

SK Snavely King Majoros O'Connor & Lee, Inc.
Economic and Management Consultants

November 30, 2006

By Hand Delivery

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Room 700
Washington DC 20423



NOV 30 2006

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Public Record

RE: Ex Parte No. 646 (Sub-No. 1) – Simplified Standards for Rail Rate Cases
Reply Comments of BASF Corporation

Dear Secretary Williams,

Enclosed for filing please find the original and twenty copies of the Reply Comments of BASF Corporation submitted in the above captioned proceeding.

We have enclosed an extra copy to be date-stamped and returned to our messenger.

Respectfully submitted,

Kim Hillenbrand

218169

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**Before the
Surface Transportation Board**

**Ex Parte No. 646 (Sub-No.1)
Simplified Standards for Rail Rate Cases**

**Reply Comments and Recommendations
Submitted on Behalf of BASEF**

By

Tom O'Connor and Kim Hillenbrand
Snavely King Majoros O'Connor & Lee, Inc.
1111 14th Street NW
Suite 300
Washington DC 20005

November 30, 2006

I. Introduction

Snavely King Majoros O'Connor & Lee, Inc. ("SK" or "Snavely King") welcomes this opportunity to analyze the issues and develop reply comments on the Simplified Standards for Rail Rate Cases proposed by the Surface Transportation Board ("STB" or "Board") decision served on July 26th, 2006 in Ex Parte 646 (Sub No. 1) Simplified Standards for Rail Rate Cases.

Snavely King submitted Opening Comments on October 24, 2006 in this proceeding. BASF also submitted Opening Comments in this proceeding; the BASF Opening Comments are included here as Attachment A. BASF has requested that Snavely King prepare and submit Reply Comments on its behalf focusing on a select set of issues. The focus issues for BASF center on the Maximum Value of the Case (MVC). BASF's focus on this one issue should by no means be construed as acceptance of or agreement with the remainder of Ex Parte No. 646 as proposed by the STB.

The development of a method for determining the reasonableness of small shipment rates has been a directive from Congress since 1995.¹ As the Board noted in its July 26, 2006 decision, one shipper filed a case under Simplified Guidelines, but the parties settled the dispute, with the assistance of Board mediation, before presenting any evidence. BP Amoco Chem. Co. v. Norfolk S. Ry., STB Docket No. 42093 (STB served June 28, 2005)². More recently, a second shipper has filed a case under Simplified Guidelines. On November 22, 2006 Williams Olefins, LLC filed a Rate Complaint and Request for Mediation v. Grand Trunk Corporation STB Docket No. NOR 42098.³

The Board action in this proceeding is a commendable initiative and a step in the right direction towards meeting that longstanding 1995 Congressional directive. The Board is seeking to meet statutory goals of providing captive shippers meaningful access to regulatory remedies for rail rates that are unreasonable, while recognizing the need for railroads to earn a reasonable return on their investments.

In the context of unparalleled levels of strong financial performance by the railroads, we commend the Board's increased attention to its statutory goal of providing captive shippers meaningful access to regulatory remedies for rail rates that are unreasonable.

¹ In 1995, Congress directed the Board to "establish a simplified and expedited method for determining the reasonableness of challenged rail rates in those cases in which a full stand-alone cost presentation is too costly, given the value of the case." 49 U.S.C. 10701(d)(3). In 1996, the Board adopted the guidelines set forth in Rate Guidelines – Non-Coal Proceedings, 1 S.T.B. 1004 (1996) (Simplified Guidelines).

² Snavely King participated in the first case as an expert witness on behalf of BP Amoco.

³ Snavely King participated in the second case as an expert witness on behalf of Williams Olefins, LLC.

