BEFORE THE
SURFACE TRANSPORTATION BOARD

SUNBELT CHLOR ALKALI PARTNERSHIP **Complainant,** **v.** **NORFOLK SOUTHERN RAILWAY COMPANY** **Defendant.**	**Docket No. NOR 42130**

PETITION FOR RECONSIDERATION OF SUNBELT CHLOR ALKALI PARTNERSHIP

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PETITION FOR RECONSIDERATION

Pursuant to 49 C.F.R. § 1115.3, Complainant, SunBelt Chlor Alkali Partnership ("SunBelt"), respectfully petitions the Surface Transportation Board ("Board") to reconsider, on grounds of material error, the decision served on June 20, 2014 ("Decision") in the above-captioned proceeding.[1] In support of this Petition, SunBelt states as follows.

I. SUMMARY OF ARGUMENT.

A Board decision is subject to reconsideration for any "material error." 49 U.S.C. §722(c); 49 C.F.R. §1115.3(b)(2). Here, the Decision contains a series of material errors, any one of which is grounds for reconsideration. Most significantly, the Board accepted NS's operating plan over SunBelt's–even after recognizing errors in the NS plan–based solely on SunBelt's failure to model its Birmingham switching facility as a hump yard. As Vice Chairman Miller recognized, "design[ing] a SARR" places special burdens on "the shipper, which lacks familiarity with constructing and running a railroad," and the Board's method for choosing a "'winning'" plan in this case makes "a single error by the shipper in the design of the SARR . . . fatal." Id. at 31 (Miller, concurring). There were alternative procedures available to correct isolated mistakes in SunBelt's operating plan, short of accepting wholesale NS's plan, which "imposed millions of dollars in *unrelated* costs on" the stand-alone railroad ("SARR"), also referred to as the SunBelt Railroad ("SBRR"). Decision at 32 (Begeman, dissenting). Having erred in adopting NS's plan rather than making discrete changes to SunBelt's, the Decision then compounds that error with a number of computational and other mistakes. Alone and in combination, these material errors require reconsideration of the Board's Decision. In the

[1] Pursuant to decisions served in this docket on July 2 and 25, 2014, the Board extended the time for filing Petitions for Reconsideration until July 30, 2014 and it extended the page limit to 50 pages.

alternative, the parties should be directed to introduce any supplemental evidence the Board deems necessary to apply the stand-alone cost ("SAC") test properly in this case.

The Board committed three distinct errors in adopting the NS operating plan:

- First, the Board erred by accepting an entirely new operating plan from NS in violation of the Board's own requirement that "the defendant in a SAC case [] make any necessary corrections to the complainant's opening evidence rather than submitting something entirely new on reply...."[2] The Board wrongly concluded that NS needed to create an entirely new operating plan solely for the purpose of providing blocking and classification at intermediate yards, when the facts demonstrate that NS could have provided this evidence without creating a new operating plan. See Part II.A.

- Second, once the Board accepted the NS operating plan into evidence, it committed another error when it selected the NS plan over SunBelt's plan solely because SunBelt's plan lacked a hump yard. The Board could, and should, have substituted the NS hump yard for the flat yard in SunBelt's operating plan, rather than permit this one evidentiary choice by SunBelt to impose millions of dollars in unrelated costs upon the SBRR. By failing to do so, the Board flouted its own precedent by becoming a passive arbiter rather than actively and affirmatively protecting the public interest. See Part II.B.

- Third, the Board committed material error when it accepted an operating plan created using MultiRail, a software package that NS then failed to introduce into evidence, making it impossible to account for still more unnecessary costs in NS's operating plan. Furthermore, NS did not provide SunBelt with access to a fully-functional version of MultiRail like that NS used to create its operating plan, but instead provided a read-write version with less functionality. Consequently, there is no basis for the Board to conclude that NS's operating plan is acceptable. See Part II.C.

In addition, the Board has committed multiple material errors pertaining to the following seven subjects in the Decision:

- Debt Amortization. Despite acknowledging that SunBelt's evidence more closely follows industry practice, the Board rejected SunBelt's approach to debt amortization based upon the materially inaccurate assertion that this approach would impede the ability of the SAC test to determine the SARR's ability to pay the cost of constructing, maintaining and operating its system. This claim is material error because repayment of any principal amounts borrowed is accounted for in the levelized stream of capital recovery payments, not in the debt amortization approach. See Part III.A.

[2] Decision at 13, citing Gen. Procedures for Presenting Evidence in Stand-Alone Cost Rate Cases, 5 S.T.B. 441, 446 (2001).

- Ad Valorem Taxes. The Board erroneously accepted a new methodology proposed by NS for calculating ad valorem taxes, because that methodology does not include the impact of current and deferred income taxes. See Part II.B.

- Excavation Costs. The Board erroneously rejected SunBelt's cost evidence for common earthwork excavation, clearing and grubbing, and seeding based upon the "Trestle Hollow Project." The Board failed to understand that SunBelt submitted the Trestle Hollow evidence as a conservative *overstatement* of actual costs due to the greater complexity of that project relative to most of the SARR. The Board's selection of R.S. Means costs imposes even higher costs that are based upon averages from projects of all sizes, assume a unionized work force, and do not reflect economies of scale. The standard the Board sets for using real-world projects effectively condemns most complainants to these unquestionably excessive Means costs that always will overstate the cost truly available to a least-cost, optimally efficient SARR with enormous economies of scale, which is inconsistent with SAC principles. See Part III.C.

- Ballast Quantities. The Board committed material error when it applied a weight-to-volume conversion factor for ballast and subballast of 1.5 tons/CY from SunBelt's opening narrative rather than 1.35 tons/CY actually used by SunBelt in its work papers, on grounds that NS relied upon the former. NS was clearly aware of this discrepancy and consciously chose to rely on the conversion factor more favorable to it rather than seek clarification from SunBelt. The Board's decision encourages such gamesmanship, instead of determining what is the best evidence. See Part III.D.

- ES4400 Locomotive Counts. The Board erred when it adopted the NS locomotive counts based solely upon its adoption of the NS operating plan, without addressing a flaw raised by SunBelt that was unrelated to the operating plan. See Part III.E.

- Roadbed Earthwork Quantities for Intermodal/Auto Facilities. The Board's conclusion that roadbed preparation includes excavation for non-track structures is contrary to precedent and the very definition of "roadbed preparation." See Part III.F.

- Fine Grading. The Board erroneously accepted NS evidence on fine grading that was based upon the *total* miles for each valuation section instead of just those miles in each valuation section replaced by the SARR. See Part I.G.

Finally, SunBelt has identified nine errors that it believes are technical in nature. However, because NS disagreed with this characterization, SunBelt is raising those issues in this Petition. Those errors are presented in Part IV in the following order: incorrect dwell time and peaking factor for railcar acquisition costs; mismatched earthwork preparation spreadsheets; failure to remove quantities for undercutting, over-excavation and gabion excavation; an

incorrect distance for the offline haul of ballast; incorrect unit cost for rail lubricators; inconsistent indices for unit costs; failure to implement decision as to future PTC labor costs; failure to account for bonus depreciation on 2012 and 2013 PTC investments; and inconsistent updating of indices and forecasts.

II. THE BOARD ERRED IN ITS WHOLESALE ADOPTION OF NS's FLAWED OPERATING PLAN.

The Board committed three distinct material errors when it adopted the NS operating plan. First, the Board wrongly permitted NS to submit an entirely new operating plan, rather than make corrections to SunBelt's opening evidence. Second, the Board erroneously concluded that it must adopt the entire NS operating plan solely because the NS plan included a hump yard at Birmingham and SunBelt's plan did not. Finally, the Board erroneously accepted the NS operating plan based upon evidence developed using the MultiRail software.

A. The Board's Acceptance Of An Entirely New Operating Plan From NS Was Material Error.

As the Board acknowledged in the Decision, "[i]n most circumstances, [it] would indeed require the defendant in a SAC case to make any necessary corrections to the complainant's opening evidence rather than submitting something entirely new on reply, to avoid having operating plans so different as to impede comparison." Decision at 13, citing Gen. Procedures for Presenting Evidence in Stand-Alone Cost Rate Cases, 5 S.T.B. 441, 446 (2001). But the Board declined to follow its required course here. See generally Motor Vehicle Mfrs. Ass'n of the United States v. State Farm Mut. Auto. Ins. Co., 463 U.S. 29, 48 (1983) (agency must explain departure from its precedent). Rather, the Board permitted NS to submit an entirely new operating plan in this case instead of correcting the alleged errors in SunBelt's plan. This is a material error requiring reconsideration of the Board's Decision.

The Board justified its acceptance into evidence of NS's entirely new operating plan on grounds that, because SunBelt's operating plan omitted blocking and classification at intermediate yards, there was nothing for NS to correct on reply. Decision at 13. But the Board wrongly concluded that NS needed to create an entirely new operating plan solely for the purpose of providing blocking and classification at intermediate yards. SunBelt was able to correct its inadvertent omission of an opening blocking and classification plan on rebuttal using the very same methodology that NS declared was "conceptually sound" in another very recent SAC case. Sun. Reb. Ev. at 100-01.[3] Thus, it clearly was possible for NS to correct SunBelt's omission of blocking and classification at intermediate yards without having to create an entirely new operating plan.

Furthermore, if SunBelt's operating plan actually had been "so flawed as to preclude the development of appropriate reply evidence to address the flaws," NS was required to "file a separate motion bringing that problem to the Board's attention." Duke Energy Corp. v. Norfolk S. Ry. Co., 7 S.T.B. 89, 101, n. 20 (2003) ("Duke/NS") [underline added]. An entirely new operating plan with no connection at all to the complainant's opening evidence cannot constitute "appropriate" reply evidence and still give meaning to the foregoing requirement because a new operating plan does not correct the shipper's evidence, but rather, it replaces that evidence. NS's failure to follow this requirement created the very apples-to-oranges evidentiary difficulties that the requirement is designed to avoid.

[3] See, Brief of Norfolk Southern Ry. Co., at 24, filed June 14, 2013 in Docket No. NOR 42125, E.I. du Pont de Nemours and Company v. Norfolk Southern Ry. Co. (stating that the methodology is conceptually sound, but was misapplied by DuPont in its work papers).

B. The Board Should Not Have Chosen NS's Operating Plan Over SunBelt's Merely Because The Latter Lacked A Hump Yard.

Although, as discussed in the preceding section, SunBelt believes the Board committed material error even by accepting the NS operating plan into evidence, once the Board did so, it committed another error when it selected the NS plan over SunBelt's plan solely because SunBelt's plan lacked a hump yard at Birmingham, AL. Decision at 13. Accepting for the sake of argument that a hump yard was necessary, that did not justify the Board's selection of NS's entire operating plan over SunBelt's. The Board should, and readily could, have replaced the flat yard in SunBelt's operating plan with the hump yard from NS's plan, thereby effecting its decision as to that single component of the operating plan without arbitrarily imposing "millions of dollars in *unrelated* costs" upon the SARR as a collateral consequence of also imposing every other element of the NS operating plan. Decision at 32 (Begeman, dissenting).

1. The Board abdicated its duty as a guardian of the public interest.

The Board's "duty" in contested matters "is to weigh alternatives and make its choice according to its judgment how best to achieve and advance the goals of the National Transportation Policy," Baltimore & Ohio R.R. Co. v. U.S., 386 U.S. 372, 430 (1967) (Brennan, J., concurring), including "maintain[ing] reasonable rates where there is an absence of effective competition." 49 U.S.C. §10101(6). The Board is no mere "passive arbiter" in these cases, and it must not permit itself to become "the prisoner of the parties' submissions." Baltimore & Ohio R.R. Co., 386 U.S. at 429 (Brennan, J., concurring) (internal quotations omitted). Rather, to fulfill its role as "the guardian of the general public interest," the Board must "make full use of the expert knowledge of commissioners and staff." Id. at 429 n. 23. "[T]he right of the public must receive" the Board's "active and affirmative protection." N.E. Cent. R.R., Inc.–Acquisition

& Operation Exemption–Lines Between E. Alburgh, VT & N. London, CT, ICC Finance Docket No. 32432 (Decision served Dec. 9, 1994), 1994 WL 698768, at *21 n.49.

