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August 5, 2011

By Hand Delivery

Rachel D. Campbell
Director, Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: Total Petrochemicals USA, Inc. v. CSX Transportation, Inc., STB Docket No. 42121

Dear Ms. Campbell:

Enclosed for filing in the above-referenced matter is Defendant CSX Transportation Inc.'s ("CSXT's") Reply Market Dominance Evidence ("Reply"). The filing includes:

1) An original and ten copies of the Highly Confidential version of CSXT's Reply. Material that is designated Highly Confidential pursuant to the Board's June 23, 2010 Protective Order ("Protective Order") is marked with double braces (*e.g.*, "{{ }}"). Material designated Confidential pursuant to the Protective Order is marked with single braces (*e.g.*, "{ }"). These materials should not be placed in the Board's public docket or on its website.

2) An original and ten copies of the Public version of CSXT's Reply. Material that is designated Highly Confidential or Confidential pursuant to the Board's Protective Order is redacted from the Public version. These materials may be placed in the Board's public docket and posted on its website.

3) Three disks containing workpapers and an electronic copy of the Highly Confidential and Public versions of the Reply. CSXT's workpapers are designated Highly Confidential pursuant to the Protective Order, and should not be placed in the Board's public docket or on its website.

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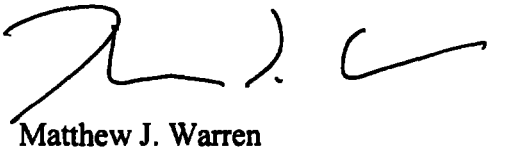
Please stamp one copy of each version of CSXT's Reply to indicate it has been received and filed and return the stamped copies with our messenger for our files. Thank you for your assistance in this matter.

If you have questions, please contact the undersigned.

Very truly yours,



Matthew J. Warren

Enclosures

cc: Jeffrey O. Moreno

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HIGHLY CONFIDENTIAL AND CONFIDENTIAL INFORMATION REDACTED

BEFORE THE SURFACE TRANSPORTATION BOARD

TOTAL PETROCHEMICALS USA, INC. Complainant, v. CSX TRANSPORTATION, INC. Defendant

Docket No. NOR 42121

REPLY MARKET DOMINANCE EVIDENCE OF CSX TRANSPORTATION, INC.

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Dated: August 5, 2011

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PART IV: WITNESS QUALIFICATIONS AND VERIFICATIONS

I. COUNSEL'S ARGUMENT

Few of the facts relevant to the Board's market dominance determination in this case are subject to legitimate dispute. Complainant Total Petrochemicals USA, Inc. ("TPI") does not contend that any TPI facility is "captive" to CSX Transportation, Inc.'s ("CSXT's") rail service – nor could it, because all its U.S. plants are located off CSXT lines. TPI does not contend that the issue movements could not move via truck – it admits that all the issue commodities can be trucked and transloaded, that it ships {{ }} of truckloads of the issue commodities every year, and that it has shipped by truck to customers at {{ }} of the issue destinations. *See* TPI Opening Ex. II-B-11. And for most of the issue lanes TPI does not even claim that its actual out-of-pocket costs for using transportation alternatives are substantially higher than the cost of rail service. Indeed, TPI's own calculations show that the transportation costs of a rail-truck alternative would be less than CSXT's tariff rate on {{ }} lanes, and within $1000 of CSXT's rail rate for another {{ }} lanes.[1] Nor can TPI claim that switching to alternative transportation would require significant infrastructure investment – in fact, it would require no additional infrastructure whatsoever. The necessary transload network and facilities are in place, and indeed TPI already uses many of the transload facilities from which it could serve customers at the issue destinations.

As the Board found when deciding that it would determine the threshold jurisdictional question of market dominance before requiring the parties to submit Stand Alone Cost evidence, the facts of this case "raise considerable doubt that [CSXT] possesses market dominance over some of the traffic at issue." *Total Petrochemicals USA, Inc. v. CSX Transp., Inc.*, STB Docket

[1] *See* CSXT Reply Workpaper ("CSXT Reply WP") "TPI-Calculated Transportation Costs.xls". {{

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No. 42121, at 6 (Apr. 4, 2011). As Complainant, TPI has the burden to dispel that doubt by "establishing the absence of effective competition from other rail carriers or modes of transportation." *E.I. du Pont de Nemours & Co. v. CSX Transp., Inc.*, STB Docket No. 42100, at 2 (June 30, 2008). TPI has failed to meet that burden. In this Reply Market Dominance Evidence, CSXT submits evidence showing that CSXT does not possess market dominance over the transportation in 78 of the 104 lanes at issue in TPI's Complaint.[2] While other lanes whose rail rate TPI challenges are subject to varying types of competition, CSXT has taken a conservative approach, focusing this Reply on the lanes most clearly subject to cost-competitive transloading and truck delivery. CSXT has applied a similarly conservative approach in its cost calculations. Applying the Board's settled methodology and procedures for market dominance determinations, the result is compelling evidence that CSXT is not market dominant over these seventy-eight issue movements and that those lanes should be dismissed from the Complaint.

The commodities at issue in this proceeding are primarily plastic pellets: polyethylene, polystyrene, and polypropylene.[3] All of these commodities are non-hazardous materials that are commonly moved by truck and commonly transloaded between railcars and trucks. CSXT Reply Exhibit II-B-1 is a video exhibit that captures the actual transloading of plastic pellets from a TPI railcar to a truck at a CSX TRANSFLO facility.[4] Similar transloads of TPI products are conducted regularly at CSX TRANSFLO facilities, Norfolk Southern Thoroughbred Bulk

[2] Seventy-eight of the issue movements are subject to intermodal competition from rail-truck transloading alternatives. Five of the lanes are subject to both this intermodal competition and intramodal competition from other rail carriers.

[3] Three of the challenged lanes are movement of liquid products such as styrene or aromatics. While CSXT often faces effective truck competition for movements of these commodities, *see infra* at II-25 (discussing example of transload competition for styrene movement), CSXT has elected not to contest TPI's market dominance evidence for these three lanes.

[4] TRANSFLO is a subsidiary of CSX Corporation that operates a network of 58 terminals for transloading bulk commodities between railcars and trucks.

Terminals, and other transloading facilities across the country. TPI's own workpapers indicate that {{ }} TPI truck shipments of the issue commodities originated at a transload facility in 2010.[5] Every day, therefore, an average of {{ }} trucks are loaded from railcars with a TPI shipment of one of the issue commodities.

In the face of the indisputable fact that alternative transportation for many of the issue movements is both logistically feasible and cost-competitive with CSXT's rail rates, TPI asks the Board to change its longstanding definition of what it means for a carrier to be market dominant. The Board has held that the qualitative market dominance inquiry constitutes a "determin[ation of] whether there are any feasible transportation alternatives that could be used for the issue traffic." *E.I. du Pont de Nemours v. CSX Transp., Inc.*, STB Docket No. 42100, at 2 (June 30, 2008). Importantly, the feasible transportation alternatives do "not have to be capable of handling substantially all or even a majority of the subject traffic." *Aluminum Ass'n v. Akron, Canton & Youngstown R.R. Co.*, 367 I.C.C. 475, 483-84 (1983).

The determination of whether a "feasible transportation alternative[] . . . could be used for the issue traffic" consists of two inquiries: first, whether a physically possible transportation alternative exists for the issue traffic; and second, whether that alternative mode is cost-competitive such that it effectively constrains the carrier's ability to increase the rates of the issue traffic. *See DuPont*, STB Docket No. 42100, at 2-3. The Board's settled market dominance test is problematic for TPI, for there is no question that truck-rail transloading for the plastic pellets at issue is physically feasible and no question that – once a contrived "inventory carrying cost" TPI uses to artificially inflate costs by {{ }} is

[5] *See* CSXT Reply WP "TPI Transload Facility Shipments.xlsx" (extracted from TPI Opening WP "TPI Op Ex II-B-2.xlsx").

eliminated – those transportation alternatives are competitive with CSXT's rail rates for at least seventy-eight of the lanes at issue.

So TPI postulates something new. According to TPI, the Board should presume that CSXT is market dominant over any lane of traffic where a TPI customer has requested that TPI send product by rail. *See* TPI Opening Market Dominance Evidence ("TPI Opening") at II-B-16. On such a lane, TPI would have the Board assume that because "the customers determine the mode" TPI has no choice but to ship via rail, and that CSXT is therefore market dominant. *Id.* According to TPI, it does not matter why a TPI customer allegedly "prefers" rail, how strongly the customer prefers rail, or whether the customer could also receive shipments by truck (or even if it has received shipments by truck!) – any customer "preference" for rail service renders CSXT market dominant.

TPI goes so far as to claim that CSXT is market dominant over shipments to transload facilities if a TPI customer allegedly has "selected" that facility. For example, Lane B-112 challenges CSXT's tariff rates from New Orleans to the CSX TRANSFLO facility in Dalton, Georgia (the same TRANSFLO facility videotaped in CSXT Reply Ex. II-B-1).[6] Norfolk Southern also operates a rail route between New Orleans and Dalton, and there is an NS-operated transloading facility in Dalton within sight of the TRANSFLO facility. *See* CSXT Reply Ex. II-B-1 at 7:40—7:45; CSXT Reply WP "Dalton Transload Locations.pdf". But according to TPI the potential for NS to provide rail service from New Orleans to a transloading facility that is literally next door to CSX's Dalton TRANSFLO facility is not effective competition to CSXT rail service, simply because TPI's customer "selected" the CSX facility. *See* TPI Opening at II-

[6] Lane B-112 is not the only example of a TPI challenge to a rate for a rail delivery to a transload facility. Fifteen of the challenged lanes are lanes where all or some of the issue shipments are shipments to transload facilities: Lanes B-2, B-34, B-38, B-48, B-55, B-60, B-61, B-70, B-97, B-98, B-102, B-104, B-109, B-110, and B-112.

B-27. The statutory market dominance requirement would become a dead letter were the Board to adopt TPI's theory that an alleged subjective "preference" for a particular type of rail service means that objectively feasible and cost-competitive transportation alternatives are not effective competition.

The fundamental flaw in TPI's argument is that it assumes that a customer's "selection" of a particular mode of transportation does not consider the cost of that mode. Indeed, TPI's submission is completely devoid of evidence that any of its customers desire rail deliveries over truck deliveries regardless of price. That omission is fatal. For if a customer who supposedly "prefers" rail service is able to accept competitively priced truck deliveries, then the railroad's ability to price its services will be effectively constrained by that competitive option. Put differently, the fact that a business might have a subjective preference for one mode of transportation does not mean that it would not change that preference if another mode were more cost-effective. No rational economic actor is indifferent to price or cost. And TPI's evidence provides no reason to believe that its customers' preferences would not be influenced by the relative cost of rail shipments vis-à-vis truck shipments.

Indeed, TPI currently prices its products in a way that makes it more expensive for many of its customers to receive products by truck. TPI charges many of its customers a premium for truck deliveries that amounts to {{ }} per truck.[7] TPI's assertion that customers faced with this tiered pricing scheme demonstrate a "requirement" for rail service by picking the lower-priced TPI offering is nonsense. If anything, the opposite is the case. The fact that on many occasions rail-served TPI customers requested truck deliveries despite the fact that

[7] TPI admits in public evidence that its policy is to charge customers more for product delivered by truck than it charges for product delivered by railcar. *See* TPI Opening at II-B-36 ("When TPI's sales contracts have prices for both rail and truck deliveries, the customer must pay a premium for truck delivery.").

TPI charges more for product delivered by truck proves that TPI's customers are sometimes willing to pay a premium for truck service. TPI has not presented any evidence of a TPI customer who paid a similar premium for rail service because of an alleged "preference" for rail delivery.

TPI essentially contends that any conceivable advantage afforded by rail transportation makes the railroad "market dominant" and spends much of its evidence identifying particular customer characteristics that might make a specific customer favor railcar deliveries. *See* TPI Opening at II-B-20 through II-B-27.[8] But every mode of transportation holds various strengths and weaknesses. Truck transportation is typically much faster than rail transportation and trucks require less receiver labor to unload than railcars do.[9] Motor carriers use these competitive advantages to win business. Rail transportation likewise has some competitive advantages, such as the fact that customers can temporarily store product in a railcar. The transportation market for plastic pellet transportation is dynamic, and competition between different railroads and motor carriers is vigorous. CSXT's Reply Market Dominance Evidence provides examples of how TPI and other chemical shippers have used modal options to save on transportation costs and negotiate lower rail rates. *See infra* at Section II.B.2.a.ii. The fact that rail transportation is an attractive option for TPI and some of TPI's customers under some circumstances does not mean that there is no effective competition for the transportation of plastic pellets.

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[8] {{

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[9] For rail shipments, the receiver typically is responsible for unloading the railcar and must provide all necessary labor and equipment for unloading. The labor required to unload a single railcar can amount to more than four person-hours. In contrast, bulk trucks are unloaded by the truck driver using vacuum pneumatic equipment stored on the truck, and the receiver typically does not need to provide any labor or equipment to assist the truck driver with unloading. *See infra* at II-51 through II-52.

To be sure, in other contexts a customer might require rail service instead of truck service – for example, if the customer's facility is only equipped to handle rail deliveries or where the commodities at issue cannot be handled practicably by truck. Such a requirement could be relevant in the market dominance calculus, because if a customer truly cannot accept truck deliveries, then even cost-competitive truck options would be unable to constrain the railroad's pricing. But that is not the case here, where the plastic pellet commodities at issue are easily trucked and transloaded, where TPI alone shipped {{ }} truckloads of the issue commodities in 2010, and where many customers at the issue destinations received truck shipments from TPI. *See infra* at II-29 through II-32.

Without evidence that TPI's customers would require it to ship the issue commodities in railcars regardless of the relative price of truck deliveries, TPI cannot rely on "customer selection" to carry its burden to demonstrate market dominance. TPI's customers are commercial enterprises whose choices are dictated by the economic bottom line. If rail shipments were more expensive than truck shipments, then many of TPI's customers likely would change any "preference" for rail service. That real constraint that truck prices place on CSXT's rail rates plainly constitutes "effective competition from other ... modes of transportation." 49 U.S.C. § 10707(a).

Moreover, accepting TPI's argument that a customer's selection of rail service over truck service renders the railroad market dominant would punish railroads for competing effectively. It is true that some CSXT-served customers in the polymers industry prefer rail service over truck service. That preference did not materialize out of thin air – it is a hard-earned preference that is the result of years of hard work by CSXT commercial and operating personnel to develop reliable and dependable service at competitive prices in a competitive market. And it is a

preference that would vanish if CSXT's service deteriorated or its prices became noncompetitive. The plastics polymers marketplace is one in which CSXT vigorously competes and in which CSXT has won a significant amount of business. But the fact that CSXT has competed successfully for transportation business on a particular traffic lane does not mean that competition for that lane has ceased to exist.

The market dominance test would lose all meaning if all a shipper needed to do was point to a subjective "determin[ation]" by it or its customers to select rail over economically competitive and physically feasible options. TPI Opening at II-B-16. It may be true that TPI has incentivized its customers to favor rail shipments by charging them more for products purchased by truck than for products purchased by railcar. But a complainant must do more to prove market dominance than simply allege that it or its customers have historically shipped most traffic by rail or, under certain conditions, prefer rail deliveries over truck deliveries. If that were enough, complainants could readily manufacture "market dominance" for competitive traffic simply by having (or alleging) a subjective preference for rail.

The reason that TPI must rely so heavily on this flawed argument that a "preference" can create market dominance is because it cannot prove market dominance under ordinary, settled standards for evaluating the effectiveness of competitive alternatives. While TPI has historically relied on rail more often than truck direct and rail/truck options, that is not due to any inherent "requirement" for rail. This is not a case involving high volume coal moves, distances too long for effective truck competition, or commodities ill-suited for transloading or truck handling. These are commodities that TPI and other plastics producers truck and transload every day. And TPI is not "captive" to CSXT in any sense of the word. Nearly all of the issue movements originate at eastern gateways accessible to multiple railroads, and {{ }} TPI customers at

issue destinations have used truck direct or rail-truck transload options in recent years. Indeed, many of the issue movements are movements between one of these competitive gateways and a CSXT-served transloading facility. *See supra* at I-4 & n.6. For such movements CSXT does not serve either the origin TPI plant or the ultimate truck-served customer destination, and CSXT's role as a "middleman" for such movements is inherently subject to competition from other rail carriers that access the same gateways and serve some of the 100+ bulk transloading facilities in the eastern United States capable of transloading the issue commodities. To put it plainly, if CSXT is market dominant over the lanes at issue here, it is hard to imagine when a rail carrier would ever *not* be market dominant over a plastics move.

As the Board considers the market dominance evidence in this case, it should be aware that this is not a case of a helpless shipper at the mercy of a railroad supposedly damaging the shipper's business by extracting monopoly profits. Rather, it is a case of a major multinational corporation with revenues dwarfing those of the entire U.S. freight rail industry that is seeking to increase its already impressive profitability by paying less for rail transportation than its competition does. TPI admits as much when it claims that CSXT took an unreasonable position in contract negotiations by suggesting that the transportation rates paid by other plastic producers were market rates that would be an appropriate guide for TPI contract rates. *See* TPI Opening at I-2 ("[F]or CSXT, a market rate was defined as the highest rate that any other plastic producer has agreed to pay to ship to the same destination."). TPI doesn't want to pay what its competitors pay for transportation of plastic polymers. It brought this case because it wants to pay less.

Indeed, while TPI has vocally complained in this proceeding and others about the alleged pernicious effects of rail rates on its business, transportation costs are only a tiny fraction of its

total cost of sales. CSXT Reply Exhibit I-1 demonstrates that the challenged CSXT tariff rates on average are approximately 2.76% of the total price that one of TPI's customers pays for a hopper car of polypropylene, polyethylene, or polystyrene.

TPI is a major corporation with ample resources that is well positioned to take advantage of transportation alternatives. TPI suggests on several occasions that it is a passive victim of contract rates "imposed" by CSXT and that customer "requirements" force it to ship by rail. For example, TPI claims that several past contracts it agreed to were "dictated" by CSXT and that TPI's agreement to those contracts should somehow be perceived as evidence of CSXT's market power. *See* TPI Opening at I-2 through I-3; *id.* at II-B-35 through II-B-36. Similarly, TPI asserts that it is completely at the mercy of its customers' preferences for particular transportation modes. *See id.* at II-B-16. According to TPI, sales contracts with its customers that refer to railcar deliveries reflect unshakeable customer "requirements" for rail delivery (never mind the fact that {{

}}).[10] *See id.* at II-B-16 through II-B-17. These assertions do not square with reality. TPI is an arm of a large multinational corporation with significant market power, and it is not credible for it to suggest that it has no leverage to negotiate with CSXT over rates or to negotiate with customers over the mode of transportation.