II. Summary of Comments on STB Proposals for Methodology for Small and Medium-Size Rail Rate Disputes

The Board proposed a three part plan for meeting its statutory requirement:⁴

- 1. Create a simplified stand-alone cost (Simplified-SAC) procedure to use in medium-size rate disputes for which a full stand-alone cost (Full-SAC) presentation is too costly, given the value of the case.**
- 2. Retain the “Three-Benchmark” method of Simplified Guidelines, with certain modifications and refinements, for *small rate disputes* for which even a Simplified-SAC presentation would be too costly, given the value of the case.**
- 3. Establish *eligibility presumptions* based on the maximum value of the case to distinguish between large, medium-size, and small rail rate disputes.**

BASF focused on the maximum value of the case (MVC) in its Opening Comments; as indicated in our Opening comments we support BASF’s position on MVC and we focus on MVC in these Reply comments. As background to this discussion it is useful to recall that the rate reasonableness determinations respond to the requirements of the *Staggers Rail Act of 1980* and are made within the context of the three Long Cannon factors included in that landmark legislation. The board recognized the need to reflect the Long Cannon factors in its July 26, 2006 decision proposing the new simplified small and medium rate reasonableness standards. Under the *Interstate Commerce Act*, as revised by the ICCTA, the ICC, and its successor agency the STB, were charged with protecting individual captive shippers from unreasonable rate levels. In the *Staggers Rail Act of 1980* the ICC and subsequently the STB was specifically directed to consider three so-called Long-Cannon factors, set forth in 49 U.S.C. 10701(d)(2). These factors are:

- ☐ **Long-Cannon-1:** the amount of traffic transported at revenues which do not contribute to going concern value and the efforts made to minimize such traffic ;
- ☐ **Long-Cannon-2:** the amount of traffic which contributes only marginally to fixed costs and the extent to which, if any, rates on such traffic can be changed to maximize the revenues from such traffic; and
- ☐ **Long-Cannon-3:** the carrier's mix of rail traffic to determine whether one commodity is paying an unreasonable share of the carrier's overall revenues.

In our review of the Opening Comments, we noted that many other parties also addressed the maximum value of the case. We offer a brief summary of those comments as they relate to MVC. These comments illustrate the broad and strong support for major change in the presently proposed MVC:

⁴ Ex Parte 646 (Sub-No. 1) Simplified Standards for Rail Rate Cases

Occidental Chemical Corporation⁵

- The thresholds that have been established are unrealistically low.
- Oxy spends over \$250MM annually on rail freight, and currently 85% of [that] spend represents moves that have greater than a 180% RVCR.
- By limiting the eligibility to a maximum of \$3.5MM aggregate that can be argued in a 24 month period, only 1 % of Oxy's \$250 million dollar annual spend would be allowed to be presented as a small rate case.
- Ideally, eligibility thresholds need to be removed altogether
- However, if the Board feels it is important to clearly define [eligibility thresholds], Oxy recommends raising the small shipment threshold to \$20MM.

Cargill Incorporated⁶

- The Board's eligibility thresholds are too low by a tremendous margin.
- The STB's current standards and procedures overstate the value of the case. It is highly unlikely that the prescribed rate would be at the level of 180 percent Revenue to Variable Cost R/VC.
- Forcing cases to be grouped together diminishes or completely removes the availability of small and medium shipment rate reasonableness procedures.
- At the proposed eligibility cap, the small shipment procedures will never be used.

Arkansas Electric Cooperative⁷

- The maximum value of the case is overstated when MVC is computed by comparing the existing rate to an unrealistic hypothetical prescribed rate at the level of 180 percent Revenue to Variable Cost R/VC.
- The MVC runs counter to the public interest.

National Industrial Transportation League⁸

- The eligibility standards are set so low as to eliminate any access to rate reasonableness review for small shipments.
- The MVC misstates the true value of the case and ignores the element of risk.

⁵ Source: Ex Parte 646 (Sub-No.1) OxyChem Opening Comments

⁶ Source: Ex Parte 646 (Sub-No.1) Cargill Opening Comments

⁷ Source: Ex Parte 646 (Sub-No.1) Arkansas Electric Cooperative Opening Comments

⁸ Source: Ex Parte 646 (Sub-No.1) NTIL Opening Comments

- The proposed eligibility rules would put most shippers in the Full Stand Alone Cost category despite the fact that the Board recognizes that the category applies to a mere handful of coal shippers.
- The Board's aggregation rule unlawfully eliminates access to rate reasonableness review for small shipments.