The Board must take an active role in rate disputes, especially given the complexities of the SAC test. "Under the SAC test, the shipper is supposed to have the opportunity to design and defend the most efficient Stand Alone Railroad (SARR) imaginable." Decision at 32 (Begeman, dissenting). "The carrier is expected to critique the SARR and propose adjustments the carrier argues are necessary for the hypothetical railroad to serve its traffic. Then, hundreds, if not thousands, of calls are made at the Board that lead up to its determination of whether a rate is unreasonable." Id.; see also Duke/NS., 7 S.T.B. at 101. This process ensures that isolated flaws in the shipper's plan do not doom the rate challenge by requiring the Board to play an "active and affirmative role" in adjudicating the dispute.

The Decision, however, flouts these principles by permitting a single, isolated flaw in SunBelt's operating plan (i.e., the lack of a hump yard) to doom its entire case. Commissioner Begeman's dissent effectively and succinctly makes this point:

> [U]pon concluding that a particular facility had to be added for the SARR to serve its carload-heavy traffic group [*i.e.*, the hump yard], the majority then used that call as the basis for imposing millions of dollars in *unrelated* costs on the SARR. I believe that was a mistake....The Board's ability to provide an objective assessment of the rate at issue was greatly hindered as a result.

Id. at 32 (Begeman, dissenting) [italics in original]. Although voting with the majority, Vice Chairman Miller expressed a similar concern:

> I am concerned that in some instances the task of designing a "winning" SARR can be so burdensome, and a single error by the shipper in the design of the SARR can be fatal.

Id. at 31 (Miller, concurring).

To the contrary, the Board historically has not allowed a single error to be fatal to the shipper's case and it should not have done so in this proceeding. The Board made this abundantly explicit in Pub. Serv. Co. of Colo. v. Burlington N. & Santa Fe Ry. (PSCo/Xcel), STB Docket No. 42057, slip op. at 3-5 (served Jan. 19, 2005):

> BNSF's argument assumes that, in considering a challenge to the reasonableness of a rate, our role is simply to act as an umpire, calling balls and strikes for the adversaries appearing before, us, and that a significant deficiency in the complainant's opening presentation must therefore be fatal to its case. However, as discussed below, we do not view our role as so limited.
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> Our predecessor, the Interstate Commerce Commission (ICC), was expected to be "directly and immediately concerned with the outcome of virtually all proceedings conducted before it. It [was] not intended to be a passive arbiter but the 'guardian of the general public interest,' with a duty to see that this interest is at all times effectively protected." Thus, the ICC was not the prisoner of the party's submissions, but rather had the duty to "weigh alternatives and make its choice according to its judgment of how best to achieve and advance the goals of the National Transportation Policy." In other words, the ICC was not expected to blandly call balls and strikes; rather "the right of the public must receive active and affirmative protection at the hands of the Commission."
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> In SAC cases, the railroad has the advantage of having much greater knowledge and experience in how to construct and operate a railroad. Moreover, as a potential repeat participant in SAC cases, the defendant carrier may have an incentive to contest every detail of a SAC presentation. Our expertise and our interest in the SAC test serving its intended purpose can level the playing field somewhat, but we must ensure that an adequate record is developed upon which we can make an informed decision. Were we to entertain only those rate complaints where the railroad could not poke holes in the operating plan devised by the shipper for its SARR, almost every rate challenge considered by this agency since the adoption of the SAC test would have had to have been dismissed. [underline added] [footnotes and citations omitted].

In order to fulfill its responsibilities as a guardian of the public interest, the Board historically has made adjustments to the parties' evidence where possible,[4] and when not possible, it has solicited supplemental evidence.[5] In its Decision, the Board did neither. Instead, it used SunBelt's selection of a flat yard over a hump yard at Birmingham as an excuse to ignore flaws in the NS operating plan and to impose upon SunBelt the entire NS operating plan with millions of dollars of unrelated costs, effectively becoming a passive arbiter instead of actively and affirmatively protecting the public interest. Decision at 18-19, 32.

2. The Board could, and should, have substituted the NS hump yard for SunBelt's flat yard in SunBelt's operating plan.

The Board easily could and should have substituted the NS hump yard, with its associated operating and investment costs, for SunBelt's flat yard, and still accepted the remainder of SunBelt's operating plan.[6] Indeed, the Board routinely has made adjustments to rail yards independent of other operating plan elements in SAC cases.[7] The relevant question is

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[4] PSCo/Xcel., slip op. at 27, 28-32 (served June 8, 2004) (adding traffic from complainant's operating plan to defendant's operating plan). See also, note 7, below.

[5] See Otter Tail Power Co. v. Burlington Northern & Santa Fe Ry. Co., STB Docket No. 42071 (served Dec. 13, 2004); AEP Texas North Company v. BNSF Ry. Co., STB Docket No. 41191 (Sub-No. 1) (served March 17, 2006); Arizona Electric Power Cooperative v. Burlington Northern & Santa Fe Railway, STB Docket No. 42058, slip op. at 3-4 (served Nov. 19, 2003).

[6] The addition of a single hump yard need only impose the incremental additional costs associated with constructing and operating a hump yard as opposed to a flat yard. The vast majority of the SBRR's operating expenses, however, are dictated by the RTC Model, which does not model yards and thus is not dependent upon whether Birmingham is a flat yard or a hump yard. Nevertheless, by accepting the entire NS operating plan, including NS's RTC Model, the Board imposed upon the SBRR all of the unrelated expenses that are dictated by NS's RTC Model.

[7] In all of the following decisions, the Board has considered which party's yard configuration to accept separate from its choice of operating plan, in some cases accepting a yard configuration because of the chosen operating plan and in other cases in spite of the chosen operating plan, but never has the choice of yard configuration dictated the operating plan: Tex. Mun. Power Agency v. The Burlington Northern and Santa Fe Ry. Co., STB Docket No. 42056, slip op. at 70-72 (served March 24, 2003) (using several of complainant's yard configurations despite accepting defendant's operating plan); McCarty Farms v. Burlington Northern, Inc., 2 S.T.B. 460, 493-94 (1997) (adopting some of complainant's yard configurations despite accepting defendant's operating plan); Pub. Serv. Co. of Colo. v. Burlington N. & Santa Fe Ry. (PSCo/Xcel), STB Docket No. 42057, slip op. at 50 (served June 8, 2004) (asking whether, given the use of railroad's operating plan, would shipper's proposed yard configuration still accommodate the SARR's traffic); Duke Energy Corp. v. CSX Transp., Inc., STB Docket No. 42070, slip op. at 39 (served Feb. 4, 2004) (noting that yard size typically depends on the operating plan); FMC Wyoming Corp. v. Union Pac. R.R. Co., STB Docket No. 42022, slip op. at 106-07 (served May 12, 2000) (evaluating yard configuration

whether, given the use of one party's operating plan, would the other party's proposed yard configuration still accommodate the SARR's traffic.[8] In this case, the answer clearly must be yes, because the same volume of traffic is flowing through the Birmingham Yard and receiving the same services in both operating plans, and both parties have used the same yard dwell times in their RTC simulations.

Unlike many other aspects of an operating plan, the substitution of the NS hump yard would not have required the Board to re-run the RTC model or otherwise modify any of the operating statistics generated by the RTC model. This is true for two reasons. First the RTC model does not model switching operations in yards, and therefore, does not differentiate between hump yards and flat yards. Decision at 16. Second, in this case, NS accepted and used SunBelt's dwell times for train activities at the Birmingham Yard in its RTC model even though NS assumed a hump yard at Birmingham and SunBelt assumed a flat yard.[9] Therefore, substituting the NS hump yard would not require the Board to re-run the RTC model.[10]

Indeed, substituting the NS hump yard for SunBelt's flat yard is a far less complicated endeavor than the Board undertook on its own initiative in PSCo/Xcel., slip op. at 27, 28-32 (served June 8, 2004). There, the Board, without the need of any supplemental evidence from the parties, added traffic from the complainant's operating plan to the defendant's operating plan. Those adjustments, in contrast to substituting a hump yard for a flat yard, were extensive and had significant downstream impacts upon the operating plan.

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separate from the operating plan). Cf. Carolina P&L Co. v. Norfolk Southern Ry. Co., STB Docket No. 42072, slip op. at 41-50 (served Dec. 23, 2003) (adopting complainant's track configurations for branch lines despite adopting defendant's operating plan).

[8] PSCo/Xcel, STB Docket No. 42057, slip op. at 50 (served June 8, 2004).

[9] NS Reply at III-C-187

[10] Cf. Otter Tail Power Co. v. Burlington Northern & Santa Fe Ry. Co., STB Docket No. 42071, slip op. at 18-19 (served Jan. 27, 2006) (criticizing defendant for not showing impact of different yard dwell times in RTC Model).

Nevertheless, even if the Board did not believe that it could determine on its own the effects of substituting the NS hump yard for SunBelt's flat yard, it should have solicited supplemental evidence from the parties showing that impact. See note 5, above. The Board did neither. This abdication of the Board's essential role as a guardian of the public interest was material error.

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Imposing millions of dollars of *unrelated* costs upon a SARR based upon a single, easily-quantified flaw, as the Board did here, condemns the Board to the role of a "passive arbiter" who is "prisoner to the parties' submissions." Baltimore & Ohio R.R. Co., 386 U.S. at 429 (Brennan, J., concurring). Such a role deprives the public of its entitlement to the Board's "active and affirmative protection." N.E., Cent. R.R. Inc., 1994 WL 698768, at *21 n.49. And it means that discrete, easily-quantified errors in the shipper's plan are alone "fatal" to its rate challenge. Based on these material errors, the Board should reconsider the Decision and adopt SunBelt's operating plan, as modified on rebuttal and with the addition of a hump yard at Birmingham. In the alternative, if the Board concludes that it requires additional information to apply SAC properly in this case, the Board should direct the parties to introduce supplemental evidence sufficient for the Board to fulfill its public duty.

C. The Board's Acceptance Of The NS Operating Plan Based Upon The MultiRail Software Was Material Error.

To make matters worse, NS created its operating plan using MultiRail, a software package that NS then failed to introduce into evidence, making it impossible to account for still more unnecessary costs in NS's plan. The Board indicated that it relied on SunBelt's limited "'critique'" of NS's plan to overcome a lack of access to the software, see Decision at 18, but

without the fully functional version of MultiRail that NS used to create its plan,[11] SunBelt could not fully test the software's methods or divine flaws in NS's analysis.[12] "When one party seeks to present a computer study, . . . the discovering party not only must be given access to the data that represents the computer's work product, but he also must see the data put into the computer, the programs used to manipulate the data and produce the conclusions, and the theory or logic employed by those who planned and executed the experiment." Bartley v. Isuzu Motors Ltd., 151 F.R.D. 659, 660-61 (D. Col. 1993) (emphasis added). Thus, the Board committed material error when it accepted the NS operating plan based upon a software package that NS refused to submit into evidence or to serve upon SunBelt.

