative Text:** Included below is a list of the specific text changes, by page and line, that should be made to Sections II, III.C and III.D of BNSF's Reply Narrative.
- **Narrative Tables and Figures:** Several tables and figures in Sections III.A, III.D, III.G and III.H of the Reply Narrative have been revised, as described below. A copy of each revised table or figure is included with this filing in hardcopy as Attachments 1, 3, 4 and 5 and also in electronic version on the attached CD.
- **Exhibits:** Reply Exhibits III.A-8, and III.H-1 were revised to reflect the use of the BNSF 2004 URCS costs in calculating SARR revenues. BNSF includes these exhibits in hardcopy as Attachments 2 and 6, respectively.
- **Workpapers:** Ten workpapers in Sections III.A, III.D, III.G and III.H were revised to reflect the revenue recalculation described above, and a copy of each of these workpapers is provided on the CD accompanying this errata filing. Cells that have been manually revised appear highlighted in the electronic workpapers. For the convenience of the Board, and in order to preserve the linking between these corrected workpapers and other Reply workpaper files, BNSF includes with this errata a complete set of the Reply workpapers for all sections.

Specific changes that BNSF is making to its Reply Evidence are described below in detail.

Section II: Market Dominance

Narrative Text: BNSF has identified the following textual errors in Section II of the Reply Narrative:

Page II-19, n.23*	In the last sentence of the footnote, replace "BNSF Reply electronic workpaper" with "BNSF Opening electronic workpaper"
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* Unless identified by an asterisk, the change is associated with BNSF's erroneous use of the BNSF 2003 URCS.

Workpapers: No adjustments were made to Section II workpapers. However, BNSF has included a copy of Reply workpaper “Fuel by loco by 04 month.zip,” referred to at Page II-18, n.20, which was inadvertently omitted from its June 20, 2005 Reply.

Section III.A: Stand-Alone Traffic Group

Narrative Tables and Figures: BNSF Reply Tables III.A-6, III.A-9 and III.A-10 have been revised to include SARR revenues calculated using the BNSF 2004 URCS costs. The revised tables are included in Attachment 1 to this Errata. Electronic versions of these tables are contained in BNSF Errata file “III.A Errata Tables.doc.”

Exhibits: BNSF Reply Exhibit III.A-8 has been revised to include SARR revenues calculated using the BNSF 2004 URCS costs. A revised Exhibit III.A-8 is included in Attachment 2 to this Errata.

Workpapers: BNSF Reply electronic workpaper “LRR Traffic and Revenues_WFA Basin Opening_BNSF Revised.xls” has been revised to reflect the appropriate SARR revenue figures. Electronic workpaper “URCSBNRY.Y04” contains the BNSF 2004 URCS unit cost input file for the Phase III costing program.

Section III.C: Operating Plan

Narrative Text: BNSF has identified the following textual error in Section III.C of the Reply Narrative:

Page III.C-14, Line 9*	Replace “May 17, 2005” with “December 7, 2004”
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Section III.D: Operating Costs

Narrative Text: BNSF has identified the following errors in Section III.D of the Reply Narrative:

Page III.D-16 n.34*	Replace “III-D-1 Total LRR Fuel.xls” with “III-D-1 Total LRR Fuel Cost.xls”
Page III.D-34, Line 13	Replace “\$227.9” with “\$241.2” and “\$316.3” with “\$333.2”
Page III.D-39, Line 6	Replace “\$227.9” with “\$241.2”
Page III.D-44, Line 9	Replace “78.7%” with “74.5%”
Page III.D-44, Line 12	Replace “78.7%” with “74.5%”
Page III.D-45, Line 7	Replace “\$408.1” with “\$431.3”
Page III.D-71, Line 15	Replace “9%” with “10%”
Page III.D-72, Line 15	Replace “\$161.4” with “\$169.5”
Page III.D-72, n. 111	Replace “\$322,795,212.94” with “\$338,963,916.89” and “\$161,397,606.47” with “\$169,481,958.40”
Page III.D-76, Line 21	Replace “\$269.7” with “\$284.2”

Narrative Tables and Figures: BNSF Reply Figures III.D.3-1, III.D.3-5 and III.D.3-6 have been revised to include SARR revenues calculated using the BNSF 2004 URCS costs. BNSF Reply Figure III.D.3-8 has been revised to correct a typographical error. The revised figures are included as Attachment 3 to this Errata. Electronic versions of these tables are contained in BNSF Errata file “III.D Errata Figures.doc.”