Dow Chemical⁹

- MVC is inconsistent with the statute and is prone to carrier manipulation.
- For highly rated chemical freight the MVC almost certainly overstates the actual value of the case.
- MVC gives the railroad the ability to force a shipper into a full SAC case merely by quoting a very high tariff rate.
- The Board should abandon the MVC.

As the preceding summary indicates, shippers are consistent in their rejection of MVC as a realistic or useful mechanism. Looking at MVC from the railroad's perspective can also be revealing, as the following excerpts indicate.

Association of American Railroads (AAR)¹⁰

- The proposed MVC levels should not be changed.
- The full Stand Alone Cost (SAC) should be the preferred method

III. Summary

The virtually universal rejection of the MVC by shippers contrasts sharply with the strong endorsement of MVC by the railroads. This contrast indicates clearly that MVC as proposed by the STB is not perceived as a neutral mechanism. As such, MVC is unlikely to promote acceptance of the Simplified Standards.

Several respondents observed that the Simplified Standards are unlikely to ever result in a prescribed rate as low as the 180 percent SAC level. Accordingly, there is no need for eligibility thresholds and the MVC. If a shipper can achieve a lower rate by using the SAC methods that will be sufficient inducement to do so. There is no need to attempt to channel the demand for rate reasonableness review; the market will seek the appropriate level.

⁹ Source: Ex Parte 646 (Sub-No.1) Dow Chemical Opening Comments

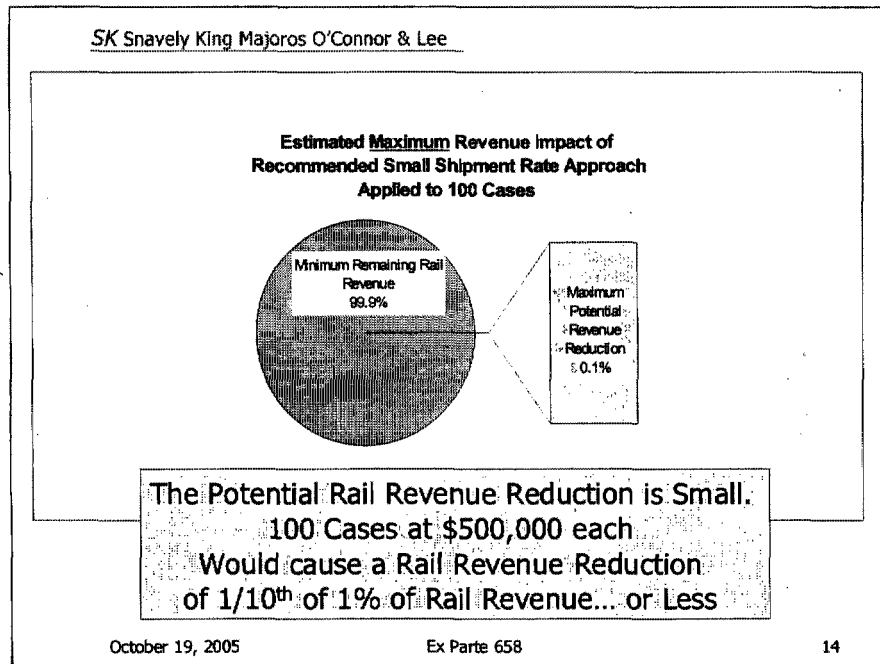
¹⁰ Source: Ex Parte 646 (Sub-No.1) AAR Opening Comments

Snavely King's comments on the maximum value of the case (MVC) issue may be summarized as follows:

- The rate reasonableness process should adequately address the Long-Cannon factors.
 - MVC fails to add value to the process.
 - MVC in effect may put rate reasonableness review out of reach for most shippers.
- The newly proposed standards should provide "a simplified and expedited method for determining whether a railroad is exercising its market power to charge more than necessary to earn adequate revenues."
 - MVC is an obstacle to this determination.
- The STB's eligibility criteria should facilitate access to both medium and small sized rate cases.
 - MVC is set much too low for both medium and small sized rate cases.
- Neither SAC nor medium-sized simplified SAC as proposed is feasible for a rail distribution pattern of a single or few origins to numerous and widely distributed destinations.
 - This fact dramatically reduces the applicability of those methods and effectively eliminates much of the need for establishing arbitrary eligibility thresholds like MVC.