Because NS did not submit MultiRail as part of its evidence, but only provided the Board with the software's outputs, the Board could not fulfill its mandate to be more than an umpire calling balls and strikes. See Part II.B.1 above. In another recent SAC decision, the Board has admitted that it could not independently review the NS evidence because it did not have access to MultiRail. See Docket No. NOR 42125, E.I. du Pont de Nemours and Company v. Norfolk Southern Ry. Co., slip op. at 45-46 (served March 24, 2014) ("DuPont") ("[E]ven assuming arguendo that modification of NS's operating plan to address the rerouting concerns raised by DuPont is appropriate in this case, we would be unable to do so given the evidence of record."). Thus, although the Board's authority to make adjustments to the parties' operating plans is "well-established," the Board's acceptance of NS's evidence based upon MultiRail precluded it from doing just that. Id. at 35 & 45, n. 98.

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[11] NS may resurrect its argument that SunBelt was required to purchase its own license to the fully-functional version of MultiRail in order to critique the NS evidence. See "Norfolk Southern Ry. Company's Petition for Clarification," filed Jan. 25, 2013. To the extent that NS may do so, SunBelt hereby incorporates its Reply. See "Complainants' Joint Reply to Defendant's Petition for Clarification," filed Feb. 14, 2013.

[12] See, e.g., Sun. Reb. Ev. at III-C-108-09 (describing SunBelt's inability to correct errors in NS locomotive counts without access to fully-functional version of MultiRail).

These observations have special purchase here, where NS used MultiRail to create evidence based upon multiple inputs and iterative runs, making constant adjustments along the way.[13] Without access to the same fully-functional version of MultiRail that NS used to create its operating plan, SunBelt was unable to modify the NS plan to correct for inefficiencies that such manipulations deliberately or inadvertently introduced.[14] Without any access to MultiRail at all, the Board had even less ability to do so.

The Board's assertion that it does not need access to MultiRail because it is "able to analyze its inputs and outputs" and that those outputs are inputs to the RTC Model, "a program that the Board can and does review," does not make sense. Decision at 18. As discussed in the preceding paragraph, a proper assessment of MultiRail requires far more than just knowledge of the inputs and outputs because of all the manipulations that occur in between. Consequently, without access to a fully functional version of MultiRail, there is no basis for the Board to conclude that NS's operating plan is acceptable.

III. THE BOARD COMMITTED MULTIPLE ADDITIONAL ERRORS BEYOND ITS ACCEPTANCE OF THE NS OPERATING PLAN.

A. The Board Rejected SunBelt's Interest-Only Debt Amortization Based Upon Materially Inaccurate Assertions.

The Board rejected SunBelt's interest-only approach to debt amortization because it "would abandon the fundamental structure of the SAC test...," even though SunBelt's evidence more closely follows actual rail industry practice than the home mortgage approach used in prior

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[13] See, e.g., Sun. Reb. Ev. At III-C-60-61, 70 (describing user-defined penalty and reward levers used to influence MultiRail results); 61-62 (explaining that NS manually overrode most of the train schedules that MultiRail produced); 82 (describing user-defined rules for manipulating results); 84 (describing iterations of the "Block Bypass Report"); 85 (describing manual process for assigning blocks to trains).

[14] See Sun. Reb. Ev. at III-C-61-62 (explaining how limited access to MultiRail impeded SunBelt's evaluation of train schedules); 74-76 (describing how MultiRail inputs could embed inefficiencies in SARR); 108-09 (describing SunBelt's inability to correct errors in NS locomotive counts without access to fully-functioning MultiRail software).

cases. Decision at 191. According to the Board, fixed coupon payments mean that the SARR is paying only interest on its debt and not repaying the principal, which would impede the ability of the SAC test to determine the SARR's ability to pay the cost of constructing, maintaining and operating its system. Id. This claim is material error because repayment of any principal amounts borrowed is accounted for in the levelized stream of capital recovery payments, not in the debt amortization approach. This error increased the net present value deficit in the DCF model by $25 million.

As the Board notes at page 32 of the Decision, the computerized DCF model "simulates how the SARR would likely recover its capital investments, taking into account inflation, Federal and state tax liabilities, and a reasonable rate of return." In other words, the DCF model ensures sufficient cash is generated to meet the required rate of return to debt and equity holders on the SARR's investment, as well as ensuring sufficient cash flows for the return of the required investments. This occurs through the capital carrying charges included in the "Investment SAC" level of the DCF model, which ensure that the SARR is developing enough quarterly cash flows to pay back not only the interest on the debt (as encompassed in the weighted-average cost of capital used as a discount factor), but also the principal amount originally borrowed (as reflected in the investment costs and interest during construction costs). Far from not paying back any principal, the quarterly capital charges explicitly account for repaying principal on existing and future investments. Thus, the repayment of principal is already accounted for in the DCF model regardless whether the Board uses a home mortgage amortization or a coupon approach.

The Board's logic also is incorrect because, as the DCF model shows, the principal repayment values calculated in the home-mortgage amortization are not directly used to develop any principal repayment. Instead, the principal portions of the quarterly payment included in the

amortization calculations are used only in calculating the interest component of the assumed home-style mortgage payment.[15] The interest payments on the debt then are used to develop the interest tax shields to determine state and Federal tax payments. Thus, contrary to the Board's inference, the principal components of the debt amortization do not directly feed into the capital carrying charges, which provide the SARR's return on, and return of, capital. The sole purpose of the debt amortization calculation is to develop the expected interest payments for use in estimating state and Federal taxes. It is not to ensure repayment of any borrowed funds.

Thus, the Board's stated reason for rejecting SunBelt's approach is factually wrong. Therefore, the Board should follow the general rule and "recognize the importance of allowing the SARR to use the same business strategies as the railroad industry to the maximum extent possible..." by permitting the SBRR to use fixed coupon payments for the treatment of its debt.[16]

B. The Board's Acceptance of the NS Methodology for Calculating ad valorem Taxes Was Material Error.

The Board erroneously accepted a new methodology proposed by NS for calculating the SBRR's ad valorem taxes in lieu of the methodology used in prior cases. Decision at 66-67. Both railroads and shippers historically have calculated ad valorem taxes in SAC cases by multiplying the incumbent railroad's state specific ad valorem taxes per route to the SARR's route miles through the respective states. NS deviated from this historic approach by arguing that, since ad valorem taxes are based, in part, on a railroad's profitability, the SARR, which presumptively is more profitable than the incumbent, would face higher taxes. A fatal problem with the NS approach, however, is that it does not include the impact of current and deferred income taxes.

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[15] See STB electronic work paper "D42130 Exhibit III-H-1 STB No3.xlsx," worksheet "Interest," Columns (1), (Y), and (AP).

[16] Decision at 191.

To account for the SARR's profitability, NS first calculated what it called the SARR's Net Railway Operating Income ("NROI") by subtracting the first year revenues from the first year operating costs, and dividing the difference by the SARR route miles to calculate a SARR NROI per route mile. Next, using data from the NS's 2011 Annual Report R-1, it calculated NS's NROI per route mile by dividing the NS NROI from Schedule 210, Line 67 by the NS route miles from Schedule 702, Columns b to h. NS then divided the SARR NROI per route mile by the NS NROI per route mile to develop what it termed a "Unit Value Modifier." NS next multiplied its ad valorem tax per route mile by the Unit Value Modifier to estimate the SARR ad valorem tax per route mile, and, finally, multiplied the SARR ad valorem tax per route mile to the SARR route miles to calculate the base year ad valorem tax.

In accepting NS's approach, the Board arbitrarily excluded the impact of current and deferred income taxes from the SARR NROI calculation. The NROI included in Schedule 210, Line 67, is calculated by taking a railroad's net revenues from railway operations (e.g., net revenues minus operating expenses) and subtracting income taxes on ordinary income and provisions for deferred taxes. In calculating the SARR NROI, neither NS nor the Board attempted to calculate the first year income taxes or provisions for deferred taxes. In essence, NS and the Board divided a pre-tax SARR figure by an after tax NS figure.

The fact that the Investment SAC calculation shows no income taxes payable in the first year does not mean the SARR would not incur a current year or deferred income tax expense. The Investment SAC calculation only considers the tax implications on revenues associated with investment recovery and not the tax implications on any NROI. Simply stated, just because the Investment SAC indicates that the SARR did not pay income taxes on its capital recovery does not mean the SARR will not incur current or deferred taxes on its entire operations when

accounting for net revenues and operating expenses. Furthermore, even assuming for argument's sake that the income taxes shown in the Investment SAC level are reflective of the actual taxes paid by the SARR, the SARR will begin to incur income tax expenses at some point during the DCF period. Because the NS ad valorem calculations arbitrarily ignore this fact and assume the SARR does not incur any taxes over the 10-year DCF period, the Board's acceptance of the NS methodology was material error.

C. The Board Erred In Its Determination of Excavation Costs.

NS proposed that the Board determine costs for common earthwork excavation, clearing and grubbing, and seeding ("Excavation Costs") from the R.S. Means Handbook ("Means"). Because the Means Excavation Costs were demonstrably excessive, SunBelt argued that the Board should instead use data from a real-life project, the "Trestle Hollow Project," to derive Excavation Costs. The Board rejected the Trestle Hollow evidence, and instead adopted the Means costs, finding: "SunBelt has not provided sufficient support for the proposition that a single, 1.3-mile rail relocation project in Tennessee could serve as a suitable proxy for all 578 miles of line that the SBRR would have to build." Decision at 107. The Board committed material error, by adopting the Means costs, for several reasons.

First, the Board incorrectly concluded that SunBelt was treating Trestle Hollow as evidence of the actual costs that the SBRR would incur across the entire system. The Board failed to understand that SunBelt submitted the Trestle Hollow evidence as a conservative overstatement of the actual Excavation Costs. The Trestle Hollow project was far more complicated (and expensive) than typical excavation projects and more expensive than the SBRR excavation, marshland notwithstanding.[17] This means that the actual costs for "all 578 miles of

[17] Sun. Op. Ev. at III-F-13; Sun.. Reb. Ev. at III-F-18 to 20; Sun. Final Br. at 46.

line that the SBRR would have to build" would be substantially lower than the costs derived from the Trestle Hollow Project. By extrapolating costs from an atypically complex project to all Excavation Costs, SunBelt was being conservative. The costs derived from the Trestle Hollow Project represent a high end of the cost spectrum.

Second, the Board erred because Means costs do not reflect the SARR's economies of scale and therefore overstate the SARR's costs. Because of economies of scope and scale, the cost of large real-world projects are lower than the costs contained in Means. SunBelt's expert, Mr. Harvey Crouch, who is a former NS employee and who actually oversaw the Trestle Hollow project, is uniquely qualified to discuss this fact. According to Mr. Crouch, "The Means Handook costs are very conservative for [roadbed preparation unit costs] because the prices are based on an average of costs for projects of all sizes from around the country and assume a unionized workforce."[18] Furthermore, Means itself states that "[t]he size, scope of work, and type of construction project will have a significant impact on cost. Economies of scale can reduce costs for large projects."[19] The SBRR has a much larger scale than any real-world railroad construction project and therefore should exceed any definition of a "large project" under Means.[20] Consequently, Means cannot possibly be the best evidence when real-world projects, such as Trestle Hollow, demonstrate lower costs for complex common excavation work, even without the benefit of the SARR's economies of scale. Accordingly, the SBRR's costs must be lower than those specified in Means, which demonstrates that the Board's selection of Means erroneously inflates common excavation costs for the SARR. By relegating complainants solely to the use of Means, the Board has required them to use costs that

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[18] Sun. Op. Ev. at III-F-6 [underline added]. See also, Sun. Reb. Ev. at III-F-15 to 16.

[19] Sun.. Reb. Ev. at III-F-16 [emphasis added].