TPI is a wholly owned subsidiary of Total, S.A. ("TOTAL"), a multinational corporation with worldwide oil, gas, and chemicals interests and operations in more than 130 countries. *See* Comments of Total Petrochemicals USA, Inc. at 1, *Competition in the Railroad Industry*, STB

[10] *See, e.g.*, "Customer Contracts" folder in TPI workpapers at {{

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Ex Parte No. 705 (filed Apr. 12, 2011) ("[TPI] is part of Total, S.A. one of the world's top five publicly-traded, integrated oil and gas companies, with operations in more than 130 countries."); *see also* TOTAL At A Glance (2010-2011), *available at* http://www.total.com/MEDIAS/MEDIAS_INFOS/4529/EN/Total-2010-at-a-glance-v2.pdf (included in CSXT workpapers). TOTAL reported 2010 revenues of €159.269 billion – over twenty-five times the total revenues of CSXT that year and more than quadruple the revenues of the entire U.S. freight rail industry.[11] In 2010 TOTAL reported a return on equity of 19%.[12] TOTAL's chemicals segment alone had €17.5 billion in 2010 sales – revenues far higher than those of any Class I railroad.[13] In short, TOTAL is amply able to protect its interests in the marketplace.

The Interstate Commerce Act requires shippers to prove a railroad's market dominance over transportation before challenging the reasonableness of the railroad's rate for that transportation because Congress wished to "allow[] the forces of the marketplace to regulate railroad rates wherever possible." H. Rep. 96-1430, at 89 (1980). Here, TPI is well able to protect its interests in the marketplace, and it could easily use its resources to pursue non-CSXT transportation options. Instead, it seeks to obtain a rate prescription for below-market rates in order to gain a competitive advantage over other plastics producers. But none of the creative devices TPI uses in its evidence can obscure the indisputable facts that it is a participant in a

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[11] *Compare* TOTAL, S.A. Registration Document 2010 at 53, *available at* http://www.total.com/en/investors/publications/annual-publications-601436.html *with* ASS'N OF AMERICAN RAILROADS, RAILROAD FACTS (2010 edition), at 69, 71 (total 2010 operating revenues of CSXT was $8.17 billion and of all Class I railroads was $47.84 billion). As of December 31, 2010 the conversion ratio between Euros and U.S. dollars was €1.34=$1.00.

[12] *See* TOTAL, S.A. Registration Document 2010 at 53.

[13] *See id.* at 4.

dynamic, competitive transportation market and has ample access to alternative transportation for a large number of the issue movements.

Below CSXT briefly summarizes the evidence presented in Part II.[14]

SUMMARY OF EVIDENCE

A. Quantitative Market Dominance

CSXT does not contest that, when using URCS system average variable costs as required by the Board's decision in *Major Issues in Rail Rate Cases*, STB Ex Parte No. 657 (Sub-No. 1), at 60 (Oct. 30, 2006), each of the issue movements generates revenue-to-variable-cost ("R/VC") ratios in excess of the 180% jurisdictional threshold specified by 49 U.S.C. § 10707(d)(1). CSXT does contest TPI's calculations of R/VC ratios, which have been significantly inflated by errors TPI made in determining the distance traveled by the issue traffic. TPI's decision to ignore CSXT's use of multiple routes to handle TPI's traffic and instead to use either a TPI-determined "predominant route" or an estimate from the PC Miler program on which to base its mileages is not reasonable, is inconsistent with Board precedent, and significantly understates the actual mileages of the routes over which CSXT transports TPI's traffic. Moreover, TPI made serious methodological errors in its evidence. In some cases TPI failed to include all the event records for a given shipment and incorrectly assumed that the shipment was shorter than it actually was. In other cases TPI included non-issue movements when attempting to assign CSXT's traffic records to complaint lanes. Section II-A of CSXT's Evidence discusses the errors in TPI's analysis and the more reliable approach used by CSXT to calculate these costs.

[14] CSXT has organized its evidence in accordance with the format set forth in *General Procedures for Presenting Evidence in Stand Alone Cost Rate Cases*, 5 S.T.B. 441 (2001). Section III – the designated section for stand alone cost evidence – is therefore not included.

B. Qualitative Market Dominance

The Board has jurisdiction to determine the reasonableness of a transportation rate only if there is "an absence of effective competition from other rail carriers or modes of transportation for the transportation to which a rate applies." 49 U.S.C. § 10707(a). If a shipper has more than one effective competitive option to transport the traffic at issue, Congress has mandated that the market should determine the rates for that transportation, not the Board. The Board applies this threshold qualitative market dominance test by determining "whether there are any feasible transportation alternatives that could be used for the issue traffic. The Board considers both intramodal competition (from other railroads) and intermodal competition (from other modes of transportation, such as trucks, transload arrangements, barges, or pipelines)." *E.I. du Pont de Nemours & Co. v. CSX Transp., Inc.*, STB Docket No. 42100, at 2 (June 30, 2008). Importantly, a shipper bringing a rate complaint has the burden of proof on the issue of whether there is an absence of effective intermodal and intramodal competition for each lane whose rate it seeks to challenge. *See, e.g., id.* ("[T]he complainant bears the burden of establishing the absence of effective competition from other rail carriers or modes of transportation for the traffic to which the challenged rate applies."). This case presents both types of competition: effective intramodal competition from other railroads for five lanes and effective intermodal competition from rail-truck alternatives for seventy-eight issue lanes.

1. Intramodal Competition

While TPI has withdrawn its challenges to the rates for several of the lanes named in its initial complaint that are subject to competition from other rail carriers, it continues to assert that CSXT possesses market dominance over five lanes where TPI has access to service from other

rail carriers.[15] As explained in Section II-B.1., CSXT's rates for these lanes are subject to effective intramodal competition, and TPI's challenges to those rates should be dismissed for lack of jurisdiction. Each of these lanes presents a similar scenario: CSXT has published a tariff rate to a particular destination that applies to CSXT's rail service to all locations at that destination, including several TPI customer locations. Some of those customer locations are served by rail carriers other than CSXT, and indeed {{

}} However, because one customer location at each destination is solely-served by CSXT, TPI claims that CSXT possesses market dominance over all the transportation in these lanes.

According to TPI, CSXT is market dominant over the transportation for a given movement if any one of the potential receivers for that movement is solely-served by CSXT – even if other receivers have access to other rail carriers and indeed even if {{

}}. TPI is wrong. The challenged CSXT rates are rates to destination cities – not to individual facilities. And the same CSXT rate that applies to dually-served facilities in that destination city also applies to any solely-served facilities. The indisputable intramodal competition to the dually-served destination is an effective constraint on the challenged rate to all the customer locations at the destination. For the Board to hold otherwise would allow TPI to challenge rates that apply to shipments for which TPI plainly has access to service from other rail carriers, in direct violation of § 10707(a)'s command that the Board not determine the reasonableness of any rate subject to effective intramodal competition. The Board does not have jurisdiction over these five lanes and they should be dismissed from the case.

[15] The lanes are B-44, B-67, B-108, B-109, and B-110.

2. Intermodal Competition

Intermodal competition can constitute "effective competition" under § 10707(a) if the intermodal option is logistically feasible and cost-competitive with rail service. *See Market Dominance Determinations*, 365 I.C.C. 118, 133 (1981). Here, the most effective intermodal option available to TPI is rail-truck transportation. Specifically, instead of CSXT receiving TPI railcars at Mississippi River gateways for all-rail transportation to destination, TPI's railcars could be transported by other railroads serving those gateways to rail-truck transloading facilities. At those transloading facilities, vacuum pneumatic trucks can load the issue commodities from the railcars and deliver them to destination. Similar rail-truck transload options are a commonly used alternative to all-rail transportation of the issue commodities, and indeed TPI ships {{ }} amounts of the issue commodities through transload facilities. Rail-truck competitive options like those that TPI is using today provide feasible and cost-effective alternatives for seventy-eight of the issue movements. This effective competition requires dismissal of these lanes for lack of jurisdiction.

Section II-B.2.a. of CSXT's Reply Market Dominance Evidence details the long line of ICC and STB precedent holding that truck service provides effective competition to rail service in a wide variety of situations. Section II-B.2.a. also includes evidence drawn from CSXT's experience in the real-world marketplace of the ways in which trucking and truck-transload alternatives effectively compete with all-rail service in the market for chemicals transportation. Many other plastics shippers and shippers of similar commodities have successfully used transloading to take advantage of their transportation options.

The logistical feasibility of rail-truck competition is definitively shown by TPI's own extensive reliance on trucking and rail-truck transloading to distribute the issue commodities to its customers. Section II-B.2.b. details the evidence of TPI's {{ }} use of trucks and

transload options, including its {{

}} There is simply no question that the issue commodities can be (and are) effectively transloaded into and transported by trucks – TPI uses this sort of rail-truck transloading for {{ }} of shipments annually. Exhibit II-B-1 is a video of a typical rail-truck transload of a TPI car that illustrates both the technical feasibility and the efficiency of the process.

Section II-B.2.c. responds to TPI's main argument for why intermodal rail-truck alternatives do not constitute effective competition: the novel theory that TPI's customers "require" it to serve them by rail and that, because this choice of mode allegedly is made by TPI's customers and not TPI, TPI is forced to use rail service. Even assuming that TPI's customers have a "preference" for rail (and the evidence of any such preference is vanishingly small), TPI's argument rests upon the utterly illogical presumption that a customer's preference for a particular transportation mode is unaffected by the relative costs of rail shipments and truck shipments. For if a customer's preference did respond to the relative price of rail shipments vis-à-vis truck shipments, cost-competitive truck service certainly would constitute an effective constraint on CSXT's rail rates. TPI presented no evidence that its customers would not respond to that sort of economic incentive. Indeed, the only evidence of economic incentives is that TPI makes many customers pay more for truck service than for rail service. *See* TPI Opening at II-B-36 ("When TPI's sales contracts have prices for both rail and truck deliveries, the customer must pay a premium for truck delivery."). That fact demolishes TPI's claim that the Board can somehow discern a customer preference for rail from the relative volume of rail shipments and truck shipments to customers at the issue destinations. The only thing the Board can discern from TPI's evidence is that its customers have a preference for the lowest-cost option. That is

the hallmark of a competitive market, and TPI has presented no evidence that these customers would not respond to an opposite economic incentive if TPI offered truck shipments at cheaper prices than rail shipments.

The whole of TPI's evidence contains only one document that purportedly represents an original, direct statement by a customer showing a preference for rail service. And that document is from a customer {{ }} Perhaps because it recognized that it lacked any other evidence of the customer preferences it claims are "expressed in many ways and [at] many times," TPI Opening at II-B-19, {

} {{

}} And most of the reasons that TPI claims cause customers to "require" rail delivery do not withstand scrutiny, particularly in light of the fact that {{

}} In short, TPI's "customer requirements" theory fails on multiple levels, and the Board should reject it.

Section II.B.2.d. and the exhibits cited in that section present detailed evidence of the costs of the competitive alternatives identified by CSXT expert Gordon Heisler, a chemical logistics expert with more than 35 years of experience in surface transportation and logistics. Mr. Heisler's analysis relies on the transportation costs reflected in TPI's current contracts with rail carriers, motor carriers, and transloading facilities, and confirms that on seventy-eight lanes the total transportation cost of the intermodal options he identified are comparable to the cost of

CSXT's rail service. CSXT Reply Exhibit II-B-5 provides an overview of Mr. Heisler's analysis for each lane, and Exhibit II-B-6 is a map exhibit illustrating the intermodal option proposed for each lane. In addition, Exhibit II-B-2 is a lane-by-lane rebuttal to the allegations in the "Individual Lane Summaries" in TPI Opening Part II-B-4.

TPI attempts to obscure the cost-competiveness of rail-truck transportation alternatives by conjuring "costs" of truck shipments that it does not consider in the real world. TPI cannot dispute that its {{ }} give it ample cost-effective alternatives to CSXT's rail service. Instead, TPI uses a variety of illogical and unsupported assumptions to grossly inflate the cost of truck transportation, such as assuming that TPI in-house personnel will spend five times longer to process a rail-truck shipment than they would for a rail shipment, and assuming that every time a TPI railcar is delivered to a transload yard for truck deliveries to a customer it would take an average of {{ }} before TPI would arrange for trucks to unload it.

Most significantly, TPI manufactured what it calls an "inventory carrying cost," which TPI claims imposes an additional cost of {{ }} per shipment. According to TPI, its practice is to issue an invoice for product shipped via all-rail transportation when it ships the rail car from its plant, but to not issue an invoice for product shipped through a rail-truck transload facility until the truck is loaded at the transload facility. TPI claims that this delay in issuing invoices causes {{ }} "inventory carrying costs." In the first place, a "cost" created by a quirk of TPI's invoicing practices is plainly not a real-world cost that the Board should take into consideration. TPI does not point to any accounting rule or principle requiring this invoicing practice, and CSXT's witness John McGrath shows there is none. This supposed "inventory carrying cost" therefore should be dismissed out of hand. Indeed, this is plainly a

cost that TPI made up for the purposes of this litigation – not a cost for which TPI accounts in the ordinary course of business. {{

}}

Finally, in Section II.B.3.a. CSXT responds to TPI's argument that CSXT is market dominant regardless of whether the costs of feasible rail-truck alternatives are comparable to CSXT's rail rates. According to TPI, if the Board does not accept TPI's transparent gimmicks to inflate the costs of transloading options and instead recognizes that transloading options are cost-competitive with CSXT's tariff rates, the Board should conclude that "the fact that some transload rates are less than or comparable to CSXT's rates merely demonstrates that CSXT has priced up to the nearest, higher cost alternative." TPI Opening at II-B-35. This "heads I win, tails you lose" argument is plainly not consistent with Board precedent – indeed, if TPI were correct, it would be impossible for the Board to ever find that intermodal competition precluded a finding of market dominance. Section II.B.3.b. addresses TPI's incorrect argument that market

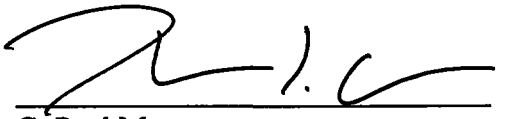
dominance is demonstrated by CSXT's increases in rail transportation rates since 2006 {

}. In Section II.B.3.c. CSXT responds to TPI's purported attempt to compare CSXT's variable costs to the variable costs of trucks and transload facilities. This supposed internal cost comparison is both irrelevant and utterly unreliable because of TPI's use of unsupported and ludicrously inflated assumptions. Finally, Section II.B.3.d. rebuts TPI's last-ditch argument that the R/VC ratios of the issue movements prove CSXT's qualitative market dominance.

CONCLUSION

As summarized above and demonstrated in detail below, TPI has failed to establish that CSXT possesses market dominance over transportation for the five lanes subject to intramodal competition and the seventy-eight lanes subject to effective intermodal competition. The Board does not have jurisdiction over these lanes, and TPI's challenge to CSXT's rates for those lanes should be dismissed from the case with prejudice.

Respectfully submitted,



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Dated: August 5, 2011

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of August, 2011, I caused a copy of the foregoing Reply Market Dominance Evidence of CSX Transportation, Inc., including Narrative, Exhibits and electronic workpapers, to be served by hand-delivery on the following counsel for TOTAL Petrochemicals USA, Inc.

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II. MARKET DOMINANCE

As the Complainant in this proceeding, TPI has the burden to prove that CSXT possesses market dominance over the transportation for each of the movements at issue. *See, e.g., E.I. du Pont de Nemours & Co. v. CSX Transp., Inc.*, STB Docket No. 42100, at 2 (June 30, 2008) ("*DuPont (Chlorine)*")[1] ("[T]he complainant bears the burden of establishing the absence of effective competition from other rail carriers or modes of transportation for the traffic to which the challenged rate applies."); *Government of the Territory of Guam v. Sea-Land Serv., Inc.*, STB Docket No. WCC-101, at 6 (Feb. 2, 2007) ("In rail cases, because a finding of market dominance is a threshold jurisdictional requirement, we place the burden of proof on the shipper to show that there is not effective competition.").

Because of the substantial gaps and deficiencies in TPI's evidence (which are detailed below), it should be emphasized that TPI was required to present all its market dominance evidence in its opening filing and that it is not permitted to supplement its evidence on rebuttal with evidence that could have been presented earlier. As the Board explained in *General Procedures for Presenting Evidence in Stand-Alone Cost Rate Cases*, 5 S.T.B. 441 (2001):

> [T]he party with the burden of proof on a particular issue must present its entire case-in-chief in its opening evidence. Rebuttal presentations are limited to responding to the reply presentation of the opposing party. Rebuttal may not be used as an opportunity to introduce new evidence that could and should have been submitted on opening to support the opening submissions. New evidence improperly presented on rebuttal will not be considered.

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[1] To avoid confusion, citations to the Board's three 2008 decisions in the *DuPont v. CSXT* Three Benchmark cases will identify the commodity at issue: *e.g.*, the decision in STB Docket No. 42099 will be cited as *DuPont (Plastics)*, the decision in STB Docket No. 42100 will be cited as *DuPont (Chlorine)*, and the decision in STB Docket No. 42101 will be cited as *DuPont (Nitrobenzene)*.

Id. at 445-46 (emphasis added). Here, TPI's case-in-chief falls far short of demonstrating that CSXT possesses market dominance over at least seventy-eight of the issue movements.

A. QUANTITATIVE EVIDENCE

CSXT does not contest that, using the challenged rates and 2009 URCS system average variable costs, each of the issue movements generates revenue-to-variable-cost ("R/VC") ratios in excess of the 180% jurisdictional threshold specified by 49 U.S.C. § 10707(d)(1). However, a number of TPI's R/VC calculations have been significantly inflated by errors TPI made in determining the distance traveled by the issue traffic. TPI's decision to ignore CSXT's use of different routes to handle TPI's traffic and instead select a so-called "predominant" route is not analytically sound or consistent with real-world operations. And TPI made numerous errors when implementing this flawed approach, such as (1) failing to include all the event records associated with its shipments, and (2) including shipments to or from locations that do not correspond with the specific complaint lanes. Moreover, for some lanes TPI abandons real-world traffic altogether in favor of outputs from the PC Miler program, an approach that is inconsistent with both Board precedent and the undisputed real-world routes of movements over those lanes. By systematically understating mileages and thereby underestimating variable costs, TPI has manufactured many of the high R/VC ratios about which it complains. To take one example, TPI calculates a 1050% R/VC for Complaint Lane B-51 using PC Miler; using the actual mileages from CSXT's detailed discovery records produces an R/VC of 331%. Because TPI's qualitative market dominance evidence relies in part on these allegedly excessive R/VC

ratios, and because the R/VC ratios of the issue movements are an important factor in other calculations that could be necessary in this case, CSXT addresses these errors below.[2]

1. Traffic and Operating Characteristics

The Board established in *Major Issues* that the system-average variable costs of the issue movements are to be calculated by using the unadjusted URCS Phase III movement costing program. *See Major Issues in Rail Rate Cases*, STB Ex Parte No. 657 (Sub-No. 1), at 60 (Oct. 30, 2006) ("The variable costs used in rate reasonableness proceedings will be the system-average variable cost generated by URCS, using the nine movement-specific factors inputted into Phase III of URCS."). The nine operating characteristics required for the URCS variable cost calculation are (1) the railroad; (2) loaded miles; (3) shipment type; (4) number of freight cars per train; (5) tons per car; (6) commodity; (7) type of movement; (8) car ownership; and (9) car type. *See Kansas City Power & Light v. Union Pac. R.R. Co.*, STB Docket No. 42095, at 6 (May 16, 2008).