In prior testimony before the STB, we have suggested \$500,000 per year as a reasonable access eligibility threshold.¹¹ Such a threshold would prevent any possible risk of hindering revenue adequacy, as shown on the following charts, excerpted from our prior testimony:

¹¹ See testimony presented to the STB by Tom O'Connor in the Ex Parte 646 July 2004 hearings regarding Small Shipment rates as well as the STB Ex Parte 657 April 2005 hearings.



The data presented in the preceding graph is reported in the following table.

SK Snavely King Majoros O'Connor & Lee

Line Item Description	Rail Revenue Amounts
Total Rail Revenue as reported in STB 2002 waybill sample	\$40,880,403,000
Small Shipment Cap on Rail Revenue Reduction	\$500,000
Capped Rail Revenue Reduction on one case as percentage of Total Rail Revenue	0.001%
Capped Rail Revenue Reduction on 100 small shipment cases as percentage of Total Rail	0.1%

April 26, 2005 Ex Parte 657 23

The facts are clear. The need for small shipment rate reasonableness review is evident and the impact is minimal. There is no need to erect an MVC barrier to rate reasonableness review.

VERIFICATION

We, Tom O'Connor, and Kim Hillenbrand, declare that the foregoing statement is true and correct and was prepared by us or at our direction. Further, we certify that we are qualified and authorized to file this statement.

Executed on November 30, 2006.

Tom O'Connor

Tom O'Connor

Kim Hillenbrand

Kim Hillenbrand

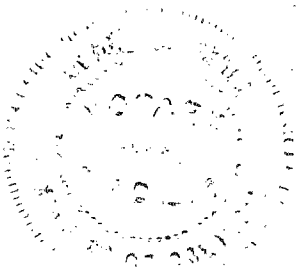
Subscribed and sworn to before me this 30th day of November 2006 in the District of Columbia.

Angel L. Lince

Notary Public

My Commission expires:

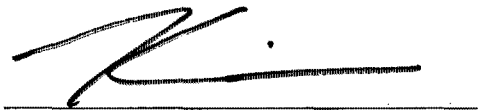
March 14th 2011



Certificate of Service

I certify that this filing was served this day on all parties of record by first class US Mail or more expeditious method of delivery.

November 30, 2006.

A handwritten signature in black ink, appearing to be "Kim Hillenbrand", written over a horizontal line.

Kim Hillenbrand

Tom O'Connor

Snavely King Majoros O'Connor & Lee, Inc., Washington, DC

- **Vice President (1988-Present)**

Mr. O'Connor has more than twenty-five years experience in business and economic analysis. His experience includes key and increasingly responsible management and policy positions with government agencies and private industry.

Mr. O'Connor has authored a series of guidelines on transportation negotiations and contracting and has conducted transportation negotiations and contracting seminars for a wide range of clients. Mr. O'Connor has also designed and helped lead transportation contract negotiations resulting in tens of millions in cost savings.

Mr. O'Connor has also appeared as an expert witness in successful Stand Alone Cost (SAC) transportation rate litigation, achieving millions of dollars in savings for the client.

He has also created and managed numerous computerized transportation management and regulatory systems to address complex problems and is a widely recognized expert on costing and economics.

He has conducted extensive analyses of truck transportation as well as analyses of tug and barge operations, both inland and off shore, for private sector clients.

Mr. O'Connor has conducted analyses for the Government of Canada used to shape policy for freight transportation and studies for the U.S. Government used to shape Freight and Passenger transport Policy.

For the Government of Bulgaria, in the Balkans, he developed the Master Plan for Management Information Systems, including telecom and computer facilities designed to operate, measure, manage and monitor both rail freight and rail passenger operations of the Bulgarian State Railways, in Bulgaria and the Balkan peninsula.