[20] See e.g., NS Reply at III-F-35 (describing real world projects that the STB has used in prior cases).

undoubtedly will overstate the cost truly available to a least-cost, optimally efficient alternative. This is plain error and the Decision fails to even address SunBelt's evidence on this point.[21]

Third, the Board committed material error by insisting on more extensive "real-world" evidence than what SunBelt submitted. The Board concluded that Means was the best evidence "[i]n the absence of a fully supported 'real-world substitute.'"[22] This imposes on SunBelt an impossible standard. There are no "real-world" railroad construction projects that have the size and scope of the SBRR. Railroads that size are not being built in the United States at this time in our history, which renders data from real world projects like Trestle Hollow the next best evidence. Insisting on a "full" real world substitute is effectively mandating the use of Means because there is no such substitute. Nor is it feasible to require complainants to identify multiple real-world rail construction projects at locations on or near the SARR, as the Board suggests would be required. Decision at 107-08. Such information, to the extent it exists, rarely is publicly available, and when it does exist, the costs often are not representative because the construction is performed under traffic and is not remotely akin to new rail construction.[23] Thus, Means should be applied only when there is no evidence based upon contemporaneous real world rail construction projects.

Finally, the Board's Excavation Cost error is confirmed by the magnitude of the investment costs adopted in the Decision. The investment cost per route mile adopted by the Decision, $4.35 million, is more than 9% higher than the next highest investment cost per route mile (adjusted for inflation) of $3.98 million, in the Duke/NS case,[24] despite not having to build

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[21] Sun. Reb. Ev. at III-F-15 to 16.

[22] Decision at 107.

[23] See, e.g., Sun. Op. Ev. at III-F-12; Sun. Reb. Ev. at III-F-25 to 27.

[24] Duke Energy Corp. v. Norfolk Southern Ry. Co., 7 S.T.B. 89 (2003) ("Duke/NS").

through any mountainous terrain.[25] The Decision does not offer any justification for that discrepancy. In addition, the investment cost per route mile adopted by the Board in this case is 32% higher than the investment cost per route mile adopted by the Board in its recent SAC decision in Arizona Electric Power Cooperative, Inc. v. BNSF Railway Co., Docket No. NOR 42113 (served Nov. 22, 2011). There, the investment per route mile was $3.28 million for a SARR that extended over 2,200 miles from Montana to New Mexico along the Front Range of the Rocky Mountains, a route that is plainly more difficult to excavate than the route at issue here. See Exhibit 1. The single most significant reason why the Board's decision here produces such an unprecedented construction cost per route mile is the Board's adoption of the plainly excessive costs set forth in Means and its rejection of the real-world costs supported by SunBelt's Trestle Hollow evidence.

D. The Board Used An Incorrect Weight-To-Volume Conversion Factor To Calculate Ballast Quantities.

The Board committed material error when it applied a weight-to-volume conversion factor for ballast and subballast of 1.5 tons/CY from SunBelt's opening narrative rather than 1.35 tons/CY actually used by SunBelt in its work papers, despite SunBelt's rebuttal clarification that the work papers were correct. Decision at 129-30, 132. The sole basis for this conclusion is an inaccurate assertion that NS acted in reliance upon the narrative. This is not only incorrect, it is bad policy.

NS clearly was aware of the mismatch in SunBelt's opening evidence because NS itself pointed out the mismatch in its reply.[26] NS also had no stronger basis for relying upon SunBelt's narrative over SunBelt's work papers because, as SunBelt noted in rebuttal, 1.35 was comparable

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[25] Exhibit 1 compares the inflation-adjusted investment cost per route mile in the Decision with the eleven previous SAC decisions.

[26] See NS Reply Ev. at III-F-123.

to the real world conversion factor of 1.32 tons/CY used by NS as documented in discovery.[27] Although NS was completely aware of this mismatch, it made no attempt to seek clarification from SunBelt. Instead, NS opportunistically sought to exploit the mismatch by choosing to rely upon the conversion factor more favorable to it, rather than ask SunBelt for clarification. This conscious decision does not constitute detrimental reliance by NS upon SunBelt's narrative, but willful ignorance. The Board's Decision only encourages such gamesmanship, instead of seeking the best evidence "to achieve and advance the goals of the National Transportation Policy."[28]

E. The Board's Failure To Correct A Flaw in the NS ES4400 Locomotive Counts Was Material Error.

The Board erroneously accepted the NS locomotive counts for ES4400 locomotives based solely upon its acceptance of the NS operating plan, without addressing a flaw in the NS counts unrelated to the operating plan itself that overstates those counts. Decision at 35. As SunBelt explained on page III-C-108 of its Rebuttal, NS committed a mathematical error in its locomotive dwell time calculations by using a hard-coded divisor of 25 "analysis days" when its study period was actually 27 days. Correcting that single flaw decreases the number of ES4400 locomotives by 10%.[29] This error increased the NPV deficit in the DCF model by $2.4 million. The Board's failure to address this criticism was material error.

F. The Board Erroneously Concluded That Roadbed Earthwork Quantities Include Intermodal/Auto Facilities.

The Board erroneously accepted NS's automotive and intermodal yard earthwork quantities, because NS calculated the track grading requirements for automotive and intermodal

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[27] Sun. Reb. Ev. at III-F-76-77.

[28] PSCo/Xcel, slip op at 4, quoting Baltimore & Ohio R.R. v. United States, 386 U.S. 372, 429 (1967) (Brennan, J., concurring).

[29] In Docket No. 42125, NS did respond to a similar criticism by DuPont. At pages 57-58 of its Final Brief, NS acknowledged an error but not the one identified by DuPont. Rather, NS completely ignored DuPont's criticism and instead engaged in misdirection by conceding a different and less impactful error. Here, NS has not even done that.

yards based upon the entire square footage of the facility instead of just the yard track feet. Decision at 112-13. The Board appears to have misunderstood SunBelt's assertion that the NS methodology would result in a double-count of excavation quantities because they are included in the building and facility costs. Specifically, the Board dismissed SunBelt's concern by stating that "[t]here is not a double-count...because neither party included excavation quantities in building and facility costs." Id. at 113. The point that SunBelt was trying to make, however, is that any excavation required for buildings and facilities, if necessary, always has been, and should be, included in the buildings and facilities investment. It would be unorthodox to include such costs in the roadbed excavation quantities, which by definition includes only the track area.[30] The fact that neither party included excavation costs for buildings and facilities in the appropriate section of their evidence is indicative that no such costs are necessary.

The Board's conclusion that roadbed preparation includes excavation for non-track structures is contrary to precedent and the very definition of "roadbed preparation." By accepting NS's track excavation costs for the entire square footage of the intermodal and auto facilities, the Board included excavation costs where none were warranted. This issue increased the SARR's initial investment by $0.822 million (including additives).

G. The Board Committed Material Error In Accepting NS Evidence On Fine Grading.

The Board committed a basic error when it accepted the NS evidence on roadbed preparation and fine grading without adjustment. Decision at 115-16. Specifically, NS used the

[30] Never before in a SAC case has a party attempted to apply yard track grading to an entire yard instead of just the tracks within a yard. Instead, parties have accounted for yard grading using a two-step process. First, parties calculate the excavation required for tracks within a yard or facility, and include the excavation costs in roadbed preparation. Second, if further excavation is required for non-track structures within a yard, the parties make a separate calculation for all other required excavation, and include this cost in buildings and facilities investment. Earthwork requirements in the roadbed preparation section are the requirements associated only with track construction. Sun. Reb. Ev. at III-F-35-36.

total miles for each valuation section instead of just those miles in each valuation section replaced by the SARR. This error can be easily verified and mathematically corrected.[31] This error, which increased the SBRR's initial investment by approximately $0.352 million, will become moot if the Board reconsiders its rejection of the Trestle Hollow evidence for common excavation in Part III.C above, because fine grading is included in the Trestle Hollow unit cost.

IV. Technical Errors.

SunBelt raised all of the matters addressed in this Part as technical errors for inclusion in the Joint Technical Corrections Petition that has been filed contemporaneous with this Petition for Reconsideration. Because NS disagreed, these issues are addressed herein. SunBelt has provided detailed explanations of how to correct each error in Exhibit 5. In addition, SunBelt has provided a DVD with work papers to demonstrate how to correct these errors in conjunction with the technical errors in the Joint Petition.

A. Railcar Acquisition Costs.

Although the Board states that it accepts SunBelt's Rebuttal railcar dwell time, it uses the dwell time amount SunBelt submitted in Opening rather than Rebuttal. Decision at 40. Additionally, at page 35 of the Decision, the Board incorrectly states that it accepts the 15.1 percent peaking factors to which the parties agree. However, this amount reflects SunBelt's peaking factor from its Opening evidence. On Rebuttal, SunBelt made a slight change in the number of trains on the SBRR system, which resulted in a reduction in the peaking factor to 14.81 percent. Making the dwell time and peaking factor adjustments results in a decrease in railcar acquisition costs by $0.07 million in the first year of operating expenses input into the DCF model, which is indexed over the life of the DCF model.

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[31] See Exhibit 2.

B. **Mismatching Earthwork Preparation Spreadsheets.**

SunBelt finds itself in the unusual position of requesting reconsideration of a subject that would be favorable to NS. SunBelt had identified this as a technical error in NS's favor, but NS disagreed. As a matter of consistency and intellectual honesty, however, SunBelt could not ignore this error because the fundamental issue underlying this disagreement between SunBelt and NS is whether the Board should take into account the residual downstream effects of changes that it makes to the parties' evidence, which is an issue that underlies nearly every element of a SAC case. Both parties, in developing their SAC evidence, created multiple linked spreadsheets and calculations that work together so that a change in one spreadsheet will be incorporated into another. In the Decision, the Board has overlooked this structure in the earthwork preparation spreadsheets and thus failed to account for all of the residual effects of the changes it made.

In compiling values for the various components of roadbed preparation, the Board utilized a combination of NS's Reply values, SunBelt's Rebuttal values, and an NS Reply spreadsheet that the Board modified for earthwork costs. Using an NS Reply figure is improper because the quantities reflect NS's set-out track miles even though the Board accepted SunBelt's set-out track miles. Decision at 20. Likewise, using a SunBelt Rebuttal figure is improper because the quantities reflect SunBelt's siding and yard track miles, while the Board accepted NS's quantities for these items. Id. Furthermore, many roadbed preparation quantities are used in the development of more than one cost item. In order to ensure that all affected costs are properly adjusted when changes are made to quantities, all of the changes must be made in the same spreadsheet. When all of the Board's adjustments are made in the NS Reply grading spreadsheet, it is evident that the Board understated costs for clearing and grubbing, land for waste quantities, and subgrade preparation by a total of $1.335 million, before additives.

C. **Elimination Of Undercutting, Over-Excavation And Gabion Excavation Costs.**

The Board rejected NS's quantities and costs for undercutting, over-excavation and gabion foundation excavation. Decision at 110, 118 and 123-124. In its calculations, however, the Board deleted the earthwork costs associated with these items, but not the earthwork quantities. In order for the correct adjustments to be made, the quantities for these items must also be deleted because they are used in the calculation of the fine grading additive and land for waste quantities. By not deleting the quantities for these items, the Board overstated roadbed preparation costs by $0.676 million, before additives.

D. **Incorrect Distance For Offline Haul of Ballast.**

The Board accepted SunBelt's off-line haul distance of 100 miles for ballast as the best evidence of record. Decision at 131. However, the Board only made this change in the calculation of the weighted average cost per mile for ballast haul and not in the calculations of the cost per track foot for the different ballast types and track configurations. Substituting the accepted 100 offline haul miles affects the costs for ballast. In total, the Board overstated track construction costs by $72.415 million, before additives.