Workpapers: The following III.D electronic workpapers have been revised to reflect SARR revenues calculated using the BNSF 2004 URCS costs:

- III D Operating Expense.xls;
- III D 3 GA Outsourcing.xls;
- Figures.xls;
- G&A Charts.xls;
- RR_Comparisons.xls.

Section III.G: Discounted Cash Flow Analysis

Narrative Tables and Figures: BNSF Reply Table III.G-3 has been revised to include SARR revenues calculated using the BNSF 2004 URCS costs. Revised Table III.G-3 is included

in Attachment 4 to this Errata. An electronic copy of revised Table III.G-3 is contained in BNSF Errata file “III.G Errata Table.doc.”

Workpapers: The following III.G electronic workpapers have been revised to reflect SARR revenues calculated using the BNSF 2004 URCS costs:

- LRR Coal Move Inputs.xls;
- LRR Costs.xls.

Section III.H: Results of SAC Analysis

Narrative Tables and Figures: BNSF Reply Table III.H-1 has been revised to include SARR revenues calculated using the BNSF 2004 URCS costs. Revised Table III.H-1 is included in Attachment 5 to this Errata. An electronic copy of revised Table III.H-1 is contained in BNSF Errata file “III.H Errata Table.doc.”

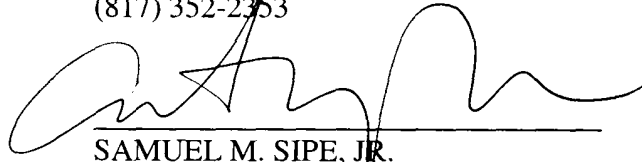
Exhibits: BNSF Reply Exhibit III.H-1 has been revised to reflect SARR revenues calculated using the BNSF 2004 URCS costs. A copy of the revised exhibit is included in Attachment 6.

Workpapers: The following III.H electronic workpapers have been revised to reflect SARR revenues calculated using BNSF 2004 URCS costs:

- BNSF Reply Exhibit_III.H-1.xls;
- Full SARR 1.xls.

Respectfully submitted,

RICHARD E. WEICHER
MICHAEL E. ROPER
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2500 Lou Menk Drive
Fort Worth, TX 76131
(817) 352-2353

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

SAMUEL M. SIPE, JR.
ANTHONY J. LAROCCA
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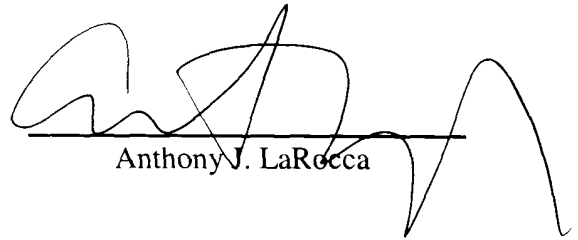
Attorneys for BNSF Railway Company

August 25, 2005

CERTIFICATE OF SERVICE

I hereby certify that this 25th day of August, 2005, I have served six copies of the foregoing Errata of BNSF Railway Company (Highly Confidential) and three copies of the Public Version to the following by hand delivery:

John H. LeSuer
Christopher A. Mills
Andrew B. Kolesar, III
Peter Pfohl
Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, DC 20036