Here, the parties have reached agreement on seven of the nine operating characteristics: the only disagreements concern mileages and tons per car. *See* Joint Submission of Operating Characteristics (filed Nov. 29, 2010). TPI's determination of the mileages is riddled with technical and methodological shortcomings that cause incorrect figures for many of the complaint lanes. Because TPI calculates tons per car from an average of the shipments that it identified for purposes of calculating mileages, correcting TPI's mileage errors produces slightly different tonnage results.

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[2] The evidence in Part II-A is sponsored by Mr. Benton Fisher of FTI Consulting. His experience and qualifications are detailed in Part IV.

a. TPI's "Predominant" Route Fails to Account for Alternative Routes that CSXT Uses to Handle TPI's Traffic.

CSXT produced traffic records to TPI in discovery that include detailed information about all TPI shipments handled by CSXT, including specific information about routing, mileages, and lading weights. This real-world traffic data naturally contains some variations. Traffic travels over different routes, railcars are loaded to different weights, and shipments between the same origin and destination otherwise will not precisely mirror each other. In real-world railroading, traffic does not always move on the shortest rail route between origin and destination. This is particularly true for carload traffic like the TPI movements at issue here, which often must be transported to one or more classification yards to be blocked and assembled into the appropriate trains for delivery to destination. CSXT has thousands of customers besides TPI, and it has designed a network to balance the needs of all those customers and deliver traffic as efficiently as possible. Moreover, CSXT's network is dynamic, which means that traffic between the same origin and destination ("O-D pair") may be routed differently at different times. Again, this is particularly true for low-volume carload movements like TPI's that do not move in dedicated unit trains and instead must be combined with other shippers' traffic to build a full train. Particular circumstances and network demands may make it more efficient for TPI's traffic to be moved via one route at one time and over another route at another time.

Because TPI's traffic often moves via different trains and different routes, the most reliable way to determine what mileage should be used in the URCS Phase III model for a particular movement is not to select the lowest mileage move that has traveled between that O-D pair. Nor is it to select the highest mileage move. Nor would it be reliable to select the most commonly-used routing and discard other movements. The most reliable and representative approach is to take a weighted average of mileages for <u>all</u> the movements of TPI traffic between

that O-D pair. That is the approach CSXT has taken to calculating this operating characteristic. To account for the fact that some routings are used more than others, CSXT has calculated a weighted average that reflects the relative frequency of each routing.[3] CSXT's approach is supported by both logic and Board precedent. For example, in *FMC Wyoming Corp. v. Union Pacific Railroad Co.*, 4 S.T.B. 699, 748-49 (2000), the evidence showed that 83% of the FMC cars at issue traveled on a route that was 48.7 miles longer than the other 17%. Faced with this evidence that the cars at issue regularly traveled on two routes with different mileages, the Board did not simply pick the shorter route for purposes of determining variable costs. Nor did it only use the longer "predominant" route. Instead, it used a weighted average that recognized that 83% of the movements took the longer route and 17% did not. *See id.* at 749 ("we accept [a] 48.7-mile additive for 83% of FMC's traffic"). Here, too, a weighted average that reflects the different routings of TPI traffic and the relative frequency of those routings is the most reliable and accurate way to determine mileage characteristics for the issue movements.

According to TPI, it used a "predominant route" approach to calculate mileages because CSXT's historical traffic data includes "significant variations in route miles for identical origin/destination pairs." TPI Opening at II-A-3. TPI claims that these variations must be the result of "misroutes, other errors, or data anomalies" and purports to correct them by assuming that the mileage on the most-commonly used route is the proper mileage for URCS purposes and ignoring the rest of the data. *Id.* at II-A-3-4. As explained in detail below, much of the variation

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[3] An example may help to illustrate the difference between simple averages and weighted averages. If there are ten movements between a particular O-D pair, seven of which moved over a 400-mile route and three of which moved over a 1000-mile route, a simple average of the two routings would be 700 miles. A weighted average (accounting both for the greater frequency of the 400-mile route and for the fact that some moves took the longer route) would be 580 miles. TPI's simplistic predominant route approach would ignore the three 1000-mile moves and assume that the O-D pair had a mileage of 400.

is the function of two flaws in TPI's analysis: (1) failing to include all the event records for a shipment; and (2) assigning shipments reporting other origins or destinations to a complaint lane. Both of these errors caused TPI to assume broader mileage ranges and more different "routes" for many lanes.[4] Further, as demonstrated above, the fact that a carload movement takes different routes at different times is not presumptively a "misroute" or a "data anomaly" – it is a simple fact of real-world railroading on a carload network. TPI's claims that any movements not using its predominant route must be misroutes or data errors are particularly absurd in light of the fact that 56 of its "predominant routes" – more than 50% of the issue movements – were used for less than half of the TPI traffic moving between that O-D pair. Indeed, for one-fifth of the issue movements TPI's "predominant" route was used for only a quarter of the traffic or less, and for two lanes it was used for just 8%![5] For example, for Lanes B-31 and B-36, TPI derives its mileage estimate exclusively from the 8% of movements over its "predominant route" and thus completely ignores the mileages for over 90% of TPI movements over those lanes. Lanes B-3 and B-43 present another example of the myopia of TPI's approach. For those lanes, TPI identified the predominant route of 555 miles based on { } carloads – 23% of the total traffic for those lanes.[6] TPI's workpaper indicates that there were { } carloads at 598 miles, or 21% of

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[4] In fact, TPI's workpapers indicate that its approach resulted in more than 900 lane-mileage combinations. TPI Opening WP "TPI Complaint Traffic Miles and Tons Summary.xlsx," worksheet "Predom. Miles 1Q-2Q10 – STCC". This source of TPI's observed "variation" is reduced by more than 70% when the incomplete event records and misassigned locations are corrected. *See* CSXT WP "CSXT Reply-Complaint Traffic Summary.xlsx," worksheet "Predom. Miles 1Q-2Q10 – STCC".

[5] *See* TPI Opening Ex. II-A-5 {

}.

[6] TPI Opening WP "TPI Complaint Traffic Miles and Tons Summary.xlsx," worksheet "Predom. Miles 1Q10-2Q10 - STCC"

those lanes' shipments.[7] Despite the fact that only one carload separates these routes, TPI completely ignores the longer distance and bases its variable costs and R/VC calculations solely on 555 miles. The result of TPI's predominant route approach is that nearly 60% of the traffic records for issue movements are completely ignored by TPI for purposes of calculating the mileages for those movements. This approach is plainly inferior to CSXT's actual-mileage approach, which both incorporates data for a much greater percentage of the issue movements[8] and weights that data to reflect the relative frequency of different routings that are used by TPI's shipments.

If there were any doubt that TPI adopted its "predominant route" approach as a mechanism to artificially depress mileages and drive up R/VC ratios, that doubt is removed by considering what TPI has done for lanes where two routes were used an equal number of times. In eighteen lanes, TPI made a predominant route determination based on only two car movements, each of which represented 50% of the shipments and thus each of which could lay claim to being the "predominant route." In every case, TPI picked the lower-mileage lane as the "predominant" route.[9] A similar situation exists for twelve other lanes for which TPI identified three or more mileages that appeared in equal proportions. Where TPI found 3 carloads at 3 different mileages and determined they each accounted for 33% of the moves, or 5 carloads at 5 different mileages with each accounting for 20%, TPI relied upon the shortest distance, despite

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[7] *Id.*

[8] A very small fraction of the traffic records may represent data errors. CSXT has excluded these data anomalies from its mileage calculations by requiring a route to account for 10% of a lane's traffic. Under CSXT's approach, the mileage calculations incorporate an average of 90% of the traffic across the Complaint lanes, contrasted with less than 50% for TPI.

[9] *See* TPI Opening Ex. II-A-5, at Lanes { }

that fact it was not "predominant."[10] This bias artificially manipulates TPI's variable cost and R/VC results and should be rejected.

b. TPI Failed to Include All the Event Records Associated with the Issue Traffic Shipments.

For the reasons described above, TPI's predominant route approach is a flawed method to estimate mileages for the carload traffic at issue in this case and is demonstrably inferior to CSXT's approach. But the problems with TPI's methodology do not end there. It also made two significant errors in implementing its predominant route approach. First, it failed to account for all the event records associated with the issue shipments (and thus significantly understated the mileages of those shipments). Second, it mistakenly included several movements in its analysis that are not movements between issue origins and issue destinations. These errors are further reason for the Board to reject TPI's approach.

At TPI Opening Evidence II-A-2 through II-A-4, TPI described the process it followed to use the detailed traffic records that CSXT produced in discovery to identify the issue traffic records. The traffic records included the car waybill database (which among other things contains the customer information necessary to identify TPI railcars) and the car event database (which among other things contains mileage information). For TPI's traffic, a carload shipment is typically associated with a single record in the car waybill database. But that shipment can have multiple records in the event database, which presents movement detail at a segment-by-segment level, following the car along the route traversed. Because miles are reported separately on individual event records, all of the event records for a given shipment must be included in order to capture all of the segments and miles from origin to destination.

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[10] *See* TPI Opening Ex. II-A-5, at Lanes { }.

In many cases, TPI did not consider all the event records associated with a shipment when determining the total miles associated with a given car waybill shipment. Because of this omission, TPI understated the number of miles actually traversed, which results in an understatement of the "Low" end of the mileage range that TPI presents in Exhibit II-A-5, thereby overstating the range.[11] For example, TPI identifies 133 miles as the low end of the range for Lanes B-10, B-53, and B-74, which include shipments from Memphis to Vine Hill, TN. TPI's workpapers reveals that it included only a subset of the event records in the CSXT data for this shipment. Specifically, TPI's mileage total was based on records with Car Sequence Numbers 5 and higher, and did not include records with Sequence Numbers 3 and 4.[12] The event records that TPI omitted are associated with the portion of the movement from Memphis to McKenzie, TN, and represent 111 miles.[13] By not including these event records, TPI's miles are based on only the movement from McKenzie and do not account for the distance the car travels from Memphis, the CSXT origin for the issue traffic. Further, there are lanes for which TPI's "predominant" mileage was based on a group of such shipments for which TPI did not include all the event records, which resulted in understated variable costs and overstated R/VC ratios.[14]

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[11] This error contributes to the "significant variations in route miles for identical origin/destination pairs" that TPI observed. TPI Opening at II-A-3.

[12] *See* TPI Opening WP "CSXT CarEvents Data for TPI Traffic 1Q09 to 2Q10.xlsx," worksheet "FINAL_TPI_CarEvents & Lookups".

[13] *See* CSXT Reply WP "CSXT Event Records for Memphis Example.pdf".

[14] *See* CSXT Reply WP "CSXT Reply-Complaint Traffic Summary.xlsx," worksheet "TPI_Predominant_Miles".

The calculations in CSXT's workpapers correct TPI's incomplete mileages by incorporating all the event records associated with each shipment that TPI identified.[15]

c. TPI Erroneously Included Records of Movements between Locations that are Not the Issue Traffic Origins or Destinations.

When attempting to assign CSXT's traffic records to specific Complaint lanes, TPI included shipments that did not move between the issue traffic's origin and destination. The CSXT event records identify the locations of operating origins and destinations, which may reflect different reporting points within a given terminal or area. For example, shipments from Memphis may report an "ON_NET_ORIG" of Memphis, Memphis TN Yard, or Johnston Yard. TPI's workpaper indicates that TPI also included event records from Birmingham, AL for its Memphis lanes.[16] Birmingham is more than 200 miles from Memphis and is closer to many CSXT stations in the Southeast than Memphis is. As a result, mileages from Birmingham records understate the actual distance from Memphis and create understated variable costs and overstated R/VCs. CSXT's workpapers identify the erroneous TPI location mapping that incorrectly assigns to Complaint lanes shipments that are not issue traffic.[17]

d. TPI's Use of PC Miler-Generated Routes In Lieu of Actual Mileages Should Be Rejected.

Still worse, TPI abandons its "predominant route" approach for five lanes because it unilaterally decided that the actual routes over which its traffic moved were too long.[18] For these

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[15] *See* CSXT Reply WPs "CSXT Event Records for TPI Shipments.txt" and "CSXT CarWaybills and CarShipments Data for TPI Traffic 1Q09 to 2Q10-updated.xlsx," worksheet "Revised Miles".

[16] *See* TPI Opening WP "CSXT Car Waybills and Car Shipments Data for TPI Traffic 1Q09 to 2Q10.xlsx," worksheets "Origins" and "3) CarWaybills with Lookups".

[17] *See* CSXT Reply WP "CSXT TPI Updated Locations.xlsx".

[18] *See* TPI Opening Ex. II-A-5 at Lanes { }

lanes, TPI rejected the real-world traffic movement records entirely and instead used calculations from the PC Miler program. After reviewing the CSXT traffic records, TPI does not dispute that the mileages shown by the data accurately reflect how this traffic moves in the real world. Nor does it argue that there is a specific, more efficient routing that CSXT should use for these cars. Instead, it simply asserts that because the real-world routings are a certain degree longer than PC Miler-calculated mileages, the routes assumed by PC Miler should be used.

The Board has rejected past attempts to substitute PC Miler-calculated mileages for actual mileages derived from a railroad's traffic data. *See, e.g.*, *DuPont (Chlorine)*, STB Docket No. 42100, at 18 n.53 (June 30, 2008) ("For purposes of calculating the variable cost of the issue movements, we use actual mileage (as used by the carrier), not the mileage from the 'PC*Miler/Rail' program (as used by the shipper)."). And indeed there can be little dispute that real-world movement records are the best source to determine the actual mileage of the movements at issue. *See FMC Wyoming*, 4 S.T.B. at 748-49.

TPI claims that it is using PC Miler routings for five movements because the real-world routing is "extremely circuitous," and specifically cites the three Memphis-Gallaway lanes (B-51, B-69, and B-100) as allegedly unreasonable routings. TPI Opening at I-4 through I-5. But the real-world routings of these movements is not a mistake or "misroute" – the routings about which TPI complains are expressly provided by CSXT's trip plans for these movements (which were produced to TPI in discovery).[19] In the real-world network plan that CSXT developed to best serve the needs of all its customers, {

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[19] *See* CSXT WP "Gallaway Jackson Trip Plans.pdf"

In contrast, TPI effectively assumes that CSXT operations will dedicate a train to deliver TPI's cars from interchange at Memphis directly to Gallaway. That assumption is plainly unreasonable, for any mileage estimate for a carload movement must take into account the need for that movement to move to and from appropriate classification yards. {

} TPI's assumption that its traffic will move directly from Memphis to Gallaway without the need for either classification or a local train to carry that traffic is plainly unreasonable.

TPI shipments to Gallaway are extremely infrequent. In the past three years TPI shipped a total of { } railcars to Gallaway – an average of { } On the rare occasions when a TPI car bound for Gallaway arrives at the Memphis interchange, it is reasonable and efficient for CSXT to move that car with its regular flows of traffic to yards where the train can be worked and the TPI car can be blocked into the local train serving Gallaway.

TPI's attempt to ignore real-world mileages in favor of shorter PC Miler options on the ground that the real-world mileages are too "circuitous" is effectively a movement-specific adjustment to variable costs that is forbidden by *Major Issues*. *See Major Issues*, STB Ex Parte 657 (Sub-No. 1), at 60. TPI's mileage calculations are incomplete, include non-issue traffic

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[20] Materials CSXT produced to TPI in discovery show that CSXT maintains much more extensive yard operations in Nashville than Memphis. Specifically, this information demonstrates that CSXT handles or switches an average of { } cars daily at its two major Nashville locations, nearly { } times the total reported for three Memphis locations. *See* CSXT Reply WP "Yard Matrix.xls," which was produced to TPI on October 15, 2010 at CSX-TPI-C-DVD-063.

shipments, and do not account for the actual mileages traveled by TPI's traffic, and the Board should reject them.[21]

e. TPI's Lading Weights Should Be Rejected.

Because TPI draws its lading weight estimates from records for the subset of movements used in its "predominant route analysis," those estimates should be rejected as well. In addition to the relatively minor differences in lading weights resulting from the parties' shipment records, CSXT notes that TPI incorrectly calculated an overall average that it used for { } Complaint lanes with no 2010 shipments. TPI Opening WP "TPI Complaint Traffic Miles and Tons Summary.xlsx," worksheet "T&O." When calculating that average, TPI included records for which it found no lading weight, which artificially suppressed the average from 100 to 97 tons. *Id.*, worksheet "Lading Tons". Like TPI's other errors, this error contributed to TPI's calculation of artificially low variable costs and its overstatement of R/VC ratios

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Exhibit II-A-1 sets forth the loaded mileages and tonnages that CSXT calculated as described above and compares them to TPI's inputs for each of the issue movements.

2. Variable Costs

Exhibit II-A-2 presents the variable costs and resulting R/VC ratios for the 4th quarter 2010 that CSXT calculated based on the above operating characteristics from Exhibit II-A-1 and the 2009 URCS. This Exhibit also compares CSXT's results to TPI's corresponding calculations from TPI Opening Exhibit II-A-1. Similarly, Exhibits II-A-3 and II-A-4 present the variable cost

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[21] In addition, there are { } lanes for which TPI identified no issue traffic and relied upon PC Miler for the mileage inputs for calculating variable costs and R/VC ratios. *See* TPI Opening Ex. II-A-5, Lanes { }. CSXT developed mileages for these lanes from the detailed Trip Plans that were produced for these lanes, which identify the actual CSXT operations, including routes and train assignments, that would be used to move the traffic.

and R/VC results and comparisons to TPI's figures for the fourth quarter 2010 and the first quarter 2011, respectively.

B. QUALITATIVE MARKET DOMINANCE

The Board has jurisdiction to determine the reasonableness of a transportation rate only if there is "an absence of effective competition from other rail carriers or modes of transportation for the transportation to which a rate applies." 49 U.S.C. § 10707(a). The current statutory requirement removing the Board's jurisdiction to consider the reasonableness of rates for movements subject to effective competition did not arise by accident. Rather, it reflects Congress's response to a sclerotic regulatory process in which the Interstate Commerce Commission had sweeping authority to review the reasonableness of every tariff rate and in which proposals to change tariff rates were commonly met with protests and often-extensive regulatory proceedings. Even where the transportation at issue was subject to effective market competition, the ICC often substituted its regulatory judgment for those market rates. The result was an intrusive regulatory scheme that significantly impeded railroads' ability to secure adequate revenues and that Congress found contributed to the financial crisis that brought the railroad industry to the brink of collapse.[22]

Congress acted to correct this regulatory overreach by removing the agency's authority to determine the reasonableness of a rate that was subject to effective competition from either other railroads or other modes of transportation such as trucks, barges, and vessels. *See* 49 U.S.C. § 10707(a), *adopted in* Railroad Revitalization and Regulatory Reform Act of 1976, Pub. L. No.