E. **Unit Cost For Rail Lubricators.**

The Board accepts the parties agreed upon unit cost for rail lubricators, but uses the wrong agreed-upon figure. Decision at 136. SunBelt's opening unit cost, which NS stated it accepted, was indexed from the wrong time period, causing an overstatement in the unit cost. NS itself corrected this error on Reply in its track construction spreadsheet by using the correct base time period.[32] But, when developing the rail lubricator costs, NS failed to use the corrected

[32] See NS Reply workpaper "SBRR Track Construction NS Reply.xls", tab "Rail Lubricator," cells C16 and C18. See also STB workpaper "No. 2_STB-SBRR Track Construction NS Reply.xls", tab "Rail Lubricator", cells C16 and C18.

figure, instead using a hard-coded figure based on SunBelt's overstated opening unit cost. In its work papers, the Board used NS's incorrect Reply costs.[33] In total, the Board overstated track construction costs by $0.032 million, before additives.

F. **Index For Unit Costs.**

On the worksheet "User Input" of the Board's file "No.2_STB - SBRR Track Construction NS Reply.xlsx," the Board substituted the R.S. Means historical index factors for the Rail Cost Recovery factors used by NS. However, the Board did not make this correction consistently, as it neglected to make the index change in the calculation of the costs for other track materials (tie plates, spikes and anchors), turnouts and rail lubricators. In total, the Board overstated track construction costs by $0.728 million, before additives. Correcting for the inconsistent indexes increases the cumulative present value of overpayments by $0.7 million.

G. **Future PTC Labor Costs.**

The Board accepted SunBelt's reduction of Positive Train Control ("PTC") labor costs by 75 percent to account for the portions of the PTC system installed during the initial construction period. Decision at 146. However, the Board failed to implement this determination in its work papers. Specifically, the Board incorrectly used a 100% cost share for the labor costs related to PTC.[34] This keyed in value should be 25%, consistent with SunBelt's Opening and Rebuttal Evidence. Changing cell K20 from 100% to 25% flows through to the PTC calculations in the DCF model and affects the costs for PTC per interlocking/automatic signal and PTC per double track and larger interlockings. In total, the Board overstated future signal and communication costs by $5.363 million, before additives.

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[33] See STB workpaper "No. 2_STB-SBRR Track Construction NS Reply.xls", tab "Rail Lubricator", cell C45. See also NS Reply workpaper "SBRR Track Construction NS Reply.xls", tab "Rail Lubricator", cell C45.

[34] See STB work paper "No.2_STB – Sunbelt C&S Estimate NS Reply.xlsx" worksheet "Reply PTC", cell K20 which has a keyed in cost share of 100%.

H. **Bonus Depreciation on 2012 and 2013 PTC Investment.**

The Board accepted SunBelt's application of Bonus Depreciation under applicable tax laws. Decision at 188-89. The tax laws applicable in 2012 and 2013 allowed for 50 percent bonus depreciation on assets placed in service in those years. In addressing the implementation of PTC, the Board held that the SBRR could not incur all of its PTC implementation costs in 2011, but instead must spread upgrade costs over the 2011 through 2015 period. Id. at 145. Although the Board accepted SunBelt's use of bonus depreciation available under applicable tax laws, it failed to include bonus depreciation on the PTC upgrade investment costs incurred in 2012 and 2013.[35] Adding the bonus depreciation increases the cumulative present value of overpayments in the DCF model by $0.1 million.

I. **Updated Indexes and Forecasts.**

Due to the length of SAC proceedings, many of the publicly available indices and forecasts that the parties present in the record are revised and updated prior to the Board's issuance of a final decision. In order to use the most current information, the Board routinely updates indices[36] and forecasts[37] in its final decisions and also on reconsideration. This process has become so routine that the Board does not always note in its decision that it is updating indices and forecasts. This proceeding is a case in point. In the work papers to this case, the

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[35] See STB work paper "D42130 Exhibit III-H-1 STB No3.xlxs," worksheet "PTC," cells AA64 to AN64.

[36] E.g., PSCo/Xcel, slip op. at 19 (served Jan. 19 2005) (updating cost-of-equity and inflation indices); Duke Energy Corp. v. Norfolk Southern Ry. Co., STB Docket No. 42069, slip op. at 4 (served Oct. 20, 2004) (updating cost-of-equity on reconsideration); Ariz. Pub. Serv. Co. v. The Atchison, Topeka and Santa Fe Ry. Co., 2 S.T.B. 367, 440 (n. 169) and 441 (1997) (updating inflation factors and RCAF-U that became available after the parties' submissions); Ariz. Pub. Serv. Co. v. The Atchison, Topeka and Santa Fe Ry. Co., No. 41185, slip op. at 13 (served April 17, 1998) (updating the RCRI to reflect data that became available prior to the final decision); Coal Trading Corp. v. The B & O R.R. Co., 6 I.C.C.2d 361, 431 (n. 29) (1990) (inflation factors updated with the most recent data available).

[37] See, AEP Tex. North Co. v. BNSF Ry. Co., STB Docket No. 41191 (Sub-No. 1), slip op. at 32 (n. 57) (served Sept. 10, 2007) (STB will revise a forecast if there is a significant change between those in the record and those publicly available); Duke Energy Corp. v. Norfolk Southern Ry. Co., STB Docket No. 42069, slip op. at 4 (served Oct. 20, 2004) (updating coal forecasts on reconsideration).

Board has updated some inputs to its DCF, MMM, and volume and revenue forecast models for more current data, but did not update other inputs where more recent public data is available.[38] In this case, the Board's selective updating of one forecast, in particular, without updating others, has caused a substantial prejudice to SunBelt.

The Board updated the EIA's Annual Energy Outlook ("AEO") West Texas Intermediate ("WTI") fuel price forecast in its work papers, but did not make corresponding updates to other related forecasts. Selectively updating the AEO forecast caused several instances of mixing apples and oranges and created a cascading effect of incongruity from failures to update other dependent forecasts and indices. This had the effect of significantly reducing the SBRR's revenues, while reducing the SBRR's operating expenses to a much lesser degree.

First, the Board accepted the SunBelt WTI fuel price forecast model, which uses Short-Term Energy Outlook ("STEO") prices for forecast periods where they are available and then applies annual changes from the AEO forecast.[39] But the Board only updated the AEO forecast. The STEO forecast was not updated as it should have been, and, moreover, there is now another year of STEO forecast data available (2015).

Second, when the Board updated the combined RCAF-WTI index, it elected to update only the WTI fuel component forecast of its adjusted RCAF Index, without updating the non-fuel component forecast, which is based on the September 2012 Global Insight RCAF forecast used by NS in its Reply. This creates a disconnect. To correct for this disconnect, the non-fuel RCAF component forecast must be updated in the Board's work papers and flowed into the DCF model. Once that adjustment is made, all RCAF index forecasts in all models (e.g., the revenue forecasts

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[38] Compare STB work paper "D42130 Exhibit III-H-1 STB No3.xlxs," worksheet "Cost of Capital," cell K17, which updates the railroad industry cost of equity with worksheet "Inflation Index," cells K25 to K60 and M25 to M60 which rely upon outdated Global Insight Forecasts.

[39] See, STB workpaper "WTI & FSC Calc – Rebuttal STB.xlsx" at level "EIA WTI Price Forecast," range F7:P7.

and the URCS cost forecasts used in the MMM model) must also be updated to keep things aligned.

Exhibit 3 identifies the Board work papers that require updated indices and forecasts to balance the Board's AEO WTI price forecast update. That exhibit identifies where in the files updates are required and what needs to be updated. In addition, Exhibit 4 compares the forecasts included in the Board's work papers with the updated versions of those forecasts.[40]

The Board's error was in updating the AEO forecast without updating all of the related and dependent forecasts and indices. The Board may correct this error either by not updating the AEO forecast at all (i.e., using the AEO forecast included in SunBelt's Rebuttal workpapers), or by updating all of the related and dependent forecasts identified in Exhibit 3. Updating the necessary indices and forecasts used in the traffic and revenue models, as well as the DCF and MMM models, leads to an increase in the cumulative present value of overpayments of $53.6 million.

[40] Exhibit 4 does not compare every forecast because some forecasts, like the Consumer Price Index, are only used by a few contracts and thus do not have a material impact. Instead, Exhibit 4 compares just forecasts that have significant impacts on the results. The key to interpreting this is to focus upon the quarterly and annual changes within the SAC analysis period. This is especially true of the forecast indices affecting volume and revenue forecasts, due to the way the forecast data are used in the SBRR volume and revenue forecast models (i.e., the adjustments take effect in later forecast model years after the NS internal forecast period, and are based on annual changes in the various forecast indices).

V. CONCLUSION

For all of the foregoing reasons, SunBelt requests that the Board reconsider, on grounds of material error, the Decision served on June 20, 2014.

Respectfully submitted,

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July 30, 2014

CERTIFICATE OF SERVICE

I hereby certify that this 30th day of July 2014, I served a copy of the foregoing via e-mail and hand delivery upon:

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EXHIBIT 1

STB ROAD PROPERTY INVESTMENT PER ROUTE MILE
(ADJUSTED TO 3Q11 BY THE GDP/IPD)

Decision (1)	Decision Date (2)	SARR Start Date (3)	Route Miles (4)	STB Investment (Millions) (5)	3Q11 (SBRR Start Date) Investment (Millions) Aggregate 1/ (6)	3Q11 (SBRR Start Date) Investment (Millions) Per Route Mile 2/ (7)
1. FMC	5/12/2000	7/1/1997	3,109.49	$8,392.6	$11,121.1	$3.58
2. WPL	9/12/2001	1/1/2000	1,286.10	$2,940.6	$3,755.2	$2.92
3. Xcel	6/8/2004	1/1/2001	396.15	$1,259.8	$1,570.8	$3.97
4. TMPA	3/24/2003	4/1/2001	1,629.30	$4,097.1	$5,073.2	$3.11
5. Otter Tail	1/25/2006	1/1/2002	1,207.68	$2,517.4	$3,087.8	$2.56
6. Duke/NS	11/6/2003	1/1/2002	1,108.05	$3,592.7	$4,406.7	$3.98
7. Duke/CSX	2/4/2004	1/1/2002	1,239.91	$3,260.0	$3,998.6	$3.22
8. CP&L	12/22/2003	4/1/2002	818.42	$2,372.2	$2,898.6	$3.54
9. WFA/Basin	2/18/2009	10/1/2004	301.45	$881.2	$1,014.0	$3.36
10. AEPCO	1/22/2011	1/1/2009	2,205.47	$6,979.4	$7,229.5	$3.28
11. DuPont	3/21/2014	6/1/2009	7,299.23	$36,688.4	$38,066.8	$5.22
12. SunBelt	6/20/2014	7/30/2011	580.64	$2,524.4	$2,524.4	$4.35

1/ Column (5) x change in GDP/IPD Index from Column (3) date to 3Q11.
2/ Column (6) / Column (4)

EXHIBIT 2

SUNBELT PETITION FOR RECONSIDERATION -
CORRECTION TO VALUATION SECTION MILES FOR FINE GRADING CALCULATIONS

	Valuation Section (1)	NS Valuation Section Length (Miles) (2)	Correct SBRR Route Miles (3)	Source for correct length (4)
1.	AGS-1-AL	104.526	2.80	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F52
2.	AGS-1-MS	18.780	18.78	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F53
3.	AGS-2-AL	19.833	19.30	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F54
4.	AGS-3-AL	123.178	120.90	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F55
5.	NONE-1-LA	40.590	40.54	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F56
6.	NONE-1-MS	84.275	85.10	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F57
7.	NONE-2-LA	1.740	1.83	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F58
8.	NONE-2-MS	68.923	67.48	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F59
9.	NOT-1-LA	15.966	7.66	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F60
10.	SR-75-AL	94.947	1.33	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F61
11.	SR-85-AL	132.085	66.91	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F62
12.	SR-86-AL	37.291	34.91	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F63
13.	SR-88-AL	115.058	110.70	File "No.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Miles," cell F64

EXHIBIT 3

STB SunBelt Work Paper Files That Require Index and Forecast Updates

I. STB File "Gen Freight Traffic and Revenue Forecast Reply.xlsx"

A. Worksheet "FSC Calc"
1. Cells H3 to P3 updated for WTI Fuel forecast developed as described in item III. A. below.
2. Cells Z3 to AH3 updated for HDF forecast.