Anthony J. LaRocca

TABLE OF CONTENTS

BNSF August 24, 2005 Errata Attachments

Attachment

1. BNSF Reply Errata III.A Tables (Tables III.A-6, III.A-9 and III.A-10)
2. BNSF Reply Errata Exhibit III.A-8
3. BNSF Reply Errata III.D Figures (Figures III.D.3-1, III.D.3-5, III.D.3-6 and III.D.3-8)
4. BNSF Reply Errata III.G Table (Table III.G-3)
5. BNSF Reply Errata III.H Table (Table III.H-1)
6. BNSF Reply Errata Exhibit III.H-1

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Table III.A-6
Comparison of 2005 Revenue Allocations for Cross-Over Traffic

	<u>Length of Haul</u>	<i>Revenues (Millions)</i>	
		<u>WFA (MSP)</u>	<u>BNSF</u> <u>(Avoidable Cost)</u>
<i>Via Campbell</i>			
LRR	33	\$18	\$10
Residual BNSF	991	\$140	\$149
<i>Via Donkey Creek</i>			
LRR	28	\$105	\$56
Residual BNSF	976	\$810	\$859
<i>Via Guernsey</i>			
LRR	120	\$137	\$111
Residual BNSF	1,034	\$673	\$699
<i>Other</i>			
LRR	116	\$13	\$8
Residual BNSF	60	\$10	\$16
<i>All Cross-Over</i>			
LRR	68	\$274	\$185
Residual BNSF	978	\$1,633	\$1,723

*Revenues reflect WFA's application of 100-mile blocks and do not include fuel surcharge

Source: BNSF Reply Errata electronic workpaper "LRR Traffic and Revenues_WFABasinOpening_BNSF Revised.xls," worksheet "Comp."

Table III.A-9
Comparison of WFA/Basin and BNSF Revenues
For LRR (in millions)

	WFA/Basin Opening	BNSF Reply	Difference
2004 (4Q)	\$76.6	\$56.7	(\$19.9)
2005	\$327.1	\$241.2	(\$85.9)
2006	\$334.1	\$244.8	(\$89.2)
2007	\$341.5	\$252.3	(\$89.2)
2008	\$349.4	\$255.4	(\$94.0)
2009	\$363.1	\$261.9	(\$101.2)
2010	\$370.8	\$265.6	(\$105.2)
2011	\$379.7	\$270.7	(\$108.9)
2012	\$388.5	\$275.0	(\$113.5)
2013	\$396.7	\$278.4	(\$118.3)
2014	\$404.4	\$280.7	(\$123.7)
2015	\$413.5	\$286.7	(\$126.8)
2016	\$421.1	\$291.2	(\$129.9)
2017	\$429.4	\$296.3	(\$133.1)
2018	\$439.1	\$301.7	(\$137.5)
2019	\$453.1	\$307.5	(\$145.6)
2020	\$463.2	\$313.3	(\$149.9)
2021	\$474.0	\$319.3	(\$154.7)
2022	\$486.9	\$325.6	(\$161.2)
2023	\$502.7	\$332.2	(\$170.5)
2024 (1Q-3Q)	\$389.1	\$254.2	(\$134.9)

Source: BNSF Reply Errata electronic workpaper "LRR Traffic and Revenues_WFABasinOpening_BNSF Revised.xls," worksheet "Rev Comp."

Table III.A-10
Total Revenues and Stand-Alone Costs
After Elimination of Cross-Subsidy

	BNSF Revenues	BNSF Stand-Alone Costs	Difference (Revenues Minus Stand-Alone Costs)
2004 (4Q)	\$52.1	\$81.4	(\$29.3)
2005	\$218.3	\$285.1	(\$66.8)
2006	\$221.0	\$288.9	(\$67.9)
2007	\$228.7	\$294.0	(\$65.3)
2008	\$231.4	\$300.7	(\$69.3)
2009	\$237.7	\$307.7	(\$70.0)
2010	\$241.1	\$315.2	(\$74.1)
2011	\$245.8	\$323.7	(\$78.0)
2012	\$249.8	\$332.3	(\$82.6)
2013	\$253.0	\$340.6	(\$87.6)
2014	\$255.2	\$348.7	(\$93.5)
2015	\$261.0	\$357.3	(\$96.3)
2016	\$265.5	\$366.0	(\$100.5)
2017	\$270.4	\$375.0	(\$104.7)
2018	\$275.5	\$384.4	(\$108.9)
2019	\$281.0	\$394.3	(\$113.2)
2020	\$286.5	\$403.9	(\$117.4)
2021	\$292.3	\$414.0	(\$121.6)
2022	\$298.4	\$424.4	(\$126.0)
2023	\$304.8	\$435.3	(\$130.5)
2024 (1Q-3Q)	\$233.5	\$333.8	(\$100.4)