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[22] *See* Senate Report No. 94-499, at 2 (1976) (report on Railroad Revitalization and Regulatory Reform Act of 1976 finding that "[t]he cumbersome, slow process of making rates" was one of the ICC regulations that "has drastically slowed change needed in the industry and discouraged innovation and investment in the industry").

94-210, § 202(b, c), 90 Stat. 31, 35 (1976). In those competitive situations, Congress concluded that "competition [should] be recognized as the best control on the ability of railroads to raise rates." H. Rep. 96-1430, at 89 (1980); *see Potomac Elec. Power Co. v. Consolidated Rail Corp.*, 367 I.C.C. 532, 536 (1983) (discussing strong congressional intent that market dominance test limit ICC's rate reasonableness jurisdiction and recognizing that Congress intended to "allow[] the forces of the marketplace to regulate railroad rates wherever possible"). When there is more than one effective competitive option for transportation of traffic at issue, Congress has mandated that the market should determine the rates for that transportation, not the Board. *See Consolidated Papers, Inc. v. Chicago & N.W. Transp. Co.*, 7 I.C.C.2d 330, 336 (1991) ("Congress has decided that, to the greatest extent possible, railroad rates should be governed by competitive forces.").

The Board applies this statutory limitation on its jurisdiction by assessing "whether there are any feasible transportation alternatives that could be used for the issue traffic. The Board considers both intramodal competition (from other railroads) and intermodal competition (from other modes of transportation, such as trucks, transload arrangements, barges, or pipelines)." *DuPont (Chlorine)*, STB Docket No. 42100, at 2 (June 30, 2008). As the Complainant, TPI has the burden to prove that none of those options are feasible alternatives to CSXT rail service. *See id.* It cannot meet that burden here. As discussed below, there is effective intramodal competition for five lanes and effective intermodal competition from rail-truck alternatives for seventy-eight lanes at issue in this case.

CSXT's Reply Evidence includes several Exhibits that illustrate the competitive options available for the Issue Movements. CSXT Reply Exhibit II-B-2 contains a detailed discussion of each lane for which CSXT's evidence demonstrates an effective competitive alternative,

including a description of that alternative and a rebuttal to the "individual lane summaries" in TPI Opening Part II-B-4. CSXT Reply Exhibit II-B-3 describes the intramodal competitive options available for five lanes of TPI traffic, and Exhibit II-B-5 is a similar table describing the rail-truck transloading alternatives available on seventy-eight individual TPI lanes. CSXT Reply Exhibits II-B-4 and II-B-6 are sets of maps that respectively illustrate the intramodal and intermodal competition detailed in Exhibits II-B-3 and II-B-5.

1. Intramodal Competition

TPI's initial Complaint identified a number of lanes in which CSXT's rail service is subject to direct intramodal competition from other rail carriers. Two of those lanes were dropped shortly after CSXT pointed this rail-to-rail competition out in its Motion for Expedited Determination of Jurisdiction Over Challenged Rates. *See* Second Amended Complaint (filed Oct. 4, 2010) (*inter alia*, removing challenges to Lanes 40 and 47). However, TPI has chosen to maintain its challenge to five lanes for which there is a competitive all-rail alternative to CSXT's rail service. The existence of that competitive option effectively constrains CSXT's rail rates and precludes a finding of market dominance.

TPI does not question that the existence of alternative rail service from origin to destination constitutes effective competition. Nor could it. CSXT is not aware of any case in which the Board or ICC has held that direct rail competition was not "effective competition" for purposes of § 10707(a), and indeed the Board has implied that a complainant with access to more than one railroad cannot demonstrate market dominance. *See Arizona Pub. Serv. Co. v. Atchison, Topeka & Santa Fe Ry. Co.*, 2 S.T.B. 367, 374 (1997) (intramodal competition did not exist because it would not be feasible to construct connecting track to another rail carrier). Moreover, TPI has presented no evidence to support the proposition that alternative rail service

would not constitute effective competition. Rather, TPI's market dominance evidence is almost exclusively based on its assertions that its customers "require" it to serve them via rail and on claims that rail-truck service would not be suitable for the issue movements.

The five lanes for which intramodal competition exists are Lanes B-44, B-67, B-108, B-109, and B-110.[23] The specific details of that intramodal competition are provided below:

- **Movement B-44: East St. Louis – Sidney, Ohio**: NS provides direct rail service from East St. Louis to Sidney. TPI's shipments to Sidney are delivered to Advanced Composites, which receives deliveries both at its facility and at a lease track in the area. Advanced Composites' facility can be served by NS through reciprocal switching; the leased track is in a CSXT yard and is not open to NS.[24] {{
  }} *See* CSXT Reply Ex. II-B-7 at 4.

- **Movement B-67 and B-108[25]: Chicago – Akron**: TPI ships product to a number of customers in Akron, several of whom are served by the Wheeling & Lake Erie Railroad Co. ("WE") and the Akron Barberton Cluster Railway Co. ("AB"). For these TPI customers NS can provide direct rail service from Chicago to Bellevue, OH for interchange to the WE, which interchanges with the AB at Barberton. While TPI suggests that its only customer in Akron is { } (which is served by CSXT and not by WE or AB), in fact TPI has {{
  }} *See* CSXT Reply Ex. II-B-7 at 1-2.

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[23] Each of these lanes also have competitive rail-truck transload options that are addressed in Section II.B.2.

[24] TPI's discussion of a now-resolved dispute over whether the leased track was or was not open to reciprocal switching is not relevant. *See* TPI Opening at II-B-10 through 11. What is important is that there is no dispute that Advanced Composites' facility can be served by NS through reciprocal switching, and indeed that {{
}} As discussed below, the indisputable rail-to-rail competition to this Advanced Composites facility in Sidney effectively constrains CSXT's rates to Sidney.

[25] The only difference between Lanes B-67 and B-108 is the commodity – Lane B-67 is polypropylene and Lane B-108 is polyethylene. The challenged CSXT tariff rate is the same for both commodities.

- **Movements B-109 & B-110[26]: Chicago to Lima, Ohio:** NS can provide direct rail service from Chicago to Lima for interchange with the Indiana & Ohio Railway ("IORY"). TPI's shipments to Lima are typically directed to Luckey Logistics, which operates a facility open to both CSXT and IORY and another facility only served by CSXT. TPI represents in its evidence that its customers always "direct" it to ship to the facility served by CSXT alone, but the facts show otherwise. {{

}} *See* CSXT Reply Ex. II-B-7 at 2-4 ({{

}}).

For each of these lanes, the challenged rates apply to both the dually-served destination and the singly-served destination. CSXT's tariff rates are not customer-specific rates – they are destination-specific rates. CSXT's rate for TPI's plastic pellet shipments from Chicago to Akron therefore applies to all TPI customers in Akron – both the customer who only has access to CSXT and the customers who have access to both CSXT and other rail carriers. Similarly, CSXT does not have one tariff rate for the Luckey Logistics facility in Lima that is open to NS and another rate to the facility solely served by CSXT. The same rate applies to both.

According to TPI, CSXT is market dominant if any customer facility to which a CSXT tariff rate applies is solely served by CSXT, regardless of whether CSXT's service to other customers is subject to intramodal competition. That claim badly misconstrues the purpose of the market dominance test: to determine whether "the carrier's ability to increase the rates of the issue traffic" is effectively constrained by competitive options. *DuPont (Chlorine)* at 3. TPI could not legitimately contest that NS's rail service to the Lima facility it serves is effective competition that constrains CSXT's rail rates to serve that facility. But that competition-

[26] The only difference between these two lanes is that Lane B-109 is polyethylene and Lane B-110 is polypropylene. The same CSXT tariff rate applies to movements of either commodity.

constrained rate is the same rate for the Lima facility served only by CSXT. The indisputable rail-to-rail competition to the dually-served destination is an effective constraint on the challenged rate to all customer locations for which that rate is applicable.

TPI is arguing that it should be entitled to a rate prescription that would cover shipments to customers who indisputably have access to another rail carrier and {{

}} simply because that rate also applies to customers who do not have that option. Such a result is directly at odds with the purpose of § 10707(a) that the Board should not regulate any rate for which there is effective competition. TPI's {{

}} is definitive evidence that there are effective competitive options for these challenged rates, and CSXT is not market dominant over these lanes.

2. Intermodal Competition

a. Motor carriers are efficient and effective competitors for shipments of plastic polymers.

Intermodal competition can constitute "effective competition" under § 10707(a) if the intermodal option is logistically feasible and cost-competitive with rail service. *See, e.g., Market Dominance Determinations*, 365 I.C.C. 118, 133 (1981) (guidelines for evidence of intermodal competition from truck include evidence of whether volumes and physical characteristics of commodity are susceptible to trucking and the relative transportation costs of rail and truck shipments). While some cases have addressed potential intermodal competition from barges,[27]

[27] For example, in *DuPont (Chlorine)*, the Board found that a complainant's regular use of barges to ship issue traffic created effective competition, despite the complainant's claims that it could not utilize barges for all of its traffic. *DuPont (Chlorine)*, STB Docket No. 42110, at 4-5; *see also Increased Rates on Coal, Ala. to Boykin, Fla.*, 364 I.C.C. 263, 266 (1980) (finding that complainant failed to prove market dominance where complainant did not prove it would be impractical to ship by barge and to adapt its facilities to barge unloading); *cf. Seminole Electric*

the intermodal competition that has been most commonly considered by the ICC and the Board is truck transportation. Both the ICC and the Board have repeatedly recognized that trucks are effective competitors with rail transportation, particularly for small-volume carload shipments like those at issue here. In addition, CSXT's own commercial experience demonstrates that truck and rail-truck transportation constitute pervasive and formidable competitive options for CSXT's rail transportation of plastic polymers and similar commodities.

i. Agency precedent recognizes the effectiveness of truck competition.

A series of ICC decisions soon after Congress created the market dominance test established that truck transportation creates effective competition for a wide range of rail movements. For example, in *Aluminum Association v. Akron, Canton & Youngstown Railroad Company*, 367 I.C.C. 475 (1983), the ICC found that truck transportation was effective competition for the rail transportation of aluminum even though two-thirds of the challenged aluminum movements moved via rail and despite the complainants' arguments that it would be impractical to move all aluminum by truck. *See id.* at 483-84 ("not all aluminum has to move by truck for motor carriage to exert competitive pressures on the railroads"). In another decision the ICC found that trucks could provide effective competition to rail service for iron shipments even if trucks had not been widely used over the issue route. *See Platnick Bros., Inc. v. Norfolk & Western Ry. Co.*, 367 I.C.C. 782, 786 (1983). The fact that the consignee in *Platnick Brothers* had received substantial truck shipments from other sources sufficiently demonstrated the feasibility of truck transportation to preclude a finding of market dominance. *See id.* And, in *Amstar Corp. v. Atchison, Topeka & Santa Fe Ry. Co.*, ICC Docket No. 37478 (Nov. 23, 1987),

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Cooperative, Inc. v. CSX Transp., Inc., STB Docket No. 42110 (May 19, 2010) (ordering oral argument to address potential barge competition for coal movements).

the ICC found that trucks provided effective intermodal competition where 98.5% of the issue movements had been by rail and the only truck movements had been in response to emergency situations. Because Amstar regularly used trucks to ship to other customers, the ICC concluded that Amstar's decision to use rail for the issue movement was the result of "Amstar's own preferences," not an absence of effective competition. *Id.*[28]

Truck transportation can constitute effective competition even where it would require significant shipper investment in additional facilities. *See FMC Wyoming Corp. v. Union Pacific R.R. Co.*, 4 S.T.B. 699, 712-14 (2000). In *FMC*, the Board found that the potential of the shipper to convert its facilities to accommodate large-scale truck deliveries constituted effective competition that precluded a finding of market dominance. In *FMC* the evidence showed that the shipper had relied on rail for a substantial majority of its coke shipments; the only actual truck usage noted by the Board was FMC's use of trucks for 12% of its coke needs in 1983 (seventeen years before the Board's decision). *See id.* at 712. And it was undisputed that FMC would need to "convert[] its facilities to accommodate large-scale trucking operations – which would include significant investment [in new equipment and structures]." *Id.* Nonetheless, the Board found that FMC's "potential for conversion to motor carriage is sufficient to discipline UP's rail rates" and that FMC therefore failed to demonstrate market dominance. *Id.* at 713.

Moreover, the Board and the ICC before it have regularly recognized the effectiveness of truck competition and rail-truck transload competition in the context of merger proceedings[29] and

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[28] *See also Consolidated Papers, Inc. v. Chicago & NW Transp. Co.*, 7 I.C.C.2d 330, 337-38 (1991) (finding that truck transportation was an effective competitive option to rail transportation of pulpwood and wood chips).

[29] *See, e.g., Union Pac. Corp. et al. – Control and Merger – Southern Pacific Rail Corp. et al.*, 1 S.T.B. 233, 393 (1996) (imposing condition allowing BNSF to serve newly constructed transload facilities as effective remedy to loss of 2-to-1 rail competition); *Wisconsin Cent. Transp. Corp. –*

exemption proceedings.[30] In fact, the ICC explicitly held in a merger proceeding that the type of rail-truck plastics transloading that TPI could use as an alternative to CSXT rail service constituted "strong competition" for all-rail shipments of plastics. *Rio Grande Indus., Inc. – Control – Southern Pac. Transp. Co.*, 4 I.C.C.2d 834, 920-23 (1988) (finding that transload facilities provided "strong competition" to all-rail service and rejecting claim that transload facilities could not provide "the competitive equivalent of direct rail service for high-volume end users of 190,000-pound loads of plastics moving in covered hopper cars").

In short, the Board and the ICC before it have long recognized that intermodal competition from trucks is often an effective competitive option to rail transportation. The only exceptions are situations where the volumes involved make truck transportation infeasible,[31] where there are "technical and practical problems" with truck service,[32] or where there is a

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Continuance in Control – Fox Valley & Western Ltd., 9 I.C.C.2d 730, 737 (1993) ("Clearly, short distance truck moves often provide competition for long distance rail moves and small shipments can be alternatives for large shipments."); *see also Norfolk Southern Corp. – Control & Consolidation Exemption – Algers, Winslow & W. Ry. Co.*, STB Fin. Docket No. 34839 (Feb. 15, 2007) (finding that trucks can provide a competitive alternative, at least to a limited extent, to coal utilities in area of line to be acquired).

[30] *See, e.g., Rail General Exemption Authority – Nonferrous Recyclables*, 3 S.T.B. 62, 65 (1998) (finding that motor carriers "play a significant role in the transportation of these commodity groups" and thus that there is "no evidence that rail carriers possess sufficient market power to abuse shippers and, indeed, must operate efficiently to compete for this traffic"); *Rail General Exemption Authority – Exemption of Grease or Inedible Tallow*, ICC Ex Parte No. 346 (Sub-No. 31) (served Dec. 9, 1994) (finding exemption where "[s]hippers have access to bulk trucking operations and, moreover, where access to rivers is available, either directly or by use of trucks, barges compete effectively for longer-haul, larger shipments").

[31] *See, e.g., West Tex. Utils. Co. v. Burlington N. R.R. Co.*, 1 S.T.B. 638, 652 (1996) (trucking not an option where coal volumes would require 200 truck shipments each day of the year and where trucking would face "environmental concerns, noise, community opposition, [and] increased inefficiencies"); *Metropolitan Edison Co. v. Conrail*, 5 I.C.C.2d 385, 412 (1989) ("[s]imply impractical" to move a million tons of coal by truck).

[32] *See, e.g., Westinghouse Elec. Corp. v. Alton & So. Ry. Co.*, I.C.C. Docket No. 38188S (Jan. 25, 1988) ("The technical and practical problems [with truck transportation of heavy electric

significant cost differential between rail and truck transportation.[33] In the absence of this sort of evidence that trucks are clearly disadvantaged vis-à-vis rail deliveries, the Board has held consistently that trucks offer effective competition to rail transportation. *See FMC Wyoming Corp. v. Union Pacific R.R. Co.*, 4 S.T.B. 699, 713 (2000) (holding that "potential for conversion to motor carriage is sufficient to discipline UP's rail rates").[34]

ii. CSXT's experience in the transportation market proves the effectiveness of truck competition.

The effective truck competition that the ICC and Board have long recognized continues to exist in the transportation market today. In today's transportation marketplace CSXT vigorously competes with trucks and rail-truck transload options for carload business.[35] CSXT regularly receives requests from plastic shippers to develop rail-transload-truck alternatives to destinations served by other carriers. And CSXT has lost carload business to trucks and transload options. This is particularly true in the plastics business, where customers frequently use the threat of increasing truck utilization as negotiating leverage. {{

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machinery] are evident," largely because trucks would exceed maximum weight limits and evidence showed that states would not grant permit exceptions to allow truck transportation); *McGraw Edison Co. v. Alton & So. Ry. Co.*, 2 I.C.C.2d 102, 108 (1986) (truck competition for transportation of "electric transformers weighing from 150,000 to 740,000 pounds" not effective because of "genuine and substantial transportation and routing obstacles confronting transportation of heavy electrical machinery by motor carrier").

[33] *See, e.g., Westmoreland Coal Sales Co. v. Denver & Rio Grande W. R.R. Co.*, 5 I.C.C.2d 1067, 1092 (1988) (truck rates more than triple rail rates); *McCarty Farms v. Burlington Northern*, 3 I.C.C. 2d 822, 831 (1987) (truck costs 50% to 85% higher than rail costs); *Arizona Pub. Serv. Co. v. Atchison, Topeka & Santa Fe Ry. Co.*, ICC Docket No. 38088S (Apr. 15, 1987) (truck costs 54% higher, not counting additional handling costs).

[34] *See also Consolidated Papers*, 7 I.C.C.2d at 337-38; *Aluminum Ass'n*, 367 I.C.C. at 483-84; *Platnick Bros.*, 367 I.C.C. at 786; *Amstar Corp.*, ICC Docket No. 37478 (Nov. 23, 1987).

[35] Richard Karn, Director of Marketing for CSXT's Chemicals Group, is sponsoring the evidence in this subsection regarding CSXT's real-world experiences with competition from truck transloading for chemicals shipments.

}} {

} {{

}} {

}

Below are a few more examples that illustrate the dynamic competitive market in which CSXT competes and the many situations where trucks and rail-truck transloading have provided effective real-world competition to all-rail movements:

One apt example is {{ }}, {

}

{

}[37]

Other examples include:

- Plastic resin. {

}

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[36] {{

}}

[37] {{ }}

- Sulfur and phosphoric acid. {

}

- Soda ash. {

}[38]

As these examples illustrate, the transportation market for chemicals in general and plastic resins in particular is marked by robust and continuous competition among rail carriers and motor carriers. The increasing availability of transloading options has significantly contributed to this robust competition, for it enables truck-rail options to compete for longer-haul movements where all-truck transportation would be impractical and creates more opportunities for rail carriers to directly compete against each other. For an easily transloadable commodity,

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[38] CSXT Workpapers folder "Competition Examples" documents other instances where CSXT customers have used truck and rail-truck transportation to create a competitive alternative to all-rail service or to negotiate more favorable rates for all-rail transportation.