B. Worksheet "Contract Rate Adjustment"
1. Cells G8 to R8 for updated historical and forecasted RCAF-U forecast.
2. Cells G10 to R10 for updated historical and All Inclusive-Less Fuel forecast.
3. Cells G11 to R11for updated historical All Inclusive-Less Fuel (w/error adj) forecast.
4. Cells G12 to R12 for updated historical RCAF-A forecast.

II. STB File "IM-Coal Traffic and Revenue Forecast Reply.xlsx"

A. Worksheet "FSC Calc"
1. Cells H3 to P3 updated for WTI Fuel forecast developed as described in item III. A. below.
2. Cells Z3 to AH3 updated for HDF forecast.

B. Worksheet "Contract Rate Adj Indices"
1. Cells G8 to R8 for updated historical and forecasted RCAF-U forecast.
2. Cells G10 to R10 for updated historical and All Inclusive-Less Fuel forecast.
3. Cells G11 to R11for updated historical All Inclusive-Less Fuel (w/error adj) forecast.
4. Cells G12 to R12 for updated historical RCAF-A forecast.
5. Cells H44 to R44 for updated EIA Annual Energy Outlook Coal Rate Escalator (East) forecast.

C. Worksheet "EIA Coal"
1. Cells D4 to AA4 for updated EIA Annual Energy Outlook coal production forecast.

D. Worksheet "AEO Tables"
1. Cells D168 to AD168 for updated EIA Annual Energy Outlook GDP Chain-type Price Index Forecast.
2. Cells D170 to AD170 for updated EIA Annual Energy Outlook Consumer Price Index – All Urban Forecast.

STB SunBelt Work Paper Files That Require Index and Forecast Updates

III. STB File "WTI & FSC Calc - Rebuttal STB.xlsx"

A. Worksheet "EIA WTI Price Forecast"
1. Cells G4 to J4 for updated EIA Short Term Energy Outlook WTI Price Forecast (Nominal) through 2015.[1]
2. Cell J7 Changed to pull STEO prices through 2015 and use AEO annual change beginning in 2016.

B. Worksheet "Rebuttal AEO Table 12"
1. Cells C90 to AF90 for updated EIA Highway Diesel Fuel Price Forecast.

IV. STB File "SBRR Traffic and Revenue Indices - Rebuttal STB.xlsx"

A. Worksheet "AEO Transportation Escalator"
1. Cells D9 to D32 for updated EIA Coal Transportation Rate Escalator (East) forecast.

V. STB File "Hybrid RCAF STB b.xlsx"

A. Worksheet "Hybrid DCF"
1. Cells Y34 to Y64 for updated actual and forecasted March 2014 Global Insight Railroad productivity forecast.

B. Worksheet "Restated RCAF"[2]
1. Updated cells B3 to B15 for 2012 RCR Weighting Factors
2. Updated cells J3 to R3 for March 2014 Global Insight Railroad Labor Index forecast.
3. Updated cells J7 to R7 for March 2014 Global Insight Material and Supplies Index forecast.

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[1] The key issue here is that the STB elected to update the AEO WTI forecast and not much else. This causes several instances of mixing apples and oranges and requires a domino effect of updates to correct. Here, the STB accepted the SunBelt WTI forecast model which uses STEO prices for periods where they are available and then applies annual change from AEO. STB updated only the AEO piece. There are two problems. First, STEO is not updated as it should be. Second, there is now another year of STEO data available (2015) so the changeover from STEO to AEO moves up a year.

[2] Here again, the STB elected to update the WTI fuel component of its adjusted RCAF Index without updating the non-fuel components. This creates a disconnect. In addition to not updating the non-fuel RCAF components, the STB didn't even use non-fuel RCAF components from the SunBelt case record. Specifically, the Board's workpaper simply used the technical correction workpaper submitted by the NS in its DuPont technical corrections and updated the AEO WTI price forecast. Therefore, the non-fuel RCAF components in the STB workpaper are the DuPont RCAF forecast data. To correct for this disconnect, the non-fuel RCAF components must be updated. Once that adjustment is made, all RCAF indices in all models must also be updated to keep things aligned.

STB SunBelt Work Paper Files That Require Index and Forecast Updates

4. Updated cells J9 to R9 for March 2014 Global Insight Equipment Rents Index forecast.
5. Updated cells J11 to R11 for March 2014 Global Insight Depreciation Index forecast.
6. Updated cells J13 to R13 for March 2014 Global Insight Interest Index forecast.
7. Updated cells J15 to R15 for March 2014 Global Insight Other Expenses Index forecast.
8. Updated cells J24 to R24 for March 2014 Global Insight RCAF Fuel Index forecast.
9. Updated cells J28 to R28 to incorporate updated WTI fuel price forecast developed in item III.A. above.

VI. STB File "Sunbelt Land Appreciation (Rebuttal).xlsx"

A. Worksheet "Pivot of USDA Land Values"
   1. Cells V5 to V7 updated for actual 2013 USDA Land values for the states of Alabama, Mississippi, and Louisiana.

B. Worksheet "NCREIF" Property Returns"
   1. Cells D41 to E42 updated for actual 2013 and 1Q 2014 South NCREIF Property Index Returns.

VII. STB File "D42130 Exhibit III-H-1 STB No3.xlsx"

A. Worksheet "Inflation Index"
   1. Cells E10 to E60 for updated SBRR Land Appreciation Forecast.
   2. Cells G20 to G60 for updated Hybrid RCAF Forecast.
   3. Cells I24 to I30 for updated historical Materials, Supplies, Wage Rates and Supplements (Excluding Fuel) indexes.
   4. Cells K24 to K30 for updated historical Materials and Supplies indexes.
   5. Cells M24 to M30 for updated historical Wage Rates and Supplements indexes.
   6. Cells K31 to K60 for March 2014 Global Insight Materials and Supplies Forecast.
   7. Cells M31 to M60 for March 2014 Global Insight Labor Forecast.

VIII. STB File "Sunbelt NS URCS Index Forecast (Rebuttal) STB.xlsx"

A. Worksheet "NS Index Forecast"
   1. Cell C11 for updated AAR Wages (East) RCR index.
   2. Cell D11 for updated AAR Wage Supplements (East) RCR index.
   3. Cell E11 for updated AAR Mater and Supplies (East) RCR index.

STB SunBelt Work Paper Files That Require Index and Forecast Updates

4. Cell G11 for updated AAR Fuel (East) RCR index.
5. Cells I9 to O9 for 2011 STB URCS Composite Index.
6. Cells I10 to O10 for 2012 STB URCS Composite Index.
7. Cells F8 to F11 for updated Bureau of Labor Statistics Producers Price Index – All Commodities.
8. Cells F12 to F19 for updated EIA Wholesale Price Index – All Commodities Forecast.

B. Worksheet "Global Insight"
   1. Cells D7 to D16 for March 2014 Global Insight Labor Forecast.
   2. Cells E7 to E16 for March 2014 Global Insight Material and Supplies Forecast.
   3. Cells F7 to F16 for March 2014 Global Insight Fuel Forecast.
   4. Cells K5 to S5 for updated historical and forecasted WTI Prices.

EXHIBIT 4

Comparison of EIA Coal Production Forecasts

		Coal Volume Forecast 1/		Annual Percentage Change		Cumulative Percentage Change	
	Year	AEO 2012	AEO 2014	AEO 2012	AEO 2014	AEO 2012	AEO 2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2013	56.0	45.9	---	---	---	---
2.	2014	58.1	49.9	3.7%	8.7%	3.7%	8.7%
3.	2015	57.3	47.9	-1.3%	-4.0%	2.4%	4.3%
4.	2016	58.9	45.9	2.6%	-4.0%	5.1%	0.1%
5.	2017	59.1	49.2	0.5%	7.1%	5.6%	7.2%
6.	2018	62.1	54.0	5.1%	9.8%	11.0%	17.8%
7.	2019	60.6	55.9	-2.5%	3.4%	8.2%	21.7%
8.	2020	55.3	55.3	-8.7%	-1.0%	-1.3%	20.5%
9.	2021	68.9	56.1	24.7%	1.5%	23.1%	22.2%

1/ Forecasted coal volumes to the states of Mississippi and Alabama.

Comparison of EIA Coal Transportation Rate Escalator (East) Forecasts

		Coal Escalator Forecast 1/		Annual Percentage Change		Cumulative Percentage Change	
	Year	AEO 2012	AEO 2014	AEO 2012	AEO 2014	AEO 2012	AEO 2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2012	100.0	100.0	---	---	---	---
2.	2013	107.4	107.9	7.4%	7.9%	7.4%	7.9%
3.	2014	102.5	104.7	-4.6%	-2.9%	2.5%	4.7%
4.	2015	107.6	109.5	5.0%	4.6%	7.6%	9.5%
5.	2016	108.0	109.1	0.4%	-0.4%	8.0%	9.1%
6.	2017	108.9	108.4	0.8%	-0.7%	8.9%	8.4%
7.	2018	111.9	110.6	2.8%	2.1%	11.9%	10.6%
8.	2019	114.0	112.8	1.9%	2.0%	14.0%	12.8%
9.	2020	117.8	115.8	3.3%	2.6%	17.8%	15.8%
10.	2021	118.9	117.0	0.9%	1.0%	18.9%	17.0%

1/ Forecasted coal transportation escalator for the eastern region.

Comparison of EIA Combined WTI Price Forecast

		EIA WTI Combined Price 1/		Annual Percentage Change		Cumulative Percentage Change	
	Year	2013	2014	2013	2014	2013	2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2012	94.12	94.12	---	---	---	---
2.	2013	93.17	97.91	-1.0%	4.0%	-1.0%	4.0%
3.	2014	92.25	98.67	-1.0%	0.8%	-2.0%	4.8%
4.	2015	90.01	90.92	-2.4%	-7.9%	-4.4%	-3.4%
5.	2016	89.68	90.59	-0.4%	-0.4%	-4.7%	-3.8%
6.	2017	92.10	93.03	2.7%	2.7%	-2.1%	-1.2%
7.	2018	94.73	95.69	2.9%	2.9%	0.6%	1.7%
8.	2019	98.64	99.64	4.1%	4.1%	4.8%	5.9%
9.	2020	102.70	103.74	4.1%	4.1%	9.1%	10.2%
10.	2021	107.13	108.21	4.3%	4.3%	13.8%	15.0%

1/ The 2012 forecasts use the EIA's May 2013 Short-Term Energy Outlook WTI price forecast and the 2013 EIA Annual Energy Outlook WTI price forecast. The 2014 forecast use the EIA's May 2014 Short Term Energy Outlook WTI price forecast and 2014 EIA Annual Energy Outlook WTI price forecast.

Comparison of EIA Highway Diesel Fuel Price Forecasts

		EIA HDF Price 1/		Annual Percentage Change		Cumulative Percentage Change	
	Year	2013	2014	2013	2014	2013	2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2011	3.58	3.82	---	---	---	---
2.	2012	3.69	3.95	2.9%	3.3%	2.9%	3.3%
3.	2013	3.48	3.94	-5.7%	-0.2%	-2.9%	3.1%
4.	2014	3.48	3.81	0.1%	-3.3%	-2.8%	-0.3%
5.	2015	3.56	3.72	2.3%	-2.3%	-0.6%	-2.6%
6.	2016	3.68	3.72	3.3%	0.1%	2.6%	-2.5%
7.	2017	3.81	3.78	3.6%	1.5%	6.4%	-1.0%
8.	2018	3.94	3.88	3.5%	2.6%	10.1%	1.6%
9.	2019	4.08	4.03	3.5%	3.8%	14.0%	5.4%
10.	2020	4.20	4.16	2.9%	3.3%	17.3%	8.9%
11.	2021	4.36	4.31	3.8%	3.5%	21.8%	12.7%

1/ 2013 is the EIA's 2013 Annual Energy Outlook Highway Diesel Fuel price forecasts. 2014 is the EIA's 2014 Annual Energy Outlook Highway Diesel Fuel price forecast.