Mr. O'Connor has analyzed more than 45 rail merger scenarios and cases. He has provided expert testimony before state and federal courts and commissions in the U.S. and Canada on economic and policy issues. He has also testified as an expert on computerized transportation analytical systems, rail operations, anti trust issues and transportation economics and costing. Mr. O'Connor has served as an impartial and expert monitor of data and processes at issue in litigation on transportation.

Mr. O'Connor has also conducted management audits, focused on identifying the cause and effect relationships underlying claimed cost incidence. The management audits were directed toward testing the cost basis of claims asserted by major railroads.

His experience in telecoms spans the period since 1995. During this period, on a succession of government and commercial projects, Mr. O'Connor directed and participated in the review, design and operation of telecoms systems.

He also designed and developed the business and operations plan for an Eastern European telecoms startup company, BDZCOM. Mr. O'Connor designed and presented the plan and conducted liaison with international commercial, banking and government interests in the United States and Europe.

DNS Associates Inc., Washington, DC

- **Vice President (1982 - 1988)**

Mr. O'Connor directed and participated in numerous projects including merger analyses, transportation infrastructure analyses, plant and network rationalization and feasibility studies.

He designed and implemented mainframe and microcomputerized systems for analyzing rail, truck load, LTL and barge logistics. The computerized cost systems Mr. O'Connor created gained widespread use throughout the United States and Canada.

Mr. O'Connor also advised the U.S. Rail Accounting Principles Board on the costing aspects of regulatory reform policies. He provided expert testimony on coal rates, computerized data bases and cost systems and rail cost issues before the Interstate Commerce Commission.

Association of American Railroads, Washington, DC

- **Assistant Vice President, Economics (1979 - 1982)**

Managing a large staff of professionals, Mr. O'Connor designed and managed major economic analysis projects. He helped formulate industry economic policy positions culminating in the Staggers Rail Act of 1980. He submitted expert testimony on behalf of the railroad industry in numerous cases before the Interstate Commerce Commission and state regulatory commissions. He also appeared regularly in national forums on economic issues.

Mr. O'Connor directed the most significant computerized industry Costing System project in 40 years, URCS, the cost system now used by all major US railroads. He also conducted industry seminars on URCS and related economic issues.

Mr. O'Connor also testified before the Interstate Commerce Commission on the design and application of this pathbreaking rail cost system since adopted by the Commission and the rail industry.

He also directed development and installation of a commercial computerized economic and market analysis system now used by virtually all major US railroads.

Consolidated Rail Corporation, PA

- **Assistant Director, Cost & Economics (1977 - 1979)**

Managing a staff of about 30 professionals, Mr. O'Connor was responsible for all Conrail management and regulatory cost analyses in both freight and passenger areas. He testified before the ICC on the development of subsidy standards now widely used in the US railroad industry.

He also finalized the design, installed and managed Contribution Simulator and Calculator (COSAC), a computerized internal management economic analysis system at Conrail. The COSAC system uses specific management accounting data to develop economic costs. COSAC replaced earlier systems and was used to guide virtually all transportation management decisions, including service design, equipment acquisition, strategic initiatives, line abandonments and service discontinuance.

Mr. O'Connor also participated in cost allocation negotiations between Amtrak and Conrail on cost sharing of joint facilities on the North East corridor. He initiated and directed profit maximization and plant rationalization programs. He also designed and implemented computerization and improvement of a wide range of economic and cost analysis systems used to manage and turn around this multi-billion dollar corporation.

R.L. Banks & Associates Inc., Washington, DC

- **Consultant (1976 - 1977)**

Mr. O'Connor conducted and directed numerous transportation- related projects in the U.S. and Canada ranging from national logistics analyses to site-specific studies. He specialized in costing systems and appeared as an expert witness on such systems in a precedent setting proceeding before a Canadian Crown Commission.