Source: BNSF Reply Errata electronic workpaper "BNSF Reply Exhibit_III.H-1.xls"

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Attachment 2 (BNSF Reply Errata Exhibit III.A-8)

Has Been Redacted

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Figure III.D.3-1

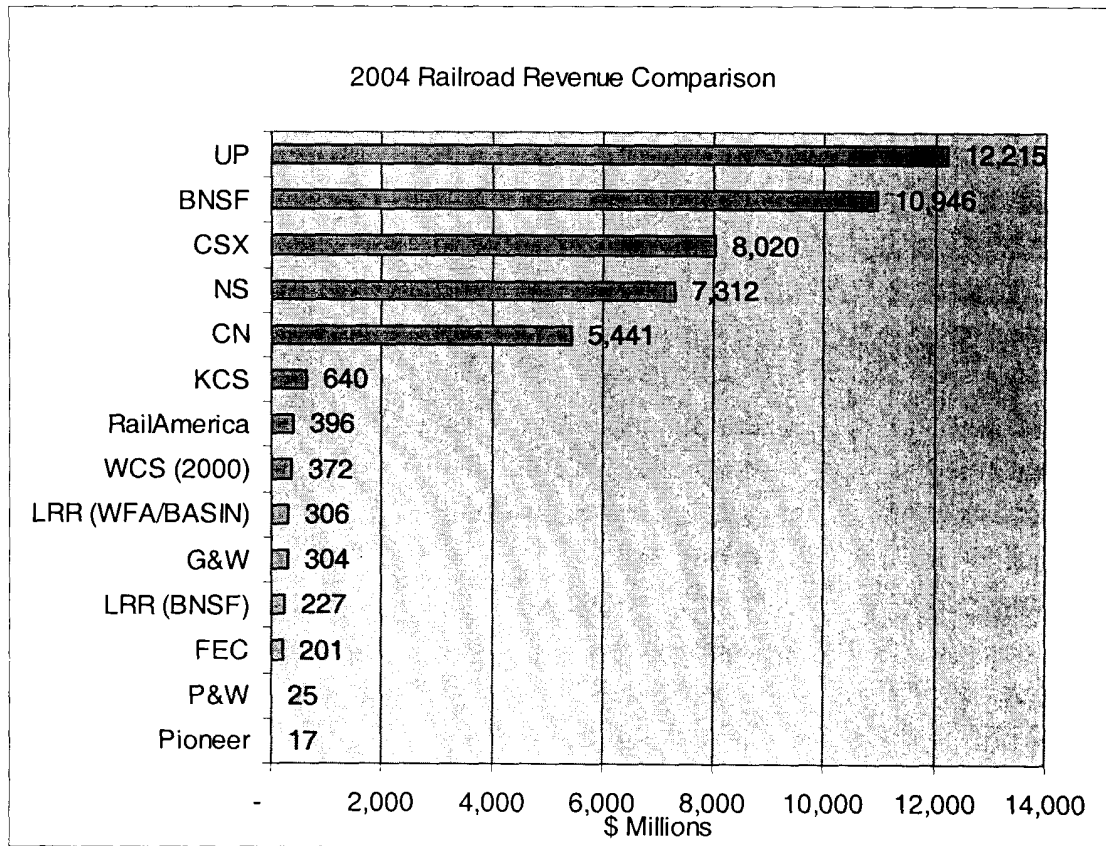