CSXT does not need access to a customer served by another railroad to compete for that customer's business – access to a nearby transloading facility often creates a competitive option. The same is true for other rail carriers, which can and do use their transload facility networks to compete for business from CSXT-served customers. {{

}}

TPI's competitive options to CSXT service are regularly considered by CSXT in its commercial relationship with TPI. The ultimate beneficiaries of this vigorous intramodal and intermodal competition for chemical carload business are chemical shippers. As demonstrated above, many have used their competitive options as negotiating leverage to obtain favorable rail rates. {{

}}

{{

}} The fact that TPI has decided to attempt to lower rates through regulatory intervention rather than pursuing these competitive options in the marketplace does not change the fact that TPI has ample competitive transportation options available to it.

b. TPI's Regular Use of Trucks Removes Any Doubt That Truck Transload Options Are Feasible.

The primary issue commodities are nonhazardous materials that are typically transported as solid plastic pellets. These plastic pellets are well suited to truck transportation and to rail-

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[39] {{

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[40] {{

}}

truck transloading, and there is little doubt that trucks are logistically feasible transportation for the issue commodities.[41] Indeed, TPI does not seriously contest this point. Nor could it, in light of TPI's own extensive reliance on trucking and rail-truck transloading to distribute the issue commodities. TPI Opening Exhibit II-B-2 demonstrates that TPI ships more than half of its aromatics and styrene volume by truck, over a third of polystyrene volume by truck, and significant percentages of polyethylene and polypropylene by truck. All told, TPI shipped {{ }} truckloads of the issue commodities by truck in 2010. *See* TPI WP "TPI Op Ex. II-B-2.xls" at "Truck" tab. And {{ }} of those truckloads moved in rail-truck service through a transloading facility. *See id.* There is simply no question that rail-truck transloading is a logistically feasible option for transportation of the issue commodities.

Table 1 illustrates the significant number of truck and rail-truck shipments of the issue commodities TPI has made since 2007.

[41] *See* CSXT Reply WP "MSDS Sheets.pdf" (safety data sheets produced by TPI for polypropylene, polyethylene and polystyrene indicating that commodities pose virtually no safety risks when handled at normal temperatures).

TABLE 1[42]

TPI TRUCK SHIPMENTS OF ISSUE COMMODITIES (2006-2010)

	DIRECT TRUCK	TRUCK TRANSLOAD	TOTAL TRUCK SHIPMENTS
2006	{{ }}	{{ }}	{{ }}
2007	{{ }}	{{ }}	{{ }}
2008	{{ }}	{{ }}	{{ }}
2009	{{ }}	{{ }}	{{ }}
2010	{{ }}	{{ }}	{{ }}
TOTAL	{{ }}	{{ }}	{{ }}

Every day TPI ships an average of {{ }} trucks loaded with one of the issue commodities. And every day approximately {{ }} of those trucks are loaded at one of the many transload facilities TPI regularly uses. {{ }} of those shipments were delivered to one of the issue destinations between 2006 and 2010.

{{

}}

[42] All trucking numbers in this table and the following paragraph were derived from the "Truck" tab in TPI WP "TPI Op Ex. II-B-2.xls". Mr. Heisler's workpapers contain additional analyses of information TPI produced in discovery regarding its truck usage. *See* CSXT Reply WP "Truck Counts.xlsx".

CSXT recently videotaped a typical rail-truck transload of one of TPI's railcars at CSXT's Dalton, Georgia TRANSFLO facility. *See* CSXT Reply Ex. II-B-1. As Exhibit II-B-1 depicts, the rail-truck transloading process is efficient, safe, and cost-effective. A transload into a vacuum pneumatic truck requires no equipment other than that carried by the truck and no labor other than that of the truck driver. A truck typically can be fully loaded from a railcar in two hours or less. Indeed, the truck loading depicted in Exhibit II-B-1 took approximately 45 minutes. Transloads like that depicted in Exhibit II-B-1 are being performed on TPI's behalf at CSX TRANSFLO facilities, Norfolk Southern Thoroughbred Bulk Terminals, and other transloading facilities across the country. Rail-truck options similar to those that TPI is already using are plainly a feasible transportation alternative.

TPI argues that the fact that its rail-served customers receive a higher proportion of rail shipments over truck shipments is evidence of a "preference for rail." *See* TPI Opening at II-B-17 through II-B-18. This argument collapses in the face of the fact that many of TPI's sales contracts charge customers {{ }} more for truck shipments than for rail shipments. *See* TPI Opening at II-B-36 (admitting that "[w]hen TPI's sales contracts have prices for both rail and truck deliveries, the customer must pay a premium for truck delivery"). Many of TPI's contracts include a {{ }} premium for shipments by truck, which translates into a penalty of {{ }} for taking a railcar load's worth of product in trucks rather than in a railcar.[43] The fact that TPI gives its customers {{ }} economic incentives to receive

[43] *See, e.g.*, "Customer Contracts" folder in TPI workpapers at {{

product by railcar rather than by truck eviscerates TPI's claim that customers who historically have received a relatively low number of truck shipments have thereby demonstrated a "requirement" for rail delivery. It is far more likely that what these customers are demonstrating is that they are price-sensitive rational actors whose decisions are driven by the economic bottom line. Indeed, the fact that many rail-served customers have taken deliveries by truck (and presumably paid a penalty for those truck deliveries) thoroughly disproves TPI's claims that its customers "require" rail deliveries.

Moreover, TPI regularly uses transload facilities. As mentioned above, it shipped {{ }} trucks from bulk terminal facilities in 2010 alone. While TPI represents that it has an "approved" terminal network of 25 bulk facilities, *see* TPI Opening Ex. II-B-8, its traffic records show that it actually shipped from many facilities not a part of that "approved" list. *See* CSXT WP "TPI Transload Facility Shipments." {{

}} Regardless, many of the transload facilities that could be used as alternatives for the issue movements are part of TPI's "approved"

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list.[44] And there is no reason why TPI could not use facilities not on its "approved" list – the facilities proposed by CSXT expert Gordon Heisler are all established and reliable facilities that have the capacity and capability to handle the issue commodities. Since TPI itself regularly ships through "non-approved" facilities, it certainly may not rely on an argument that a non-approved facility could not be part of an effective competitive option.

Finally, there is ample capacity at these transload facilities (and other transloading facilities) to handle the issue traffic. TPI's Reply to CSXT's Motion for Expedited Determination of Jurisdiction Over Challenged Rates argued that transload facility capacity was limited and precluded effective competition from rail-truck transloading options. *See, e.g.*, TPI Reply to CSXT's Motion for Expedited Determination of Jurisdiction Over Challenged Rates at 20-22. TPI now has abandoned this argument, perhaps because {{

}} This is true across the industry; {{

}} While CSX's TRANSFLO facilities would of course not constitute competition to a CSXT rail movement, the data in CSXT WP "TRANSFLO Statistics.xlsx" illustrates that the transloading industry has substantial additional capacity that TPI could utilize if it wished. *See also* CSXT Reply Ex. II-B-1 at 7:45—7:57 (showing locations

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[44] For example, {{

}} are all on TPI's "approved" list. *See* TPI Reply to Motion for Expedited Consideration of Jurisdiction Over Challenged Rates, Cast V.S. at Ex. 6; TPI Opening Ex. II-B-8.

of transload facilities in Eastern United States); *see also* CSXT Reply WP "Transload site list.doc" (listing over 100 transload sites in Eastern United States available for dry bulk transloading).

c. TPI Has Not Demonstrated that "Customer Preference" Makes CSXT Market Dominant.

In light of its extensive reliance on rail-truck transload options, TPI cannot dispute that those transportation options are logistically feasible alternatives. It is not "captive" to CSXT under any traditional understanding of that term – its production facilities are located in Texas and Louisiana. It does not ship in volumes that would make truck transportation unrealistic – the highest volume lane would require only { } trucks a week, and { } lanes average less than one railcar per week. TPI does not transport particularly dangerous chemicals or chemicals that are unsuited to truck transportation or transloading. Indeed, it openly admits that it regularly uses trucks and transload facilities to distribute the issue commodities, and its evidence includes a map illustrating the nationwide network of transload facilities TPI regularly uses. *See* TPI Opening Exs. II-B-2 & II-B-8. And TPI cannot even legitimately argue that the actual transportation costs of rail-truck alternatives are not comparable to those of CSXT's rail service. Instead it is forced to artificially inflate costs by positing various "internal costs" that it allegedly incurs from truck transportation.[45] TPI therefore has proposed a novel argument: that CSXT is market dominant because of the alleged "preference" of TPI's customers for rail service. According to TPI, CSXT is market dominant over a lane of traffic if a TPI customer whose traffic typically moves in that lane requests that TPI send product by rail. *See* TPI Opening at II-B-13. For such a lane, TPI would have the Board uncritically assume that because "the

[45] These additional "internal costs" are addressed, and thoroughly refuted, in Section II-B.2.d.

customers determine the mode" TPI has no choice but to ship via rail, and CSXT is therefore market dominant. *See id.* at II-B-16.

While creative, TPI's argument is fatally flawed. TPI assumes that its customers "determine" to request rail shipments without giving any thought to whether rail service is more or less expensive than truck service. TPI further assumes that it has no ability to affect a customer's selection – even where switching to trucks would be cheaper for TPI. TPI speaks of "customer preferences" as though those preferences are completely unaffected by market forces and as though customers would not change their preferences if they could receive product by truck cheaper than they can receive it by rail. But TPI has produced no evidence to support those implicit assumptions, and there is no economic reason to believe that its customers' preferences would not be influenced by the relative costs of rail shipments vis-à-vis truck shipments.

Furthermore, TPI has produced almost no evidence that its customers require rail service. At most, it has shown that, with all costs being equal, some customers may prefer rail transportation. But the fact that in some circumstances a customer might prefer rail transportation over comparably-priced truck transportation does not make CSXT market dominant. TPI has presented no evidence that customers insist upon rail deliveries over truck deliveries regardless of the price. Without that evidence, TPI cannot satisfy its burden to prove that CSXT's ability to price rail service for the issue movements is not constrained by economically competitive alternatives via other modes. On the contrary, TPI admits that it charges many of its customers a premium for truck deliveries – a premium that amounts to almost a {{ }} per truck. The idea that TPI customers faced with this tiered pricing scheme demonstrate a "requirement" for rail service by picking the lower-priced TPI offering is nonsense. TPI's customers are businesses whose "preferences" are dictated by their

desire to obtain the best possible business deal. If rail shipments became more expensive than truck shipments, then many of those customers would begin to "prefer" truck service. TPI has presented no evidence that they would not.

Despite the considerable lip service TPI pays to the importance of "customer requirements," its evidence contains a grand total of one document that purportedly represents a direct statement by a customer showing that it requires rail service. And that document is written by a customer {{ }}! The remaining evidence is unconvincing. {

} And the laundry list of customer characteristics that TPI claims make CSXT market dominant are not "requirements" – at most they are reasons why some customers might prefer rail service. The best evidence of this fact is that {{

}} A preference is not a requirement, and the fact that TPI can think up reasons why its customers might want the storage flexibility of railcar deliveries does not begin to prove that those customers would not abandon that preference in exchange for cost savings on truck shipments.

i. Board Precedent Does Not Support TPI's "Customer Preference" Argument.

As a theoretical matter, it of course is possible that a customer could have physical obstacles to delivery via a particular mode that would require rail service. For example, if a customer's facility were not capable of unloading product delivered by truck, that limitation could be relevant in the market dominance calculus. But allegations that in some circumstances a customer might subjectively prefer rail transportation over comparably-priced truck transportation does not satisfy TPI's burden to prove that CSXT is market dominant. TPI has presented no evidence that customers insist upon rail deliveries over truck deliveries regardless of the price. The question is not what transportation modes TPI and its customers might "prefer" or "like" to use – the question is whether alternatives to CSXT's rail service are sufficiently realistic and cost-competitive to constrain CSXT's pricing for the issue movements. TPI, which has the burden of proof on this issue, cannot meet that burden with allegations about customer "preferences" that are not supported with hard evidence that its customers demand rail service over truck service regardless of the price.

Neither the Board nor the ICC has ever held that a subjective customer "preference" for a particular mode of transportation means that other feasible and cost-competitive modes do not provide effective competition. TPI cites *DuPont (Plastics)* for the proposition that customer preference can "demonstrate[] the infeasibility of alternative modes" – ignoring the fact that the Board's market dominance determination there rested upon multiple factors, including the "price differentials" between rail service and long-haul truck service and the limited number of specialized trucks available to transport the plastic powder at issue.[46] *See* TPI Opening at

[46] The plastics powder movement at issue in *DuPont (Plastics)* was between Ampthill, Virginia and Wyandotte, Michigan – a distance of over 600 highway miles.

II-B-16. Moreover, the Board's citation of "customer preference" in *DuPont (Plastics)* was not predicated on an asserted subjective customer "preference" for rail, but rather on evidence that the unusually sensitive physical characteristics of the issue commodity significantly complicated truck transportation and therefore caused the customer to prefer rail deliveries. Specifically, DuPont presented evidence that the plastic powder at issue had a melting point lower than 100° Fahrenheit and therefore had to be transported in temperature-controlled trucks and transloaded via specialized vacuum pump loading.[47] None of this is true for the plastic pellets at issue here, which do not have an unusually low melting point and which are regularly transported in standard self-loading trucks. And TPI has not presented any evidence that the customer preferences it alleges are motivated by the kind of significant logistical or quality concerns alleged in *DuPont (Plastics)*.[48]

It may well be true that, cost being equal, some of TPI's customers would rather receive deliveries by railcar than deliveries by truck. Cost being equal, a consumer might rather drive a Ford than a Honda. But the fact that the consumer "prefers" a Ford doesn't mean that she might not change her mind if the Honda were less expensive, and it certainly doesn't mean that Honda does not provide effective competition to Ford. Here too, TPI's claim that on balance many of

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[47] *See* DuPont Opening Evidence at 19, *E.I du Pont de Nemours & Co. v. CSX Transp., Inc.*, STB Docket No. 42099 (filed Feb. 4, 2008).

[48] TPI's reliance on a statement from *McCarty Farms* that "the needs of the shipper or receiver" are relevant to the feasibility of truck transportation does not support its argument. *McCarty Farms*, 3 I.C.C.2d at 829. Needs are not the same thing as preferences, and while an objective "need" for rail transportation might not be affected by the availability of a cost-effective modal alternative, a mere subjective preference surely would. Moreover, the statement TPI cites was dicta and not the essential factor supporting the ICC's decision that truck transportation was not effective competition, which relied primarily on the fact that the cost of truck transportation was substantially more than the challenged rail rates. *See id.* at 831 (citing evidence that "truck/barge cost studies indicat[ed] that truck/barge costs exceeded rail costs for comparable movements by 50% overall").

its customers prefer the storage flexibility of railcars to the speed and labor cost advantage of trucks does not prove that this alleged preference is unaffected by price or that cost-competitive truck service does not constrain CSXT's rail rates. That real constraint that truck prices place on CSXT's rail rates plainly constitutes "effective competition from other ... modes of transportation." 49 U.S.C. § 10707(a).

ii. TPI Has Not Presented Credible Evidence of "Customer Requirements."

TPI points to four categories of evidence that it claims manifest "customer requirements": (1) { }; (2) a customer email { }; (3) the degree to which rail-served customers use rail service rather than truck service; and (4) language in supply contracts that TPI claims proves the customer's "requirement" that rail be used. None of this evidence can bear the weight TPI places on it.

First, TPI presents a series of {

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[49] {

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[50] {

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[51] *See, e.g.*, CSXT WP "CSXT First Discovery Requests to TPI" at Request for Production 1 (requesting documents supporting TPI's claim that CSXT possesses market dominance over the issue movements); Request for Production 3 (requesting documents relating to feasibility of using alternative transportation to CSXT rail service).

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[52] As CSXT Reply Ex. II-B-1 makes clear, there are no legitimate product contamination concerns with the closed-system transloading that can be performed by vacuum pneumatic trucks and that TPI regularly uses to distribute the issue commodities.

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[54] {{

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Second, TPI includes one email from a customer that purportedly demonstrates a "requirement" for truck transportation. *See* TPI Opening Exhibit II-B-9. {{

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[58] {

}

} In any event, CSXT is not challenging TPI's market dominance evidence as to {{ }}, so whether or not Exhibit II-B-9 truly establishes a customer requirement for that lane is moot.

Third, TPI claims that the fact that rail-served customers have received the bulk of their product by rail demonstrates that they have a preference for rail. As demonstrated above, this claim is thoroughly disproven by the fact that TPI charges customers {{ }} more to receive products by truck than to receive them via rail. This isn't evidence that customers require TPI to ship products by rail – it's evidence that TPI prefers to ship products via rail and therefore requires its customers to pay a premium for truck deliveries. {{

}}

Fourth, TPI claims that its customer contracts "demonstrate" a preference for rail. According to TPI, any contract that contemplates delivery in rail cars is definitive evidence of a customer "requirement" for railcar delivery. But several of the customers who supposedly "required" railcars in these contracts actually received many truck deliveries. For example, TPI would have the Board believe that truck transportation to {{ }} is impossible because TPI's contract with {{ }} does not expressly provide for truck transportation. *See* TPI Opening at II-B-16. But last year TPI shipped {{ }} trucks to {{ }}

The same is true for {{

}} And TPI's theory that a short-term sales contract demonstrates an unshakeable customer "requirement" for rail service glosses over the fact that it negotiated these agreements with its customers and that a sales contract presumably reflects a mutual agreement – not a one-way "requirement." There is no reason why TPI could not negotiate different terms when its sales contracts expire. Indeed, {{

}} this is plainly not a situation where TPI has "no contractual flexibility to switch to trucks." *DuPont (Nitrobenzene)*, STB Docket No. 42101, at 5 (June 30, 2008).[61]

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[59] {{

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[60] {{

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[61] TPI's suggestion that under "Board precedent" railroads possess market dominance unless shippers are "able to respond quickly to changes in transportation charges" does not accurately state the law. *See* TPI Opening at I-7 (citing *Special Procedures for Making Findings of Market Dominance*, 353 I.C.C. 874, 929 (1976). In the quarter-century since *Special Procedures*, the Board has made clear that "[t]he fact that it may take some time for a shipper to exercise its

iii. TPI's Proffered Reasons Why Some Customers Might Prefer Rail Transportation Do Not Prove Market Dominance.

(a) TPI Has Offered No Evidence That Alleged Railcar Storage Preferences Create Market Dominance.