U.S. Railway Association, Washington, DC

- **Manager, Local Rail Service Planning (1974 - 1976)**

In a project of unprecedented scope and historic implications, Mr. O'Connor developed, computerized, and implemented the light density lines cost analysis system, which defined Conrail. This system was used to reach line service decisions for thousands of miles of track, including service throughout New York. He served as liaison with congressional staffs and shipper groups, as well as federal, state, and local governments, and planning agencies. The system he created was a major element in the design and implementation of the streamlined Midwest-Northeast regional rail system. After leaving USRA, Mr. O'Connor subsequently was called back to appear as an expert witness to present and defend the operation of the USRA costing system.

Interstate Commerce Commission,

- **Economist, Washington, DC (1973-1974)**

Mr. O'Connor served as a staff economist and authored a report analyzing industry investment patterns and ICC regulatory policy, including ICC use of cost evidence.

Education

- University of Massachusetts, Amherst, B.A. Economics
- University of Wisconsin, Graduate Course Work, Economics
- University of Delaware, Graduate Course Work, Business Management
- The American University, Graduate Course Work, Computer Science

Professional Organizations

- Transportation Research Board
 - Past Chairman of the Transportation Regulation Committee
- Transportation Research Forum
 - Past President of the Cost Analysis Chapter
- National Defense Transportation Association
 - Past Member of Board of Directors, National Capital Chapter

Academic honors

- Phi Kappa Phi academic honors society
- Phi Beta Kappa academic honors society

Military

- U.S. Army; Sergeant, Combat Engineers

Security Clearance

- Secret

Tom O'Connor is Vice-President of Snavely King Majoros O'Connor & Lee (Snavely King), an economic and management consulting company. He has been engaged in the business of economic analysis for more than thirty years, beginning in 1973 as an economist with the Interstate Commerce Commission (now the Surface transportation Board) and later in economic consulting and management positions of increasing responsibility with the United States Railway Association, Conrail, the Association of American Railroads and, from 1982 through 1988 with DNS, Associates and since 1988 with Snavely King Majoros O'Connor & Lee, (Snavely King), an economic and management consulting company focusing on telecommunications and transportation. Mr. O'Connor was Vice President and principal at DNS Associates and has been Vice President and principal of Snavely King since joining the firm in 1988.

He has provided testimony in a number of proceedings before courts and regulatory commissions in the United States and Canada including:

- Interstate Commerce Commission,
- Surface Transportation Board,
- United States Railway Association,
- Regulatory Commission in Indiana,
- Regulatory Commission in New York,
- Regulatory Commission in Pennsylvania,
- State Court in Indiana,
- State Court in Montana,
- State Court in Virginia,
- Arbitration Panel in New York
- Mediation Panel in Massachusetts
- Mediation Panel in Washington
- Canadian Crown Commission.
- US District Court for Eastern District of Virginia,
- US District Court for Arizona

Tom O'Connor's practice centers on transportation with specific focus on litigation, negotiations and infrastructure issues including rationalization and redesign of the railroad infrastructure in the US as well as rebuilding of the railway infrastructure in Eastern Europe. Mr. O'Connor's work in Eastern Europe focused on both transportation and telecommunications.

Kim Hillenbrand

**Snavely King Majoros O'Connor & Lee Inc
Washington, DC**

Analyst, Transportation (2003 to Present)

Mr. Hillenbrand provides analytical support to Snavely King's clients and senior consultants. His responsibilities include cost modeling, operations simulation, financial analysis and reporting, database management and research. Mr. Hillenbrand's work has primarily been in Snavely King's transportation group. His projects have included extensive cost and revenue analyses of rail freight movements, along with preparation of databases for use in rate negotiations with railroads. Mr. Hillenbrand has prepared action plans and presentations for clients including potential merger analyses, plant site locations, and rail service issues.

Mr. Hillenbrand also conducts research in the chemical, petroleum and transportation industries. Mr. Hillenbrand has assisted in the preparation of presentations and testimony before the Surface Transportation Board, and Mr. Hillenbrand has assisted in the marketing of Snavely King services to potential clients.