Figure III.D.3-5

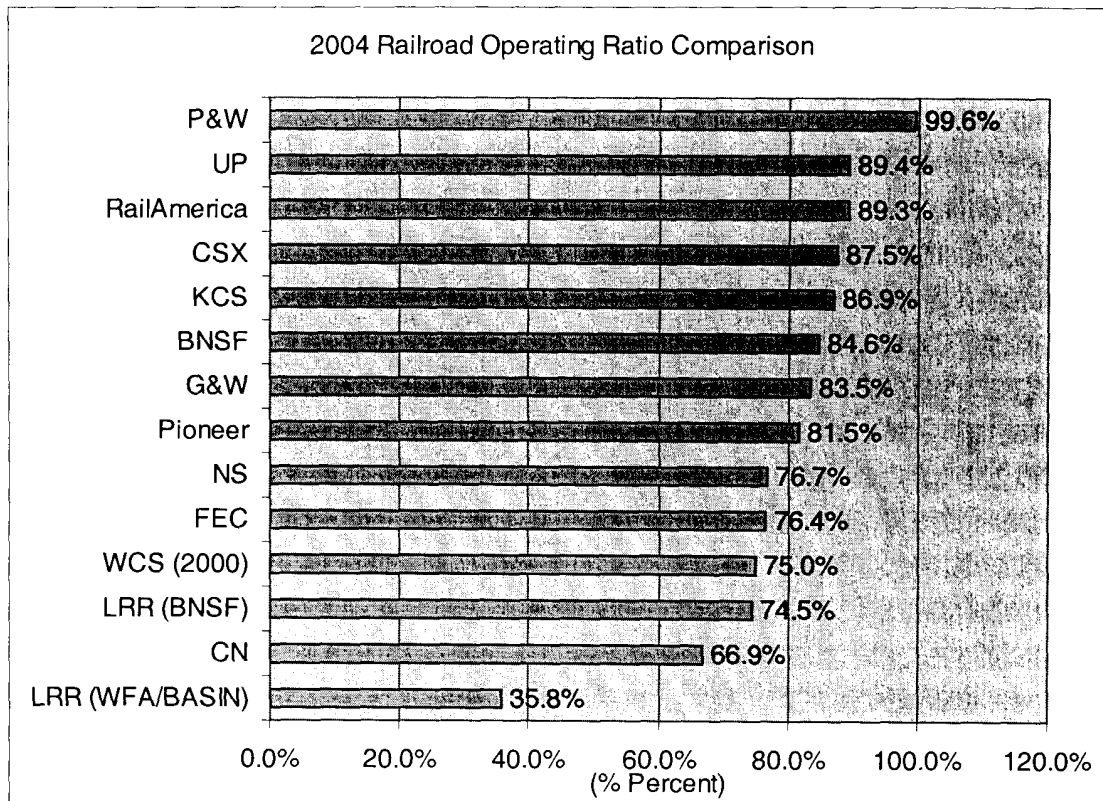


Figure III.D.3-6

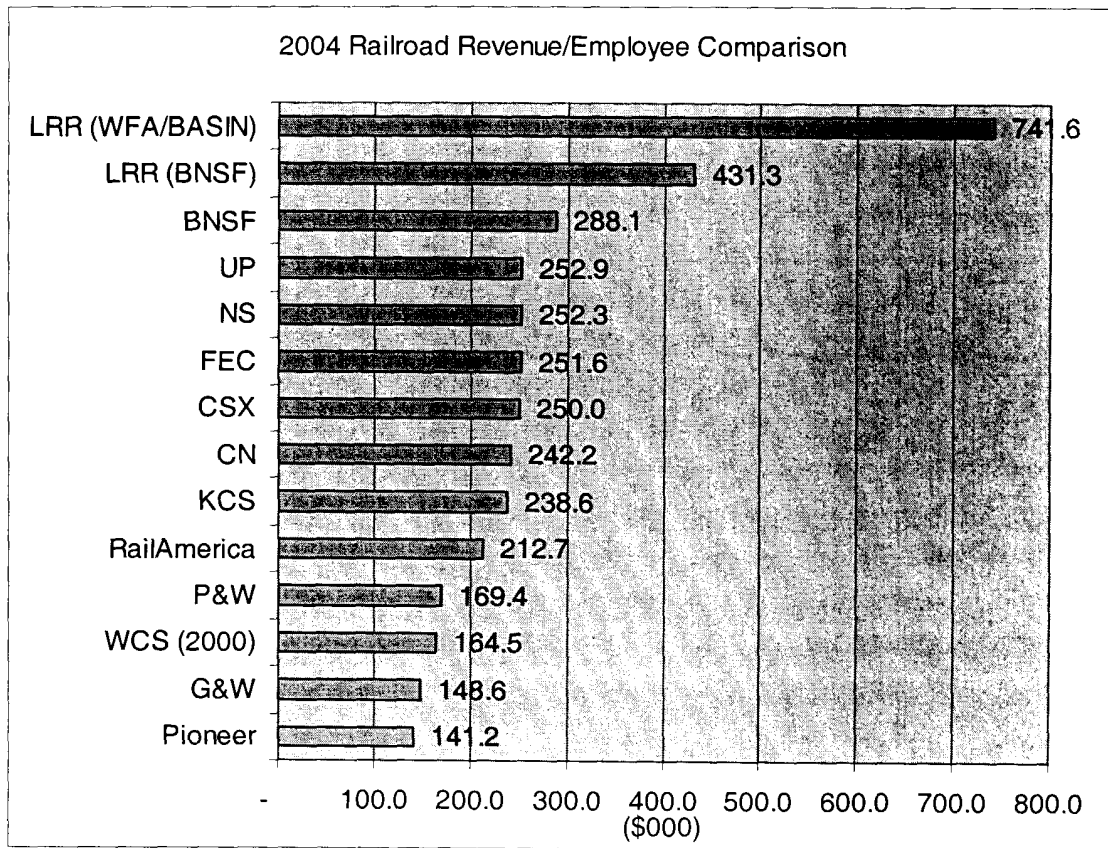
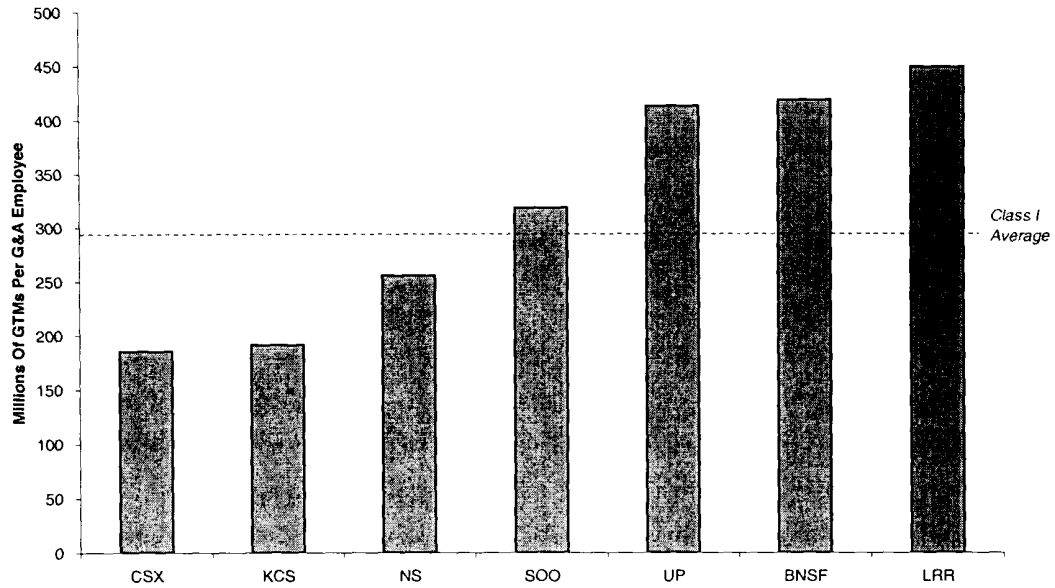