In addition to the flawed "customer requirements" evidence discussed above, TPI lists several reasons why certain customers might prefer rail transportation. Most of these reasons are variations on one theme: customers' alleged desire to use rail hopper cars as mobile storage devices.[62] TPI's significant exaggeration of its customers' need to use railcars as storage devices is illustrated by a single fact: TPI can identify only {{ }} used by customers who allegedly do not have silos to store the issue commodities.[63] TPI speculates that other customers may prefer the convenience of using hopper cars to store various grades of products, but the number of customers it identifies who truly "require" railcars for storage is vanishingly small. That number is even smaller when one considers that customers on at least {{ }} of the {{ }} lanes that allegedly lack silo capacity ({{ }}) have received truck deliveries! *See* TPI Opening Ex. II-B-11 ({{

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competitive alternatives does not preclude a finding of no market dominance." *Southwest R.R. Car Parts Co. v. Missouri Pac. R.R. Co.*, STB Docket No. 40073 (Feb. 20, 1998); *see FMC Wyoming*, 4 S.T.B. at 712-13 (potential for shipper to build truck loading facility was effective competition); *cf. Seminole Elec. Cooperative, Inc. v. CSX Transp., Inc.*, STB Docket No. 42110 (May 19, 2010) (ordering oral argument on issue of whether potential for shipper to undertake project to construct barge dock precluded finding of market dominance).

[62] For example, the only reasons TPI offers for why compounders or purchasers of off-grade product would need rail transportation is because of alleged storage needs. *See* TPI Opening at II-B-23, II-B-25.

[63] In {{ }} lanes TPI has multiple customers, only one of which allegedly lacks silo capacity. *See* TPI Opening Evidence at II-B-92 {{ }}; *id.* at II-B-142 {{ }}.

}}). TPI does not reconcile this fact with its claim that these supposed storage-deprived customers are "required" to use rail service.

If the very few TPI customers who allegedly lack storage capacity wish to store product in rail cars, they do not need to use rail service to do so. The vacuum pneumatic trucks that could be used to transport the issue commodities (and that TPI uses to transport the issue commodities every day) can load into railcars just as easily as they load from railcars. If a customer wishes to keep TPI railcars on its property as standing storage, then TPI could send bulk trucks to load product into those railcars at the customer's facility. Indeed, TPI's customer on Lane B-13 already does this: as TPI explains, in recent years that customer has used bulk trucks to "transload . . . polystyrene from trucks into railcars for storage." TPI Opening II-B-57. That option is available to any customer who truly wants to use railcars for storage.[64]

For everyone else, the convenience of rail car storage is just one factor that might make rail transportation an attractive option. But TPI has presented no evidence that this convenience factor prevents trucks from being an effective constraint on CSXT's rail rates. Indeed, every mode has some competitive advantages over other modes. Trucks tend to be faster and more flexible than rail. Truck deliveries also require much less labor from receivers. For a rail shipment, the receiver/consignee is responsible for the labor and equipment necessary to unload the hopper car and bears any risk of damaging the car or unloading equipment. In the experience of CSXT expert Gordon Heisler, the labor required to unload a single railcar can amount to more than four person-hours. In contrast, for a bulk truck shipment the truck driver is responsible for unloading the truck into the consignee's designated receiving vessel using the truck's vacuum

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[64] *See also* {{

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pneumatic apparatus. The fact that TPI's customers often choose to pay a premium for bulk truck deliveries proves that the advantages of trucks make them an effective competitive alternative. {{

}} It is not enough for TPI to claim that some particular feature of rail transportation might be attractive to its customers – TPI must prove that the feature is so attractive that customers would demand rail service even if it cost more than truck deliveries. TPI has not even attempted to present that evidence. Instead, what TPI offers is a grab-bag of potential reasons why a customer might prefer rail over truck, in the apparent belief that any commercial factor weighing in favor of railcar deliveries makes CSXT market dominant. That is not the law.

Two additional reasons require rejection of TPI's claim that CSXT is market dominant over transportation to any customers in its preference categories. First, TPI has produced no evidence that customers in the preference categories do not receive products via truck. For example, it has presented no evidence that it never delivers off-grade product in trucks, no evidence that it never delivers to medical producers in trucks, and no evidence that it never delivers to compounders by truck. In fact, many customers in the preference categories have received substantial volumes by truck. {{

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[65] {{ }}

[66] {{ }}

[67] {{ }}

}} Consignment customers,[68] customers supposedly needing railcars for storage,[69] customers whose contracts supposedly "require" rail,[70] high volume customers,[71] compounders and third party processors,[72] medical customers,[73] customers who receive lease track shipments,[74] off-grade purchasers[75] – customers in virtually every "preference category" that TPI has dreamed up have received truck shipments of the issue commodities from TPI – and many have received {{ }} of truck deliveries. In light of the substantial evidence that many customers within TPI's "rail preference categories" actually do receive truck

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[68] *See, e.g.*, TPI Opening Ex. II-B-11 (showing truck shipments to {{ }}).

[69] *See, e.g., id.* (showing truck shipments to {{ }}).

[70] *See, e.g., id.* (showing truck shipments to {{ }}).

[71] *See, e.g., id.* (showing truck shipments to {{ }}).

[72] *See, e.g., id.* (showing truck shipments to {{ }}).

[73] *See, e.g., id.* (showing truck shipments to {{ }}).

[74] *See, e.g., id.* (showing truck shipments to {{ }}).

[75] *See, e.g., id.* (showing truck shipments to {{ }}).

shipments, its claim that CSXT must be market dominant over any customer in that category is meritless.

Second, TPI glosses over the fact that many of the customers in its categories receive significant shipments from TPI that do not satisfy any of its "rail preference categories." For example, many { } customers also purchase on a { } basis.[76] And many purchasers of off-grade issue commodities likely purchase grades meeting ordinary quality standards. *See* TPI Opening at II-B-25 (explaining that off-grade commodities are "the result of a batch production that fails to meet the specifications of a particular grade of polymer"). It is well established that a transportation alternative need not be able to accommodate 100% of the volume of issue traffic to constitute a competitive option. *See, e.g.*, *DuPont (Chlorine)*, STB Docket No. 42100, at 4 ("For an alternative mode to provide effective competition, it need not necessarily be 'capable of handling substantially all or even a majority of the subject traffic.'") (citing *Amstar Corp. v Great Alabama S. R.R.*, I.C.C. Docket No. 38239S (served Nov. 10, 1987); *Aluminum Ass'n, Inc. v. Akron, Canton & Youngstown R.R. Co.*, 367 I.C.C. 475, 483 (1975) ("[F]or such competitive pressures to be present, a competing mode would not have to be capable of handling substantially all or even a majority of the subject traffic."). Here, the fact that some of the traffic over a lane may fall into one of TPI's preference categories does not mean that truck transportation for other traffic on that lane would not be a competitive option. For example, the fact that a customer might prefer rail transportation for { } purchases or off-grade product purchases does not mean that it would not accept trucks for other purchases and does not mean that the availability of such a truck alternative does not create

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[76] {{

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competitive pressure on the rail rate. {{

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(b) None of TPI's Other Alleged Preferences Create Market Dominance.

In addition to the storage-related "preference categories" of "Rail Cars Needed for Storage," "Compounders and Third-Party Processors," and "Off-Grade Customers," TPI relies on five other "preference" categories. Each is addressed below.

First, TPI claims that customers purchasing { } must use railcars for those purchases. *See* TPI Opening at II-B-21. {

}. TPI provides no evidence that { } customers would be unwilling to shift from { } rail purchases to truck purchases if truck purchases were less expensive. {

}. Indeed if a customer truly wished to purchase { ,} TPI could use bulk trucks to load standing hopper cars on the customer's property. *See, e.g.*, {{

}}

Second, TPI claims that any lane with annual volume of 100 railcars or more is a "high volume lane" for which truck transportation is impractical. *See* TPI Opening at II-B-22. In the first place, 100 annual railcars is not a significant volume – it translates to just over a truck a day. Indeed, shifting the entire volume of the highest-volume lane in the case { } to trucks

would require only { } trucks per week. That is far short of the kind of volume that the Board has found impractical. *See, e.g., West Tex. Utils. Co. v. Burlington N. R.R. Co.*, 1 S.T.B. 638, 652 (1996) (trucking not an option where it would require 200 truck shipments each day of the year). Shifting most other lanes to trucks would require far less trucks – the average lane would need only { } trucks per week, as is demonstrated in Exhibit II-B-13.

More importantly, it is not necessary that TPI shift all of the volume of these lanes to truck to demonstrate that trucking is a viable competitive option. As the Board has long recognized, "[f]or an alternative mode to provide effective competition, it need not necessarily be 'capable of handling substantially all or even a majority of the subject traffic.'" *DuPont (Chlorine)*, STB Docket No. 42100, at 4.

Third, TPI claims that customers using its products in medical applications require that TPI ship product in railcars. *See* TPI Opening at II-B-24. The fact that some of these medical customers have in fact received product via truck refutes this argument. *See id.* (admitting that two customers in "medical applications" category have received truck shipments). Indeed, the transloading process for plastic polymers poses extremely low risk of contamination. Plastics transloading is conducted using a completely closed system of cars, hoses, and self-loading and self-unloading vacuum pneumatic trucks. This closed system never exposes the product to the elements, preserves product integrity and purity, and is suitable for polymers used in medical applications. *See* CSXT video exhibit II-B-1 (illustrating a typical transload of plastic polymers).[77] Further evidence of the feasibility of plastics transloading for customers using

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[77] TPI's reliance on *FMC Wyoming*'s holding that soda ash transloading could present product integrity concerns is misplaced. *See* TPI Opening II-B-24 (citing *FMC Wyoming Corp. v. Union Pac. R.R. Co.*, 4 S.T.B. 699, 720 (2000)). Transloading soda ash is not analogous to transloading plastic polymers – soda ash transloads are performed with different types of cars, different

plastics in medical applications is the fact that {{

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Fourth, TPI asserts that CSXT possesses market dominance over any movement to a lease track. According to TPI, its use of lease tracks as staging areas to serve customers is an "attractive" option for its customers because TPI issues invoices later than it would if it ships direct from its plants to customers and thus "gives them additional time to pay." TPI Opening at II-B-24. TPI's reliance on this argument is puzzling, since elsewhere in its evidence TPI explains that its practice is to issue invoices for truck deliveries when the truck is loaded. *See id.* at II-B-32. TPI's customers would thus have as much "time to pay" under a rail-truck transloading plan as they do through lease track service.

TPI elsewhere claims that it is "absurd" to imagine that there could be a competitive option for movements to lease track destinations. It is not at all absurd to think that a truck could deliver product to a lease track and blow it into a railcar – that same process regularly occurs in the real world. *See* TPI Opening at II-B-57 (admitting that truck deliveries to customer were loaded into standing hopper cars at customer facility). TPI's halfhearted objection that transloading cannot occur at lease tracks "because lease tracks are not TPI-approved bulk

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unloading apparatus, and different dry bulk trailers, none of which are airtight or self-contained as plastics transload equipment is. Most soda ash is shipped in hopper cars that have a set of bottom drop gates for each hopper of the car. To transload from rail to truck, the product is gravity discharged from the railcar onto a conveyor beneath the car, which elevates the soda ash to the top of a hopper truck where again it is gravity dropped into the truck. During the typical unloading process, therefore, the soda ash is exposed to the air and elements both while being gravity discharged from the car and when traveling up the conveyor and being gravity discharged into the truck. In contrast, the plastics transloading depicted in Exhibit II-B-1 is a completely closed system conducted via vacuum pneumatic equipment on the bulk trucks, and it poses little risk of contamination.

facilities" is meritless. As Exhibit II-B-1 amply demonstrates, all that is needed for an effective, safe, and economical transload is a vacuum pneumatic truck and its trained operator-driver. There is nothing necessary or essential about the transloading occurring at a "TPI-approved" facility.

More importantly, as a conceptual matter lease tracks are not the true "origins" or "destinations" of any of the issue movements – rather, they are a waystation between the TPI plant origin and the customer destination. TPI admits as much in its individual lane descriptions of lease track movements. For example, for Lane B-1 (Memphis – Social Circle) the movement is a delivery to a lease track, but TPI acknowledges that its customers for that movement are customer producers in { }. The real competitive alternatives to Lane B-1, therefore, are the rail-truck alternatives described in { }. TPI's potential economic alternatives for deliveries to those customer destinations effectively constrains CSXT's rates both for customer-direct shipments and for lease-track shipments to serve those customers.

Fifth, TPI claims that CSXT is market dominant for any movement to a "customer-selected destination" – even if the customer-selected facility is a transloading facility. In the first place, TPI has not produced any evidence of a customer "selecting" a particular transloading facility or informing TPI that it preferred one transload facility over another. Moreover, the fundamental fallacy of TPI's position is again the claim that a customer's selection of a transloading facility is completely unaffected by the relative price of rail service to particular transload facilities. If a customer has "directed" a shipment to a CSX TRANSFLO facility, says TPI, the Board should assume that there is no effective competition from a nearby NS Thoroughbred Bulk Terminal because "TPI is rendered captive" by the customer's selection.

TPI Opening at II-B-27. This is utter nonsense as a matter of real-world economics. If customers respond to economic incentives (as they must surely do), then it is ludicrous to assume that a customer would "render TPI captive" to a particular CSXT-served transload facility even if it were more cost-effective to ship to a non-CSXT-served transload facility.[78] Most of the customers who TPI says have "selected" bulk terminals are brokers who are not tied to any specific location or facility and can readily respond to economic incentives. Such brokers are well able to take advantage of competitive alternatives in the marketplace. *Cf. Coal Trading Corp. v. Baltimore & Ohio R.R. Co.*, 6 I.C.C.2d 361, 375-76 (1990) (finding no market dominance where complainant broker did not have "sources captive to specific rail lines" and had ability to bypass defendant carrier by shifting to another port).

Indeed, TPI's claim that CSXT is presumptively market dominant over any shipment to a bulk transload facility because a TPI customer "selected" that facility has matters precisely backward. Any TPI shipment to a bulk transload facility at which the issue commodities will be loaded onto truck for delivery to destination is presumptively a lane for which the end customers do not require rail and for which trucking is a competitive alternative. The list of issue lanes involving shipments to bulk terminals that TPI provides at TPI Opening II-B-27 is therefore a list of lanes that should be summarily dismissed for lack of jurisdiction, because TPI cannot possibly prove that CSXT is market dominant over a rail shipment to a transloading facility.

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[78] TPI significantly misstates the facts when it claims that {{

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d. TPI Has Many Cost-Competitive Truck-Transload Options to CSXT Rail Service.

i. TPI Has Cost-Competitive Alternative Transportation Options For At Least Seventy-Eight of the Issue Movements.

Gordon Heisler, a chemical logistics expert with more than 35 years experience in surface transportation and logistics, analyzed potential competitive options for the issue movements and identified alternative transportation options competitive with CSXT's tariff rates for seventy-eight of the issue movements.[79] These intermodal transportation options all follow a similar pattern:

(1) A shipment that originates at one of TPI's production facilities in Texas and Louisiana is transported by a western railroad to a Mississippi River gateway (just as it would be for interchange to CSXT);

(2) At the gateway the railcar shipment is interchanged with a railroad other than CSXT, which transports the railcar to a transloading facility near its final destination; and

(3) At the transloading facility the railcar is unloaded into bulk trucks, which deliver the issue commodities to their final destination.

As discussed above, this simple rail-truck transload process is used by TPI to transport {{ }} of issue commodity shipments each year. *See supra* at II-29 through II-31; *see also* CSXT Reply Ex. II-B-1 for a video of one of those transloads. Descriptions of the rail-truck transportation options identified by Mr. Heisler are provided in the lane descriptions at CSXT Reply Ex. II-B-2, in the table at CSXT Reply Ex. II-B-5, and in the maps at CSXT Reply Ex. II-B-6. These transportation alternatives are also briefly summarized below.

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[79] CSXT's Motion for Expedited Consideration of Jurisdiction Over Challenged Rates separately discussed alternatives that proposed "direct truck" options and rail transloading options. Because all the potential direct truck options proposed by CSXT would originate at the gateway and would require a transload, they are best characterized as a type of rail-truck transloading. CSXT does not propose (and has not proposed) that direct truck transportation from TPI's production facilities would be a competitive alternative.

(a) Transload at Augusta, GA (Lanes B-8, B-23, B-31, B-36, B-37, B-66, B-86, B-91, and B-103).

For nine issue movements, NS could transport the issue commodity from the gateway to the NS Thoroughbred Bulk Transfer Terminal ("TBT") in Augusta, GA for truck delivery to the customer. For example, polystyrene bound for North Cove, NC on Lane B-23 could be interchanged at New Orleans to NS and transported to the Augusta TBT, from which Quality Carriers could deliver product to North Cove at a total cost of {{ }}, which is {{ }} than the challenged tariff. NS's Augusta TBT is a new facility which has the capability to handle the issue commodities and is fully equipped with fencing, lighting, and security systems.

(b) Transload at Bethlehem, PA (Lanes B-60 and B-111).

Two issue movements could move through the Bulkmatic Transport facility at Bethlehem, PA. Lane B-60 originates at the New Orleans, LA gateway. The issue movements on that lane could be transported on NS to Bethlehem, PA and transloaded to truck for delivery to Baltimore, MD for a total cost of {{ }}, which is within {{ }} of the CSXT direct rail rate. Lane B-111 originates at the Chicago, IL gateway and could be moved on Canadian Pacific to Bethlehem, PA and transloaded to truck for delivery to Pittsfield, MA for a total cost of {{ }}, which is within {{ }} of the CSXT direct rail rate. Bulkmatic Transport Company has extensive experience transloading a variety of commodities and can handle the commodities transported on these lanes.

(c) Transload at Chattanooga, TN (Lanes B-10, B-25, B-35, B-48, B-52, B-53, B-70, B-71, B-72, B-74, B-89, and B-102).

For twelve issue movements, NS could transport the issue commodity from the gateway to the NS Thoroughbred Bulk Transfer Terminal at Chattanooga, TN for truck delivery to the customer at rates competitive to CSXT direct rail service. For example, traffic on Lane B-72,

New Orleans, LA to Tyner, TN, could be interchanged from the western carrier to NS at New Orleans and transported to Chattanooga for loading into trucks for delivery to Tyner at a total cost of {{ }} compared to a total cost of rail direct service on CSXT of {{

}}

(d) Transload at Chesapeake, VA (Lane B-5).

For Lane B-5 (New Orleans, LA to Ampthill, VA) NS could transport polyethylene from New Orleans to the A&R Transport Terminal in Chesapeake, VA for transload and subsequent truck transport to the ultimate customer for {{ }}, which is within {{ }} of the CSXT direct rail rate. The A&R Transport Terminal has the ability to handle the traffic generated from Lane B-5.

(e) Transload at Crafton, PA (Lanes B-14, B-20, B-22, B-62, and B-80).