Comparison of Global Insight RCAF-U Forecasts

	Year	RCAF-U 1/		Annual Percentage Change		Cumulative Percentage Change	
		GI Sept. 2012	GI Mar 2014	GI Sept. 2012	GI Mar 2014	GI Sept. 2012	GI Mar 2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2012	118.4	97.9	---	---	---	---
2.	2013	121.2	98.9	2.4%	1.0%	2.4%	1.0%
3.	2014	122.9	98.3	1.4%	-0.6%	3.8%	0.4%
4.	2015	124.7	99.3	1.5%	1.0%	5.3%	1.4%
5.	2016	129.6	100.9	3.9%	1.6%	9.5%	3.1%
6.	2017	134.2	103.8	3.5%	2.9%	13.3%	6.0%
7.	2018	139.1	107.3	3.7%	3.4%	17.5%	9.6%
8.	2019	144.0	110.7	3.5%	3.2%	21.6%	13.1%
9.	2020	148.1	114.1	2.8%	3.1%	25.1%	16.5%
10.	2021	151.6	117.4	2.4%	2.9%	28.0%	19.9%

1/ The RCAF-U was rebased in 2014; however, since the STB's models rely on the percent change in the RCAF-U, the rebasing did not impact the model results.

Comparison of Global Insight RCAF-A Forecasts

	Year	RCAF-A 1/		Annual Percentage Change		Cumulative Percentage Change	
		GI Sept. 2012	GI Mar 2014	GI Sept. 2012	GI Mar 2014	GI Sept. 2012	GI Mar 2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2012	51.9	42.9	---	---	---	---
2.	2013	52.8	43.0	1.7%	0.2%	1.7%	0.2%
3.	2014	53.1	42.4	0.6%	-1.4%	2.3%	-1.2%
4.	2015	53.6	42.4	0.9%	0.0%	3.3%	-1.2%
5.	2016	55.0	42.7	2.6%	0.7%	6.0%	-0.5%
6.	2017	55.6	43.5	1.1%	1.9%	7.1%	1.4%
7.	2018	56.2	44.3	1.1%	1.8%	8.3%	3.3%
8.	2019	56.6	45.1	0.7%	1.8%	9.1%	5.1%
9.	2020	56.5	45.7	-0.2%	1.3%	8.9%	6.5%
10.	2021	56.6	46.2	0.2%	1.1%	9.1%	7.7%

1/ The RCAF-A was rebased in 2014; however, since the STB's models rely on the percent change in the RCAF-A, the rebasing did not impact the model results.

Comparison of Global Insight All Inclusive Index-Less Fuel Forecasts

		AII-LF 1/		Annual Percentage Change		Cumulative Percentage Change	
	Year	GI Sept. 2012	GI Mar 2014	GI Sept. 2012	GI Mar 2014	GI Sept. 2012	GI Mar 2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2012	118.7	99.5	---	---	---	---
2.	2013	122.2	100.0	2.9%	0.5%	2.9%	0.5%
3.	2014	125.8	101.4	2.9%	1.4%	6.0%	1.9%
4.	2015	129.9	104.9	3.3%	3.5%	9.4%	5.4%
5.	2016	133.5	107.7	2.8%	2.7%	12.5%	8.2%
6.	2017	137.2	111.0	2.8%	3.1%	15.6%	11.6%
7.	2018	141.2	114.4	2.9%	3.1%	19.0%	15.0%
8.	2019	145.3	117.8	2.9%	3.0%	22.4%	18.4%
9.	2020	149.3	121.3	2.8%	3.0%	25.8%	21.9%
10.	2021	153.3	124.8	2.7%	2.9%	29.1%	25.4%

1/ The AII-LF was rebased in 2014; however, since the STB's models rely on the percent change in the AII-LF, the rebasing did not impact the model results.

Comparison of Global Insight All Inclusive
Index-Less Fuel (W/ Error Adjustments) Forecasts

		AII-LF 1/		Annual Percentage Change		Cumulative Percentage Change	
	Year	GI Sept. 2012	GI Mar 2014	GI Sept. 2012	GI Mar 2014	GI Sept. 2012	GI Mar 2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2012	118.5	99.3	---	---	---	---
2.	2013	122.2	99.9	3.1%	0.6%	3.1%	0.6%
3.	2014	125.8	101.4	2.9%	1.5%	6.2%	2.1%
4.	2015	129.9	104.9	3.3%	3.5%	9.6%	5.6%
5.	2016	133.5	107.7	2.8%	2.7%	12.7%	8.5%
6.	2017	137.2	111.0	2.8%	3.1%	15.8%	11.8%
7.	2018	141.2	114.4	2.9%	3.1%	19.2%	15.2%
8.	2019	145.3	117.8	2.9%	3.0%	22.6%	18.6%
9.	2020	149.3	121.3	2.8%	3.0%	26.0%	22.2%
10.	2021	153.3	124.8	2.7%	2.9%	29.4%	25.7%

1/ The AII-LF was rebased in 2014; however, since the STB's models rely on the percent change in the AII-LF, the rebasing did not impact the model results.

Comparison of Global Insight Material and Supplies Index Forecast

	Year	Materials and Supplies 1/ 2012	Materials and Supplies 1/ 2014	Quarterly Percentage Change 2012	Quarterly Percentage Change 2014	Cumulative Percentage Change 2012	Cumulative Percentage Change 2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	3Q 2012	346.60	346.60	---	---	---	---
2.	4Q 2012	335.51	340.70	-3.2%	-1.7%	-3.2%	-1.7%
3.	1Q 2013	336.85	339.00	0.4%	-0.5%	-2.8%	-2.2%
4.	2Q 2013	338.20	334.10	0.4%	-1.4%	-2.4%	-3.6%
5.	3Q 2013	340.23	340.80	0.6%	2.0%	-1.8%	-1.7%
6.	4Q 2013	342.27	332.40	0.6%	-2.5%	-1.2%	-4.1%
7.	1Q 2014	345.35	337.70	0.9%	1.6%	-0.4%	-2.6%
8.	2Q 2014	348.46	348.84	0.9%	3.3%	0.5%	0.6%
9.	3Q 2014	352.29	351.98	1.1%	0.9%	1.6%	1.6%
10.	4Q 2014	355.81	355.50	1.0%	1.0%	2.7%	2.6%
11.	1Q 2015	357.93	357.28	0.6%	0.5%	3.3%	3.1%
	2Q 2015	360.06	358.35	0.6%	0.3%	3.9%	3.4%
	3Q 2015	362.20	359.79	0.6%	0.4%	4.5%	3.8%
	4Q 2015	364.35	360.87	0.6%	0.3%	5.1%	4.1%
	1Q 2016	366.43	363.39	0.6%	0.7%	5.7%	4.8%
	2Q 2016	368.52	364.85	0.6%	0.4%	6.3%	5.3%
	3Q 2016	370.62	366.67	0.6%	0.5%	6.9%	5.8%
	4Q 2016	372.73	368.14	0.6%	0.4%	7.5%	6.2%
	1Q 2017	375.22	370.42	0.7%	0.6%	8.3%	6.9%
	2Q 2017	377.73	372.71	0.7%	0.6%	9.0%	7.5%
	3Q 2017	380.26	375.02	0.7%	0.6%	9.7%	8.2%
	4Q 2017	382.80	377.34	0.7%	0.6%	10.4%	8.9%
	1Q 2018	385.64	380.14	0.7%	0.7%	11.3%	9.7%
	2Q 2018	388.50	382.96	0.7%	0.7%	12.1%	10.5%
	3Q 2018	391.38	385.80	0.7%	0.7%	12.9%	11.3%
	4Q 2018	394.28	388.66	0.7%	0.7%	13.8%	12.1%
	1Q 2019	397.11	391.16	0.7%	0.6%	14.6%	12.9%
	2Q 2019	399.96	393.68	0.7%	0.6%	15.4%	13.6%
	3Q 2019	402.83	396.21	0.7%	0.6%	16.2%	14.3%
	4Q 2019	405.71	398.76	0.7%	0.6%	17.1%	15.1%
	1Q 2020	408.33	401.04	0.6%	0.6%	17.8%	15.7%
	2Q 2020	410.96	403.32	0.6%	0.6%	18.6%	16.4%
	3Q 2020	413.60	405.62	0.6%	0.6%	19.3%	17.0%
	4Q 2020	416.26	407.94	0.6%	0.6%	20.1%	17.7%
	1Q 2021	418.33	410.76	0.5%	0.7%	20.7%	18.5%
	2Q 2021	420.41	413.61	0.5%	0.7%	21.3%	19.3%
	3Q 2021	422.49	416.47	0.5%	0.7%	21.9%	20.2%

1/ 2012 is Global Insights December 2012 materials and supplies index forecast. 2014 is Global Insights March 2014 materials and supplies index forecast.

Comparison of Global Insight Labor Index Forecast

		Labor 1/		Quarterly Percentage Change		Cumulative Percentage Change	
	Year	2012	2014	2012	2014	2012	2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	3Q 2012	503.30	503.30	---	---	---	---
2.	4Q 2012	502.29	502.40	-0.2%	-0.2%	-0.2%	-0.2%
3.	1Q 2013	512.34	504.60	2.0%	0.4%	1.8%	0.3%
4.	2Q 2013	512.85	498.40	0.1%	-1.2%	1.9%	-1.0%
5.	3Q 2013	517.98	505.20	1.0%	1.4%	2.9%	0.4%
6.	4Q 2013	524.71	506.80	1.3%	0.3%	4.3%	0.7%
7.	1Q 2014	530.49	513.00	1.1%	1.2%	5.4%	1.9%
8.	2Q 2014	531.02	515.57	0.1%	0.5%	5.5%	2.4%
9.	3Q 2014	537.39	523.81	1.2%	1.6%	6.8%	4.1%
10.	4Q 2014	543.84	530.62	1.2%	1.3%	8.1%	5.4%
11.	1Q 2015	549.33	536.99	1.0%	1.2%	9.1%	6.7%
	2Q 2015	554.87	538.60	1.0%	0.3%	10.2%	7.0%
	3Q 2015	560.48	542.37	1.0%	0.7%	11.4%	7.8%
	4Q 2015	566.13	547.25	1.0%	0.9%	12.5%	8.7%
	1Q 2016	570.89	552.73	0.8%	1.0%	13.4%	9.8%
	2Q 2016	575.68	557.70	0.8%	0.9%	14.4%	10.8%
	3Q 2016	580.51	562.72	0.8%	0.9%	15.3%	11.8%
	4Q 2016	585.38	567.78	0.8%	0.9%	16.3%	12.8%
	1Q 2017	590.58	573.10	0.9%	0.9%	17.3%	13.9%
	2Q 2017	595.83	578.47	0.9%	0.9%	18.4%	14.9%
	3Q 2017	601.12	583.89	0.9%	0.9%	19.4%	16.0%
	4Q 2017	606.46	589.36	0.9%	0.9%	20.5%	17.1%
	1Q 2018	611.99	595.17	0.9%	1.0%	21.6%	18.3%
	2Q 2018	617.57	601.03	0.9%	1.0%	22.7%	19.4%
	3Q 2018	623.21	606.95	0.9%	1.0%	23.8%	20.6%
	4Q 2018	628.90	612.93	0.9%	1.0%	25.0%	21.8%
	1Q 2019	634.63	618.97	0.9%	1.0%	26.1%	23.0%
	2Q 2019	640.42	625.07	0.9%	1.0%	27.2%	24.2%
	3Q 2019	646.27	631.23	0.9%	1.0%	28.4%	25.4%
	4Q 2019	652.16	637.45	0.9%	1.0%	29.6%	26.7%
	1Q 2020	657.80	643.42	0.9%	0.9%	30.7%	27.8%
	2Q 2020	663.48	649.45	0.9%	0.9%	31.8%	29.0%
	3Q 2020	669.21	655.53	0.9%	0.9%	33.0%	30.2%
	4Q 2020	674.99	661.68	0.9%	0.9%	34.1%	31.5%
	1Q 2021	680.66	667.55	0.8%	0.9%	35.2%	32.6%
	2Q 2021	686.37	673.48	0.8%	0.9%	36.4%	33.8%
	3Q 2021	692.13	679.46	0.8%	0.9%	37.5%	35.0%

1/ 2012 is Global Insights December 2012 labor index forecast. 2014 is Global Insights March 2014 labor index forecast.