Figure III.D.3-8

Projection of G&A Staff Productivity (2004)
Productivity In Millions Of GTMs Per G&A Employee



Note: Class I's G&A staff includes those individuals booked under G&A expense. WFA/Basin' headcount calculation based on staff of 49 that includes one position that would be classified as non-G&A staff by Class I's.

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Table III.G-3
Effect of Including Productivity in Forecasting Certain
Categories of LRR Operating Expenses

Full Year	LRR Operating Expenses Assuming No Improvement in Productivity	LRR Operating Expenses Assuming Productivity Improvements in Certain Categories of Expense Beginning in the Eleventh Full Year
1-10	No difference in calculated operating expenses.	
11	228.00	227.19
12	235.08	232.94
13	242.42	238.91
14	250.10	245.16
15	258.29	251.85
16	266.22	258.24
17	274.51	264.93
18	283.16	271.92
19	292.18	279.22
20	225.27	214.38

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Table III.H-1
Summary of Stand-Alone Cost Results – LRR
(All Figures in Millions of Dollars)

Year	SAC Requirement	Revenues Available from Cross-Over Traffic	Amount to be Recovered From End to End Shippers	Issue Traffic Revenues	Overpay (Underpay)	PV Overpay (Underpay)
2004 Q4	\$81.4	\$37.9	\$43.5	\$14.2	(\$29.3)	(\$29.0)
2005	\$285.1	\$163.6	\$121.5	\$54.7	(\$66.8)	(\$62.4)
2006	\$288.9	\$160.1	\$128.8	\$60.9	(\$67.9)	(\$57.9)
2007	\$294.0	\$159.5	\$134.5	\$69.3	(\$65.3)	(\$50.8)
2008	\$300.7	\$160.1	\$140.6	\$71.3	(\$69.3)	(\$49.3)
2009	\$307.7	\$164.9	\$142.7	\$72.7	(\$70.0)	(\$45.5)
2010	\$315.2	\$166.8	\$148.4	\$74.3	(\$74.1)	(\$44.0)
2011	\$323.7	\$169.5	\$154.2	\$76.3	(\$78.0)	(\$42.2)
2012	\$332.3	\$171.4	\$161.0	\$78.4	(\$82.6)	(\$40.8)
2013	\$340.6	\$172.2	\$168.4	\$80.8	(\$87.6)	(\$39.6)
2014	\$348.7	\$172.6	\$176.1	\$82.7	(\$93.5)	(\$38.6)
2015	\$357.3	\$174.4	\$182.9	\$86.6	(\$96.3)	(\$36.3)
2016	\$366.0	\$175.9	\$190.1	\$89.6	(\$100.5)	(\$34.6)
2017	\$375.0	\$177.7	\$197.3	\$92.7	(\$104.7)	(\$32.9)
2018	\$384.4	\$179.6	\$204.8	\$95.8	(\$108.9)	(\$31.2)
2019	\$394.3	\$182.0	\$212.3	\$99.1	(\$113.2)	(\$29.7)
2020	\$403.9	\$183.7	\$220.2	\$102.8	(\$117.4)	(\$28.1)
2021	\$414.0	\$185.6	\$228.4	\$106.7	(\$121.6)	(\$26.6)
2022	\$424.4	\$187.7	\$236.7	\$110.7	(\$126.0)	(\$25.1)
2023	\$435.3	\$190.0	\$245.3	\$114.8	(\$130.5)	(\$23.8)
2024 Q1 - Q3	\$333.8	\$144.2	\$189.7	\$89.3	(\$100.4)	(\$17.1)

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Attachment 6 (BNSF Reply Errata Exhibit III.H-1)

Has Been Redacted