For five issue movements, NS could transport the issue commodity from Chicago to the NS TBT in Crafton, PA for transload and subsequent truck transport to the ultimate customer. For example, the cost of the alternative transportation on lane B-62 (Chicago, IL to Clarksburg, WV) is {{ }}, which is within {{ }} of the CSXT direct rail rate. The NS TBT facility in Crafton, PA is capable of handling the commodities transported on each of these traffic lanes.

(f) Transload at Dalton, GA (Lanes B-7, B-112, and B-120):

For three issue movements, NS could transport the issue commodity from New Orleans to the NS TBT in Dalton, GA for transload and subsequent truck transport to the ultimate customer at rates competitive to CSXT direct rail service. For example, the proposed alternative movement for Lane B-112, New Orleans to Dalton, GA, would cost a total of {{ }}

compared to the CSXT direct rail rate of {{ }}. The Dalton TBT is capable of handling the issue commodities on these lanes.

(g) Transload at Deans, NJ (Lane B-15).

For Lane B-15 (Chicago, IL to Orangeburg, NY) NS could transport the issue commodity from Chicago to the Herman Warehouse facility in Deans, NJ for transload and subsequent truck transport to the ultimate customer for {{ }}, which is within {{ }} of the CSXT direct rail cost. {{ }}

(h) Transload at Doraville, GA (Lanes B-1, B-3, B-9, B-28, B-39, B-43, B-54, B-78, B-79, B-89, B-94, B-97, and B-98).

For thirteen issue movements, NS could transport the product from the gateway to the NS TBT at Doraville, GA for truck delivery to the customer at rates competitive to CSXT direct rail service. For example, the cost of the alternative movement for Lane B-3, New Orleans, LA to Covington, GA, would be {{ }}, which is {{ }} than the challenged tariff. {{

}}

(i) Transload at East Morris, IL (Lanes B-4, B-17, B-44, B-56, B-81, and B-115).

For six issue movements, TPI could have Canadian National transport its cars from the Chicago, IL gateway to the A&R Transport transload facility in nearby East Morris, IL for transload and subsequent truck transportation. For example, the cost of the CN switch and truck transportation to the customer on Lane B-4 in Clinton, IN would total {{ }}, which is within {{ }} of the CSXT direct total cost of {{

}}

(j) Transload at Euclid, OH (Lanes B-67, B-108, and B-113).

For three issue movements, Norfolk Southern could transport TPI railcars from the Chicago gateway to Euclid, Ohio, the site of a Kinder Morgan transload facility {{

}} From there trucks could transport the issue commodities to final destination in Akron, OH (for Lanes B-67 and B-108) and Clarksburg, WV (for Lane B-113).

(k) Transload at Greer, SC (Lanes B-21, B-105 and B-106).

For three issue movements, NS could transport the issue commodity from the New Orleans, LA gateway to the Quality Distribution Terminal in Greer, SC for transload and subsequent truck transport to the ultimate customer at rates competitive to CSXT direct rail service. All three New Orleans, LA to Hamlet, NC lanes – B-21, B-105 and B-106 – if moved via the suggested alternative transportation mode, would cost {{ }} than the current challenged rate. {{

}}

(l) Transload at Hammond, IN (Lanes B-18, B-33, B-84, B-96 and B-110).

For five issue movements, TPI could have the Indiana Harbor Belt Railroad ("IHB") transport cars from the Chicago, IL gateway to the Savage Services facility in nearby Hammond, IN for transload and subsequent truck transport to the ultimate customer at rates competitive to CSXT direct rail service. For example, on Lane B-96 (Chicago, IL to Francesville, IN) the total cost of the IHB Switch and truck transport to the customer is {{ }}, which is {{ }} than the challenged tariff rate. Savage Services has extensive experience with

transloading a multitude of commodities and is equipped to handle the issue commodities on these lanes.

(m) Transload at Louisville, KY (Lanes B-2, B-6, B-29, B-59, and B-93).

For five issue movements, NS could transport the issue commodity from New Orleans to the A&R Logistics terminal in Louisville, KY for transload and subsequent truck transport to the ultimate customer at rates competitive to CSXT direct rail service. For example, TPI could transport the issue commodity over Lane B-2, Memphis, TN to Evansville, IN via this alternative route for a total cost of {{ }}, which is {{ }} less than the CSXT direct rail rate. {{

}}

(n) Transload at Pineville, NC (Lane B-26).

For one issue movement, NS could transport the issue commodity from New Orleans to the NS TBT terminal in Pineville, NC for transload and subsequent truck transport to the ultimate customer at Beech Island, SC. {{

}}

(o) Transload at Philadelphia, PA (Lane B-61).

For one issue movement, Canadian Pacific Railway could transport the issue commodity from Chicago to the Bulkmatic terminal in Philadelphia, PA for transload and subsequent truck transport to TPI's customer in Utica, NY. {{

}}

(p) Transload at West Memphis, AR (Lanes B-57, B-63, B-69, B-75, B-100, and B-101).

For six issue movements, BNSF could transport the commodity from the Memphis, TN gateway to the Midsouth Bulk Services transload facility in West Memphis, AR, for transloading and subsequent truck transportation to the ultimate customer at rates competitive to CSXT direct rail service. {{

}} The Midsouth Bulk Services transload facility has the ability to handle the issue commodities on these lanes.

(q) Transload at Willis, MI (Lane B-82).

For Lane B-82 (Chicago, IL to Livonia, MI) NS could transport the issue commodity from Chicago to the NS TBT in Willis, MI for transload and subsequent truck transport to the ultimate customer for a total of {{ }}, which is within {{ }} of the CSXT direct rail cost. TPI has relied {{ }} on other NS Thoroughbred Bulk Transfer terminals, and the Willis TBT would be able to handle the issue commodity on this lane.

(r) Transload at Worcester, MA (Lane B-49).

For Lane B-49 (Chicago to Westboro, MA) NS could transport the issue commodity from an alternate gateway in New Orleans to the Mid-States Packaging transload facility in Worcester, MA, and truck to the ultimate customer for a cost of {{ }}, which is within {{ }} of the CSXT direct rail cost originating from Chicago. Mid-States Packaging is an established company that has extensive experience transloading a variety of products, and the Mid-States Packaging facility in Worcester, MA is suitable for transloading polyethylene.

ii. The Transportation Costs of the Alternative Transportation Options Identified by Mr. Heisler Are Very Competitive With CSXT Tariff Rates.

For each alternative discussed above, Mr. Heisler calculated all potential costs to TPI of that alternative: rail costs, transloading costs, trucking costs, and any ancillary charges. A detailed breakdown of lane-by-lane costs is set forth in CSXT Reply Ex. II-B-5 and CSXT Reply WP "Cost Calculations for Intermodal Alternatives.xls". Mr. Heisler's analysis confirms that the transportation cost of truck-transload options is competitive with rail service. Below CSXT summarizes the methodology Mr. Heisler used to calculate these costs.

Rail Costs: First, Mr. Heisler determined the cost of transportation on a rail carrier other than CSXT from the gateway "origin"[80] to a transloading facility. All rail transportation costs in Reply Exhibit II-B-5 are derived from {{

}} for some lanes CSXT hypothesized that TPI would move traffic originating at one of its western plants through a different gateway point (*e.g.*, that a movement originating on BNSF could be interchanged with NS at New Orleans rather than with CSXT at Memphis). In each case, CSXT has accounted for any effect that the

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[80] As noted previously, CSXT does not directly serve any of TPI's production facilities from which its traffic originates. Rather it interchanges TPI's traffic with Western railroads at various Mississippi River gateways, and it is the transportation costs of moving TPI's traffic via other rail carriers from those gateways that Mr. Heisler analyzed.

gateway shift would have on TPI's rail rate on the western carrier. So in the above example, if shifting the gateway from Memphis to New Orleans would result in an increase in the BNSF rate, that increase is included in the costs of alternative transportation.[81]

In some situations, the most effective competitive option would be for issue movements to be delivered to a transloading facility at the gateway origin and trucked to destination. {{

}} Mr. Heisler accounted for any difference in the western carrier rate in his cost calculations.

Transload Facility Costs: The transload facilities that are used in the rail-truck transportation options that Mr. Heisler has proposed are identified in CSXT Reply Ex. II-B-5. There are multiple other transloading facilities available that could handle the issue commodities – these are just some of the multiple competitive options available to TPI. *See* CSXT Reply Ex. II-B-1 at 7:49 (showing locations of transload facilities in Eastern United States); *see also* CSXT Reply WP "Transload site list.doc" (listing over 100 transload sites in Eastern United

[81] The true origins of the joint line movements listed in Exhibit B to TPI's complaint are TPI's production facilities in Texas and Louisiana. Because the originating carriers for these issue movements – BNSF, UP, and CN – interchange traffic with CSXT and NS at multiple gateways, in some cases an effective competitive alternative to a CSXT joint move with one of these western carriers is an NS joint move with the western carrier that interchanges at a different gateway point. Such a gateway shift does not constitute geographic competition, for the issue movements do not originate at the gateways listed in TPI's complaint – they originate at TPI production facilities. Put differently, each of the competitive options set forth by Mr. Heisler contemplates an alternative from the same TPI production facility to the same end customer. The fact that the alternative may be routed over a different gateway does not make the alternative "geographic competition."

States available for dry bulk transloading). Several of the facilities proposed by Mr. Heisler are in TPI's "approved" network, but some are not. As discussed above, there is no legitimate reason why TPI could not use an unapproved facility (or expeditiously "approve" a facility it wishes to use) and in fact TPI itself often uses "non-approved" facilities. *See supra* at II-32 through 33.

Most transloading sites charge a nominal fee for each truck that is loaded from a railcar; some that are operated by a particular motor carrier do not charge a fee for that carrier's trucks. The fees for the transload facilities that TPI could use for the proposed alternative transload options are set forth in CSXT Reply WP "Cost Calculations for Intermodal Alternatives.xls" and included in the total costs of alternative transportation in CSXT Reply Exhibit II-B-5. Mr. Heisler included all applicable transloading facility fees in his cost calculations.

Motor carrier costs: {{

}} Mr. Heisler used these contract rates and applicable fuel surcharges[82] to calculate the costs of potential trucking options.[83] Mr. Heisler assumed that TPI would use the same self-loading vacuum pneumatic trucks that it currently uses for truck shipments. These trucks carry all equipment necessary to load from a hopper car, and their drivers are able to load from a railcar without any additional equipment or assistance. {{

[82] Fuel surcharges were calculated as of March 7, 2011 (the same date TPI used for its fuel surcharge calculations).

[83] {{

}}

}}

TPI claimed in its Opening Evidence that each truck would need to be cleaned after a shipment, and included costs for that cleaning in its evidence. While some truck cleaning would be required, the notion that every truck would have to be cleaned after every shipment is highly dubious. For example, a truck making several round trips from a transload facility to deliver the same product grade to a customer would not need to be cleaned for a repeated load of the same product. {{

}} In order to be conservative, however, Mr. Heisler assumed truck cleaning costs for each truck movement. As a result, CSXT's calculations actually overstate truck costs.

iii. TPI's Claims of Additional Intangible "Costs" Are Unsupported And Should Be Rejected.

The above costs – the cost of transportation on an alternate rail carrier, the fees imposed by a transload facility, and the cost of motor carrier transportation – are the only true transportation costs of the alternative transportation proposed by Mr. Heisler. In many cases, the transportation alternative identified by Mr. Heisler is identical to the alternative discussed in TPI's evidence; in the remaining cases, the fact that all the relevant rates and costs are derived directly from TPI's own contracts should remove any serious debate about the amount of transportation costs. As demonstrated in CSXT Reply Exhibit II-B-5, the transportation costs of the alternatives identified by Mr. Heisler are highly competitive with CSXT's tariff rates.

Perhaps because it recognizes this fact, TPI hypothesizes a number of other alleged "internal costs" that it says it would incur by increasing use of rail-truck transportation. TPI does not cite any precedent for the Board recognizing this sort of "internal cost" in a market dominance analysis, and indeed the Board historically has focused on the actual out-of-pocket expense that a shipper would incur by pursuing transportation alternatives and not on alleged internal costs.[84] Moreover, each of the internal costs TPI claims are based on two basic assumptions: (1) that if TPI were to increase its reliance on truck transportation it would implement that business decision with inefficiency and incompetence; and (2) that the Board should factor the cost of TPI's anticipated management inefficiencies into its cost assumptions. According to TPI, if it chose to serve customers at issue destinations by truck it would let rail cars sit at transload facilities for an average of {{ }}before bothering to arrange a truck to load product for delivery to its customers. And according to TPI its internal processes are so inefficient that it would take a TPI employee {{ }} to complete the paperwork for <u>one</u> of those rail-truck shipments. These made-for-litigation assumptions are patently unrealistic, and there is no reason to believe that a sophisticated business that is part of the fourth-largest oil and gas conglomerate in the world would tolerate such inefficiencies. Indeed, TPI's evidence is almost entirely devoid of support for <u>why</u> it would incur these alleged internal costs; instead TPI simply asserts that they exist and implicitly assumes that nothing could be done to avoid them. TPI provides calculations of these hypothetical costs (calculations that are grossly inflated) but no evidence for why it could not avoid or mitigate these "costs" in the first place. TPI has plainly not met its burden to demonstrate that it would necessarily incur

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[84] *See, e.g., DuPont (Plastics)*, STB Docket No. 42099 (analyzing "price differentials" between rail rates and truck rates); *FMC Wyoming*, 4 S.T.B. at 712 (analyzing costs of trucking rates and capital costs of converting facilities to accommodate truck transportation).

these costs if it used rail-truck alternatives to CSXT's rail service, and the Board should not consider them.

Storage Costs: Most of TPI's hypothetical internal costs derive from its assumption that for every rail-truck transload, TPI's rail car would sit at the transloading facility for an average of {{ }} before unloading. TPI therefore assumes that it would incur substantial storage charges for every rail-truck shipment. TPI does not explain how or why its operations would be so inefficient to create a {{ }} delay in the midst of every single rail-truck shipment. Instead, it says that because its rail cars spent an average of {{ }} days in storage at bulk terminals in 2010, the Board should assume a similar storage time for every rail-truck shipment.

TPI's grossly inflated storage time estimate is unsupported and should be rejected. In the first place, most transloading customers use bulk terminals much more efficiently than TPI – in 2010 the average amount of time that a railcar was stored at a CSXT TRANSFLO facility was {{

}}

More fundamentally, TPI's attempt to use 2010 bulk terminal data to calculate storage charges for alternative transportation options compares apples and oranges. Currently TPI often uses its bulk terminals as staging areas to hold product until requested by customers. TPI admits as much at Opening II-B-7, where it explains that when asked to deliver a truck shipment it first determines whether the requested product is available at any of its bulk terminals. That distribution system – in which product sits at bulk terminals accumulating storage charges until a

customer requests it – has no relevance to the alternative transportation system proposed by Mr. Heisler, in which the transloading facility is one stop in a continuous movement to the customer. To take an example, if TPI's customer in Covington, Georgia requested a railcar lot's worth of polystyrene, there is no reason why TPI could not arrange for truck transportation as soon as the railcar with Covington-bound product arrived at NS's Doraville TBT facility. If TPI did so, it would incur no storage charges, for NS TBTs (like virtually every transload facility) permit a certain amount of "free time" before any storage charges accumulate. NS TBT facilities provide 10 days of free time. It would be poor business indeed if TPI made it a practice to ignore that economic incentive for efficiency and instead to wait {{ }} before calling a motor carrier to arrange for truck deliveries to its Covington customer.

There is no reason to think that a sophisticated business like TPI could not arrange the necessary truck transportation within a 10-day window. TPI has failed to carry its burden to demonstrate that it would necessarily incur storage costs for rail-truck shipments, and the Board should not consider these alleged costs.

Rail Car Costs: TPI also attempts to calculate the impact of a transload alternative on TPI's rail car lease and maintenance costs. TPI does so by repeating its assumption that railcars to be transloaded would sit at transload facilities for {{ }} and by comparing that dwell time to the time that railcars historically dwelt at the customer facility to determine whether transloading would require more TPI rail car usage or less (and therefore whether it would have a net positive or negative effect on TPI's rail car costs). The critical flaw in this analysis is TPI's use of the grossly inflated assumption that it would take an average of {{ }} days to unload a railcar into trucks. As discussed above, a reasonably efficient operation would take much less time than that. All of TPI's "rail car costs" are therefore substantially biased against alternative

transportation. Where TPI posited that alternative transportation would cause greater rail car costs, an adjustment of the assumed rail car terminal dwell time to a reasonable level shows that TPI would actually save money by switching to alternative transportation. Where TPI posited that alternative transportation would result in lower rail car costs, use of a more realistic terminal dwell time produces even lower costs. *See* CSXT WP "Corrected Rail Car Costs.xls". TPI's calculations are plainly unreliable and should be rejected.

Because TPI may not be able to immediately realize rail car expense savings from increasing its reliance on rail-truck transloading, to be conservative CSXT has not factored the amount of potential rail car savings into its lane-by-lane analysis. Nonetheless, greater use of transloading would almost certainly allow TPI to save money on rail cars (as would be logical for an option that substituted truck transportation for a portion of the movement).

Personnel Costs: Even less justifiable than TPI's massively inflated "storage costs" are the supposed "additional personnel costs" it claims it would incur. TPI claims that each rail or truck shipment it makes requires certain paperwork that it calls a "delivery note." *See* TPI Opening at II-B-31. It further asserts that it takes a TPI employee {{ }} hours to process that delivery note and that, since a rail-truck shipment would require additional "delivery notes" to be issued for the truck portion of the move, TPI would incur an additional {{ }} in personnel costs for each such shipment. These supposed "additional personnel costs" are unsupported, grossly inflated, and should be rejected.

It is worth pausing a moment to consider the implications of TPI's claim that every individual rail movement and truck movement requires a full {{ }} hours of dedicated personnel time to complete the delivery note. According to TPI, it would take one employee {{ }} to process the paperwork for a single rail-truck shipment

moving through a transload facility.[85] If TPI's numbers were accurate, over {{ }} full-time employees would be required simply to do the paperwork for the {{ }} of TPI's inventory that moves through bulk terminals.[86] It is ludicrous to think that TPI is that inefficient.

TPI has not even come close to meeting its burden to justify these claimed costs. It does not explain why delivery notes take so long to complete, does not explain why it would not realize any economies of scale in coordinating the "delivery notes" for a rail-truck shipment with multiple trucks bound for the same customer, and has not submitted even the most basic description of what a delivery note is or why it takes so long to complete (let alone a copy of one of these supposedly tortuous documents). Indeed, the idea that a sophisticated enterprise like TPI that already ships {{ }} of annual shipments through bulk terminal facilities has such hopelessly hidebound internal processes that it takes {{ }} to handle the "delivery notes" for one such shipment is simply not credible. And if it were true that TPI is that inefficient, it plainly cannot rely on that internal mismanagement as evidence that CSXT is market dominant.