EXHIBIT 5

Correction To Technical Errors Included in Petition For Reconsideration in STB Decision, *SunBelt v. Norfolk Southern*, STB No. NOR 42130 (served June 20, 2014).

A. III-D: Operating Expenses

1. Rail Car Acquisition Costs (Peaking Factor) (SunBelt Recon. Pet. Part IV.A.) – To correct the error in peaking factors, make the following changes to STB work paper "SBRR Car Costs stb.xlsx:"
    a. At worksheet "Coal Cars," change cell C42 from "1.151" to "1.1481."
    b. At worksheet "General Freight," change cell C41 from "1.151" to "1.1481."
    c. At worksheet "Intermodal Cars," change cell B47 from "1.151" to "1.1481."

2. Rail Car Acquisition Costs (Dwell Time) (SunBelt Recon. Pet. Part IV.A.) – To correct the error in dwell times, make the following changes to STB work paper "SBRR Car Costs stb.xlsx:"
    a. At worksheet "Coal Cars," change cell C9 from "244,051.55" to "217,577.80."
    b. At worksheet "General Freight," change cell C5 from "965,508.70" to "888,029.73."
    c. At worksheet "Intermodal Cars," change cell B5 from "1,582.84" to "1,455.66."

B. III-F: Road Property Investment

1. Mismatching Earthwork Preparation Spreadsheets (SunBelt Recon. Pet. Part IV.B.) – To correct this issue, make the following corrections:
    a. In "No.3_STB – SunBelt Decision Tables.xlsx" at worksheet, "Roadbed Preparation Costs:"
        1. Change cell E7 from "= C7" to file "NO.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Summary," cell F16.
        2. Change cell E8 from file "No.2_STB - SBRR Rebuttal Grading.xlsx, tab "Other Items, cells L54+P45+R45+T45 to file "NO.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Summary," cell F17.
        3. Change cell E9 from "=C9" to file "NO.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Summary," cell F18.

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4. Change cell E10 from file "SBRR Open Grading NS Reply.xlsx," tab "Summary," cell F21 to file "NO.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Summary," cell F21.
5. Change cell E11 from "=C11" to file "NO.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Summary," cell F22.
6. Change cell E12 from file "SBRR Open Grading NS Reply.xlsx," tab "Summary," cell F24 to file "NO.2_STB - SBRR Open Grading NS Reply.xlsx," tab "Summary," cell F24.

b. In "No.2_STB – SBRR Open Grading NS Reply.xlsx":
1. At worksheet "Other Items" delete the value in cell W40 per page 120 of the Decision (STB rejection of NS value and method for adding additional pipe quantities from ICC Engineering Reports).
2. At worksheet "Eng Rep Input" add "+3550" to the end of the formula in cell AQ23 per page 120 of the Decision (STB acceptance of SunBelt method for adding additional pipe quantities from ICC Engineering Reports).
3. At worksheet "Other Items" delete the value in cell K41 per page 110 of the Decision (STB rejection of undercutting costs).
4. At worksheet "Other Items" delete the value in cell K42 per page 125 of Decision (STB rejection of Lake Pontchartrain berm quantities).
5. At worksheet "Other Costs" delete the value in cell G80 per page 110 of the Decision (STB rejection of undercutting costs).
6. At worksheet "Other Costs" change the formula in cell G97 from "=G88+G95+G96" to "G88*(785.1/493.1)" per page 119 of the Decision (STB acceptance of waste ratio used in SunBelt Rebuttal).
7. At worksheet "Other Costs" change cell G105 from "=G102" to "=14,402" per page 119 of the Decisions (STB rejection of NS's land unit costs.
8. At worksheet "Other Items" type 1.54 in cell N38 per page 123 of the Decision (STB acceptance of NS 1.54 weight ratio for masonry walls).
9. At worksheet "Other Items" type "=N37*N38" in cell N39 per page 123 of Decision (STB acceptance of NS 1.54 weight ratio for masonry walls).
10. At worksheet "Other Items" change the formula in cell N49 from "=N37*N44" to "=N39*N44" per page 123 of Decision (STB acceptance of NS 1.54 weight ratio for masonry walls).

Correction To Technical Errors Included in Petition For Reconsideration in STB Decision, *SunBelt v. Norfolk Southern*, STB No. NOR 42130 (served June 20, 2014).

11. At worksheet "Other Items" change cell N50 from "='Gabion Retaining Walls'!E47" to "=N49+P49+R49" per page 123-123 of the Decision (STB rejection of NS costs for timer and tie retaining walls).
12. At worksheet "Other Items" change cell T50 from "=T37*T45" to "=T37*T44" Per page 125 of the Decision (STB acceptance of SunBelt's unit cost for timer piles).

2. Elimination of Undercutting, Over-Excavation, and Gabion Excavation Costs (SunBelt Recon. Pet. Part IV.C.) – To correct this issue, make the following corrections in ""NO.2_STB - SBRR Open Grading NS Reply.xlsx," at worksheet "EW Cost:"
    a. Delete the value in cell M40
    b. Delete the value in cell Q39
    c. Delete the value in cell L41

3. Incorrect Distance For Off-Line Haul of Ballast (SunBelt Recon. Pet. Part IV.D) – To correct this issue, change cell D23 in "No.2_STB - SBRR Track Construction NS Reply_Technical Corrections.xls" at worksheet "Ballast ML Tangent" from "='BALLAST REPLY COST'!O7+'BALLAST REPLY COST'!B14" to "='BALLAST REPLY COST'!B34+'BALLAST REPLY COST'!B14"

4. Unit Costs For Rail Lubricators (SunBelt Recon. Pet. Part IV.E) – To correct this issue, make the following corrections in "No.2_STB - SBRR Track Construction NS Reply_Technical Corrections.xls" at worksheet "Rail Lubricator:"
    a. Change cell C50 from "=8,247.90" to "=sum(C45:C48)."
    b. Change cell C45 from "=6,367.56" to "=C18"

5. Index For Unit Costs (SunBelt Recon. Pet. Part IV.F) – To correct this issue, make the following corrections to ""No.2_STB - SBRR Track Construction NS Reply_Technical Corrections.xls:"
    a. At worksheet "14" Tie Plates:"
        1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"
        2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"

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3. Change the formula in cell E17 from "='VLOOKUP(E16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(E16,'User Input'!$C$28:$F$48,4,FALSE)"

b. At worksheet "14" Tie Plates for Yard Tracks:"
   1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"
   2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"
   3. Change the formula in cell E17 from "='VLOOKUP(E16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(E16,'User Input'!$C$28:$F$48,4,FALSE)"

c. At worksheet "18" Tie Plates:"
   1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"
   2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"
   3. Change the formula in cell E17 from "='VLOOKUP(E16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(E16,'User Input'!$C$28:$F$48,4,FALSE)"

d. At worksheet "Spikes - Tangent up to 3 Deg:"
   1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"
   2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"
   3. Change the formula in cell E17 from "='VLOOKUP(E16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(E16,'User Input'!$C$28:$F$48,4,FALSE)"

e. At worksheet "Spikes - 3 to 6 Deg:"
   1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"

Correction To Technical Errors Included in Petition For Reconsideration in STB Decision, *SunBelt v. Norfolk Southern*, STB No. NOR 42130 (served June 20, 2014).

2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"
3. Change the formula in cell E17 from "='VLOOKUP(E16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(E16,'User Input'!$C$28:$F$48,4,FALSE)"

f. At worksheet "Spikes - Over 6 Deg:"
1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"
2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"
3. Change the formula in cell E17 from "='VLOOKUP(E16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(E16,'User Input'!$C$28:$F$48,4,FALSE)"

g. At worksheet "Anchors - Up to 3 Deg:"
1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"
2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"
3. Change the formula in cell E17 from "='VLOOKUP(E16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(E16,'User Input'!$C$28:$F$48,4,FALSE)"

h. At worksheet "Anchors - Over 3 Deg:"
1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"
2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"
3. Change the formula in cell E17 from "='VLOOKUP(E16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(E16,'User Input'!$C$28:$F$48,4,FALSE)"

i. At worksheet "No. 20 Turnouts:"

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1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"
2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"
3. Change the formula in cell E17 from "='VLOOKUP(E16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(E16,'User Input'!$C$28:$F$48,4,FALSE)"

j. At worksheet "No. 10 Turnouts-136:"
1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"
2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"

k. At worksheet "No. 10 Turnouts-115:"
1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"
2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"
3. Change the formula in cell E17 from "='VLOOKUP(E16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(E16,'User Input'!$C$28:$F$48,4,FALSE)"

l. At worksheet "No. 14 Turnouts-136:"
1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"
2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"

m. At worksheet "Rail Lubricator:"
1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"

Correction To Technical Errors Included in Petition For Reconsideration in STB Decision, *SunBelt v. Norfolk Southern*, STB No. NOR 42130 (served June 20, 2014).

n. At worksheet "Crossbuck:"
   1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"
   2. Change the formula in cell D17 from "='VLOOKUP(D16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(D16,'User Input'!$C$28:$F$48,4,FALSE)"

o. At worksheet "MP and Whistle Post:"
   1. Change to formula in cell C17 from "='VLOOKUP(C16,'User Input'!$C$28:$D$48,2,FALSE)" to "='VLOOKUP(C16,'User Input'!$C$28:$F$48,4,FALSE)"

6. Labor Cost Share for PTC (SunBelt Recon. Pet. Part IV.G.) – To correct this issue, change cell K20 in "No.2_STB - SunBelt C&S Estimate NS Reply.xlsx" at worksheet "Reply PTC" from "=100%" to "=25%."

C. III-H: DCF and SAC RESULTS

1. Bonus Depreciation on 2012 and 2013 PTC Investment (SunBelt Recon. Pet. Part IV.H.) – To correct the lack of application of bonus depreciation in 2012 and 2013, make the following changes to the STB's DCF model, worksheet "PTC:"
   a. At cell AA64, replace the existing formula with the following revised formula "IF(OR(AR9="PTC 2012",AR9="PTC 2013"),(AF27+AF28+AF29+AF30+AF36/2+AF37/2),(AF27+AF28+AF29+AF30+AF36+AF37))."
   b. At cell AN64, replace the existing formula with the following revised formula "IF(OR(AR9="PTC 2012",AR9="PTC 2013"),(AF36/2+AF37/2),0)."

2. Updated Indexes and Forecasts (SunBelt Recon. Pet. Part IV.I.) – See Exhibit Nos. 3 and 4.