**Leventhal Seneter & Lerman PLLC,
Washington DC**

Legal Assistant (Spring 2003)

Mr. Hillenbrand assisted in the migration of Televisa's patent and trademark portfolio from Leventhal Seneter & Lerman to Televisa's in house counsel. Mr Hillenbrand managed the distribution of incoming documents including from EEO and FCC filings from clients and assisted in all aspects of LS & L's broadcasting, media, and satellite practices.

**Skadden, Arps, Slate, Meagher & Flom LLP,
Washington DC**

Legal Assistant (2002)

While contracted with Skadden Arps, Mr. Hillenbrand assisted in a wide range of legal work. Mr. Hillenbrand coordinated a 750,000 page document production and privilege log for a Department of Justice antitrust filing for the Northrop Grumman-TRW merger. He also compiled and managed privilege logs and prepared document productions on behalf of clients for SEC investigations. Mr. Hillenbrand conducted first review of client documents for SEC and Congressional investigations.

**North American Securities Administrators
Association (NASAA), Washington DC**

Legal Assistant (Spring 2002)

Mr. Hillenbrand assisted in a wide area for projects for NASAA. He assisted state security regulators in the first settlement between New York State and Merrill Lynch regarding conflict of interest between there research groups and investment banking groups. Mr. Hillenbrand conducted verification and complaint checks of stockbrokers and Certified Financial Advisors for investors and answered questions regarding the Series 6 and 63 Exams.

**Acsys, Inc (2003)
Washington DC**

Law Resources (2001-2003)

Mr. Hillenbrand provided temporary work for law, financial, and real-estate firms.

RVC (formerly Reuters Venture Capital)
London, England

Analyst, Intern (2000)

Mr. Hillenbrand assisted on a survey of Asia venture capital markets in preparation for future venture capital and fund of fund investments in the region. The survey comprised of an analysis of sources of capital, major investors, and destinations of capital in Asia.

Education

Connecticut College, 2001

B.A. Economics

B.A. International Relations

Georgetown University, Summer 1999

Summer Course Work

Citizenship

United States

United Kingdom

Attachment A



The Chemical Company

October 24, 2006

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

Re: Ex Parte No. 646, Rail Rate Challenges in Small Cases

Dear Secretary Williams:

BASF Corporation is grateful to the Surface Transportation Board for initiating its recent decision on Rail Rate Challenges in Small Cases, and as invited by the Board, respectfully offers the following comment:

Maximum Value of the Case (MVC) eligibility presumptions in the Three-Benchmark standard, under a five year remedy, are significantly inadequate, and in the interest of establishing a simplified and workable process, should be adjusted upward well in excess of the proposed limit. Based on sample lanes of BASF business that might otherwise be candidates for this standard, where actual rates greatly exceed the estimate R/VC 180% threshold, we conclude that lanes moving as few as 12 loads per year, could be ineligible based on the proposed MVC. This ineligibility would shift a candidate lane to the proposed Simplified Stand Alone Case standard, which in our opinion, as guided by expert review, still contains significant uncertainty related to cost, process time, and results.

This one point is especially relevant to BASF as a good portion of our business, and several candidate lanes for review on rate reasonableness, have volumes with a range of 12-36 annual loads, and could very likely fall into this middle ground of ineligibility on a "Small Case" standard, and non-viability on a "Medium Case" standard. We also understand that as proposed, and over a specified period, total MVC of one or more "Small Cases" would be counted in aggregate, further precluding the likelihood of any but the smallest of shippers with the smallest of lanes, under the proposed eligibility standards, from using the Three-Benchmark standard. We do not believe this is fair, we do not believe it was the intent of Congress under their recent intervention.

We understand the Board will entertain opinions from many parties, and in the interest of highlighting a single relevant issue as a stand out, will limit our comments to this one point. Our choice in focusing on this one issue should by no means be construed as acceptance or agreement of the remainder of Ex Parte No. 646 as proposed. We thank the Board once again for your efforts on this issue, and appreciate the opportunity to share our views.

Sincerely,

David J. McGregor
Senior Vice President NAFTA Logistics