TPI's sole support for the claim that it takes {{ }} to process a delivery note is a single worksheet in TPI WP "Transload Cost Analysis.xls." The premise of the workpaper is that {{

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[85] {{

}}

[86] {{

}}

}}

The reality, of course, is that these employees do not work every day, that they likely have many additional duties other than completing delivery notes, and therefore that it takes far less than {{ }} hours for them to complete a delivery note. And TPI has produced no evidence sufficient to support a finding that a TPI employee would take substantially more time to manage a rail-truck shipment to a customer than he or she would to manage a rail shipment to that same customer. These far-fetched and unsupported costs should be rejected.

iv. TPI's Concocted "Inventory Carrying Costs" Are Unsupported and Baseless.

As unreasonable as TPI's attempts to impose additional storage and personnel costs on alternative transportation options may be, those costs add up to only {{ }} dollars a

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[87] {{

}}

carload and would have a relatively limited impact on the cost-competitiveness of alternative transportation. The keystone of TPI's attempt to argue that alternative transportation options are not cost-competitive is its claim that it would incur additional "inventory carrying costs" for rail-truck shipments. According to TPI, its practice is to invoice a direct rail shipment "immediately" upon shipment,[88] but not to invoice truck shipments until the truck ships from the bulk terminal. TPI Opening at II-B-32. TPI claims that its own policy of delay in issuing truck invoices causes massive "inventory carrying costs" for every shipment. *See id.* at II-B-32 through 33; TPI Opening Ex. II-B-6 ({{ }}).

In the first place, nothing about this "inventory carrying cost" accounting gimmick represents a real cost that affects TPI's bottom line. For each rail-truck shipment, TPI would receive the same amount of revenue from customers, and (as demonstrated above) its out-of-pocket costs to other rail carriers, motor carriers, and transload facilities would approximate its out-of-pocket costs for CSXT rail service. The timing of TPI's invoices to customers is entirely irrelevant to the actual revenues TPI receives and the actual costs it incurs. The Board's market dominance analysis should not consider a "cost" that is based entirely on a quirk of TPI's accounting practices.

Moreover, the "inventory carrying cost" is plainly a made-for-litigation cost that is not something TPI considers in the real world. TPI produced no workpapers to support the notion that it considers the alleged "inventory carrying cost" differential between rail and rail-truck shipments in the regular course of business. Indeed CSXT's request that TPI produce workpapers to support "its factual assertions that it accounts for truck and rail shipments in a way that creates additional inventory costs for truck shipments" was met with nothing but a

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[88] { }

reiteration that TPI issues invoices for truck and rail shipments at different times. *See* CSXT WP "Inventory Carrying Cost Followup"[89]

{{

}}

Moreover, TPI's customer contracts demonstrate that {{

[89] TPI's Reply to CSXT's Motion for Expedited Determination of Jurisdiction Over Challenged Rates – a Reply that raised a host of arguments that TPI claimed showed CSXT's market dominance – did not breathe a word about "inventory carrying costs." If TPI actually believed as a business matter that rail-truck shipments would cause inventory costs of {{ }} of dollars a carload, surely it would have occurred to TPI to mention it in its previous filing.

[90] *See, e.g.,* "Customer Contracts" folder in TPI workpapers at {{

.}}

}}

TPI's claim that this invoicing practice means it "must" carry inventory on its books differently for rail shipments and rail-truck shipments may carry the implication that this alleged inventory carrying cost is somehow predicated on or even required by Generally Accepted Accounting Principles ("GAAP"). It is neither. The primary component of TPI's "inventory carrying cost" appears to be an opportunity cost that TPI alleges occurs from its delayed invoicing of truck shipments. CSXT witness John McGrath, an expert accountant with over thirty years experience, reviewed TPI's inventory carrying cost allegations and concluded that an "inventory carrying cost" predicated on the opportunity cost of delayed invoices is not a cost that would be recognized in GAAP accounting, including GAAP inventory valuation.

The principles governing the valuation of inventories have been long established in the professional accounting community. Recently the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Series Codification ("ASC"), which codified existing GAAP rules and is the authoritative source of U.S. accounting and reporting standards for nongovernmental entities. ASC 330 addresses GAAP standards for inventory and inventory valuation. It does not make any provision for an "inventory carrying cost" based on a company's alleged opportunity cost from delayed invoicing. Nor is there any support for such an "inventory carrying cost" in Internal Revenue Code Section 263A (the Uniform Capitalization Rules for Inventory), which specifies the types of costs that are required to be allocated to inventories for tax purposes. While the Uniform Capitalization Rules require capitalization for a wide range of

indirect costs, "inventory carrying cost" is not one of them. In short, the "inventory carrying cost" that TPI has proposed has no basis in GAAP accounting.

Finally, TPI substantially inflates its "inventory carrying cost" calculations. Like it did for its storage calculations, TPI assumes that railcars would sit at transload facilities for {{ }} before TPI arranged for trucks to unload commodities. As demonstrated above, this assumption is grossly inflated and should be rejected. *See supra* at II-72 through II-73. Correcting it to a more reasonable level would cut purported "inventory carrying costs" by over 75%. Similarly, TPI has provided no support for the notion that its alleged {{ }} cost of capital is an appropriate measure of its inventory costs. Inquiries by Mr. Heisler have suggested that a more typical cost of capital in the industry is { }, and it is implausible that an extremely large and well-capitalized company like TPI would face higher-than-average capital costs. Indeed, the opposite would be more likely.

* * *

TPI has not presented any credible evidence from which the Board could conclude that a competently managed organization would incur the hypothetical internal "costs" that it postulates. No competently managed organization would have internal processes so byzantine that it took an employee {{ }} to process the "delivery notes" for one rail-truck shipment. No competently managed organization would allow inventory bound for a specific customer to sit at transload facilities for an average of {{ }} before arranging trucks to complete the delivery. And no competently managed organization that sincerely considered "inventory carrying costs" in the ordinary course of business would {{ }}. TPI's transparent attempts to use these devices to inflate its cost calculations cannot obscure the

fundamental truth: the actual transportation costs of the alternative transportation options identified in CSXT Reply Ex. II-B-5 are comparable to CSXT's rail rates and constitute effective competition for seventy-eight of the issue movements.

3. TPI's other arguments for CSXT's market dominance should be rejected.

As a last resort, TPI argues that CSXT is market dominant regardless of whether there are physically feasible and cost-competitive alternatives to CSXT's rail service. *See* TPI Opening at II-B-34 through 37. According to TPI, it doesn't matter if there are cost-competitive alternatives to CSXT's rail service, because that "merely demonstrates that CSXT has priced up to the nearest, higher cost alternative." TPI Opening at II-B-35. For the Board to accept TPI's argument would be to write the market dominance standard out of the statute, for if the existence of feasible and cost-competitive transportation alternatives only "demonstrates" market dominance it would be impossible for the Board to ever find that a railroad was not market dominant. TPI is wrong, and as demonstrated below it has seriously misconstrued the two cases it cites in support of its extraordinary proposition. Similarly meritless is TPI's argument that the Board can draw an inference of market dominance from the fact that TPI has not yet shifted its traffic to alternative transportation – an argument that does not prove anything except that TPI has decided that it would rather seek a regulatory prescription than pursue marketplace alternatives. And TPI's claim that an "internal cost comparison" demonstrates CSXT's market dominance is both irrelevant (for what matters is what it costs TPI to use alternative transportation, not the internal costs of transportation providers) and worthless in light of TPI's transparent efforts to inflate what it alleges to be the internal costs of transload facilities and motor carriers. Nor is there any merit to TPI's claim that the R/VC ratios of the issue movements indicate market dominance. None of these arguments can stand against the

overwhelming evidence that there are feasible and cost-competitive alternatives to CSXT's rail service for many of the issue movements and that the availability of cost-competitive options from a feasible mode that TPI {{ }} uses is effective competition within the meaning of 49 U.S.C. § 10707(a).

a. TPI's "Heads I Win, Tails You Lose" Argument Should Be Rejected.

After citing the Board's decision in the *DuPont (Plastics)* case and the D.C. Circuit's decision in *Arizona Public Service Co.*, TPI pronounces that "the fact that some transload rates are less than or comparable to CSXT's rates merely demonstrates that CSXT has priced up to the nearest, higher cost alternative, not that such alternative constitutes effective competition." TPI Opening at II-B-35. So according to TPI, transloading alternatives cost more than CSXT rail service (thanks to the fictional "inventory carrying costs" it postulates), and if they don't that fact only "demonstrates" that CSXT is a rational monopolist that "priced up to the nearest, higher cost alternative." Heads I win, tails you lose. TPI's theory would make it impossible for the Board to find that a carrier was not market dominant, for according to TPI evidence that rail rates are comparable to other alternatives only proves that the railroad has priced to the "outer limit" of its market power. Indeed, if TPI were right, there is no point to the Board considering the costs of alternative transportation at all, because even if those costs are competitive with the carrier's rail service a shipper's mere assertion that the railroad had "priced up" to the competition is sufficient to prove market dominance.

That is plainly not the sort of market dominance test that Congress expected the Board to implement when it passed the 4R Act and Staggers Act. And it is plainly not the Board's understanding of the significance of the relative costs of transportation alternatives to the market dominance inquiry. *See, e.g. DuPont (Nitrobenzene)* at 5 (relying in part on "evidence that

trucking rates are significantly higher than the challenged rates"); *FMC Wyoming*, 4 S.T.B. at 712 (relying on evidence that "FMC ... has obtained trucking rate quotations that are comparable to UP's current rail rate").

The decisions TPI cites at II-B-35 did not hold that comparable costs of alternative transportation should be taken as evidence that "demonstrates" the carrier's market power. Instead, both *Arizona Public Service Co.* and *DuPont (Plastics)* stand only for the proposition that cost comparability is not sufficient to prove effective competition where there is substantial evidence that the alternative is inherently less efficient and less desirable than rail transportation. In that circumstance, it would be possible that the cost comparability between rail transportation and an obviously less suitable alternative is not the result of effective competition, but rather of the railroad's behavior as a "rational monopolist." The principle outlined by *Arizona Public Service Co.* and *DuPont (Plastics)* is best understood as an exception to the general rule that a feasible and cost-effective alternative will constitute effective competition. Indeed, recognizing these decisions as positing an exception to the rule that feasible and cost-effective alternatives constitute effective competition is the only way to reconcile the language TPI cites with the Board's longstanding interpretation of the market dominance test.

The limits of the *Arizona Public Service* exception are illustrated by the D.C. Circuit's pithy characterization of the issue as the "horse and buggy" problem: at some price point even a horse and buggy would be competitive with a sufficiently high rail rate. *See Arizona Pub. Serv. Co. v. ICC*, 742 F.2d 644, 651 (1984) ("At some point the availability of an alternative such as the horse and buggy or even people carrying oil in buckets theoretically prevents railroads from raising their rates beyond an outer bound."). The key factor in a "horse and buggy" scenario is not that the rail rate is set at the level of its competition, but rather that the rail rate is set at the

level of a mode that is obviously inferior and inherently less efficient than rail service. Participants in competitive markets price to the level of their competitors every day – that is how markets are supposed to work. The only situation in which the Board could find that a comparably-priced transportation alternative was not effective competition would be where the alternative is at such a clear disadvantage vis-à-vis rail that the comparable pricing was more likely the function of a monopolist pricing to its profit-maximizing price than of a competitive market.

While *Arizona Public Service* discussed the theoretical possibility of a "horse and buggy" exception, its facts did not present such a scenario. The Court instead addressed a situation where truck transportation was both a logistically infeasible option and where truck rates were up to 60% higher than rail rates. *See Arizona Public Service*, 742 F.2d at 651 ("[T]ruck rates are much higher than railroad rates for comparable services, and there is no suggestion in this record that the truck rates are higher because of any superiority in truck transportation of oil. Indeed, the record shows truck transport to be inferior due to the limited truck off-loading facilities at petitioner's plants.") After remand the ICC concurred with the D.C. Circuit's finding that the price differential between truck rates and rail rates meant that trucks were not an effective competitive option. *See Arizona Pub. Serv. Co. v. Atchison, Topeka & Santa Fe Ry. Co.*, ICC Docket No. 38088S (Apr. 15, 1987), *available at* 1987 WL 100209, at *7 ("[I]t is uncontested that rates on all-motor movements between the points named are substantially higher than rail rates between the same points.").

DuPont (Plastics) does not support TPI's position either. In *DuPont (Plastics)*, the question before the Board was whether CSXT's tariff rate for an 820-mile movement of plastic

powder was constrained by direct truck competition.[91] *See DuPont v. CSXT*, STB Docket No. 42099, at 1 (June 30, 2008). The direct truck move would have been over 600 miles – well outside the band of most truck movements – and the rates for direct truck movements were somewhat higher than the challenged rail rate. Moreover, the Board found that the physical characteristics of the issue commodity significantly complicated truck transportation. *See id.* at 7. Under those circumstances, where the Board found that truck transportation for a long-haul movement of a sensitive commodity had significant disadvantages vis-à-vis rail transportation, the Board concluded that on balance the less desirable and more expensive truck option was not effective competition. That case has no application here, where Mr. Heisler is proposing short-haul truck moves well in line with the distances that TPI trucks the moves in the ordinary course of business,[92] and where TPI trucks and transloads {{ }} of shipments of the issue commodities every year.

In short, for TPI to demonstrate that the cost-competitiveness of rail-truck transloading is evidence that CSXT is merely exercising its market power to price up to a higher cost alternative, TPI was required to show that there was something demonstrably inferior about rail-truck transportation that gives CSXT a significant competitive advantage over that transportation. TPI's opening evidence does not come close to meeting that burden. Indeed, TPI

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[91] CSXT also posited a cost-competitive rail-truck transload option for the plastic powder movement, but the Board found that "transloading is not a competitive constraint on rail rates due to price differentials, customer preference, and the lack of specialty equipment needed for carriage of synthetic powder plastics by truck." *DuPont (Plastics)*, at 7.

[92] Between 2006 and 2010 TPI shipped {{ }} truckloads of the issue commodities a distance of 300 miles or more. *See* {{ }}. {{ }} of those truckloads were shipped distances of 500 miles or more. *See id.* By contrast, only four of the seventy-eight rail-truck transload options proposed by Mr. Heisler would require truck shipments longer than 250 miles, and the longest of these would be 302 miles.

could not have possibly made that showing in light of the undisputed facts that it actively uses rail-truck transload options and {{

}} This is no horse and buggy – it is a real-world option that TPI regularly uses to transport the issue commodities to its customers, and it plainly constitutes effective competition.

b. Rate Increases for the Issue Movements Do Not Show Market Dominance.

TPI argues that its "inability" to divert traffic following CSXT's rate increases proves that CSXT is market dominant. In the first place, the lion's share of the rate increases about which TPI complains are contract increases to which TPI agreed. TPI asserts that "CSXT imposed its first significant rate increases over 3 years ago," but glosses over the fact that TPI agreed to those increases in a negotiated private contract. TPI Opening at II-B-35. The idea that CSXT "imposes" contract terms on a €130 billion international conglomerate like TPI is ridiculous. TPI's characterizations of the parties' 2008 and 2009 contracts as instances where CSXT "took" increases is a similarly distorted characterization of an arms-length negotiation between CSXT and a major corporation with ample resources, sophistication, and negotiating skill.

The fact that CSXT and TPI agreed to increased rail rates in recent contracts is not surprising. The transportation market has changed significantly in recent years, and tightening capacity and higher costs for key inputs such as fuel has raised both rail rates and motor carrier rates across the transportation industry. Nor is there anything surprising about the fact that CSXT's tariff rates increased over the contract rates. CSXT's contracts with TPI (like its contracts with other plastics shippers) were the end result of a vigorous negotiation process in

which TPI leveraged its overall volumes on hundreds of lanes, including many lanes subject to direct intramodal competition with other rail carriers. In exchange for the volume commitments TPI made in those contracts (including commitments on many lanes not at issue in this case), CSXT agreed to contract rates that were well below common carrier rates it would offer without those volume commitments.

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There is no significance to the fact that TPI did not shift substantial volume from the issue lanes after its contract with CSXT expired. Sophisticated companies like TPI are well aware of governing law, and TPI is advised by capable counsel who certainly would have advised it of the impact that using alternatives to CSXT's rail service would have on its ability to pursue relief with the Board. {

} The fact that TPI did not shift the challenged lanes as well doesn't prove that CSXT possesses market dominance – all it proves is that TPI knows what it needs to do to argue that CSXT is market dominant.

c. TPI's Internal Cost Analysis Is Flawed and Irrelevant.

TPI argues that CSXT is market dominant because a comparison of the internal costs of rail transportation and rail-truck alternatives supposedly demonstrates that rail transportation has substantially lower costs that rail-truck transloading. *See* TPI Opening Ex. II-B-10. The analysis presented in TPI Exhibit II-B-10 is both legally irrelevant and transparently flawed.

The premise of Exhibit II-B-10 is TPI's assertion that "[f]or an effective competitive constraint to exist, CSXT's cost of providing the service must be comparable to or greater than that of the cost of providing the service by all carriers and service providers in that supply chain." TPI Opening Ex. II-B-10 at 4. TPI provides no citation to a Board or ICC decision supporting that assertion, because there are none. The series of block quotes with which TPI precedes this pronouncement do not begin to suggest that a rail carrier is market dominant if an "internal cost comparison" shows that its internal costs are lower than the internal costs of a competitor. The costs that are relevant in a market dominance inquiry aren't the internal costs of CSXT or the other rail and motor carriers who compete with CSXT – the costs that matter are the actual out-of-pocket costs that TPI incurs for transportation services. If the price that TPI has actually secured in the marketplace for a rail-truck transportation alternative is comparable to CSXT's tariff rate, then it is hard to imagine why either TPI or the Board should care about the relative margins of those alternate transportation providers.

But even if carriers' internal costs had some relevance to the market dominance inquiry, there are severe methodological problems with TPI's attempt to compare internal costs across modes. While the Board uses URCS as a standard measure of variable costs for railroads, there is no comparable model for other transportation industries such as motor carriage or transload alternatives. Short of a massive undertaking to devise a reliable and URCS-compatible internal cost estimate for other industries, any cross-industry cost comparisons are necessarily arbitrary.

Furthermore, there are significant differences between the cost structure of the rail industry and that of the motor carrier industry. Motor carriers operate on a highway infrastructure funded, built, maintained, replaced, and expanded by federal and state governments; for a motor carrier, therefore, virtually all its costs are variable costs. But a railroad must make huge capital investments to build, maintain, and expand its infrastructure (not to mention complying with government mandates like Positive Train Control). As a result URCS-measured variable costs are only a part of the full costs of operating a railroad. A variable cost comparison between rail transportation and truck transportation is therefore inherently flawed, because unlike motor carriers, railroads' costs include the full cost of building, upgrading, maintaining, and replacing their infrastructure.[93] Put differently, a study purporting to show that the variable costs of trucking are higher than the variable costs of rail transportation is meaningless in the absence of a showing that trucking costs are higher than the fully allocated

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[93] Indeed, a study by the GAO found that "freight service provided by trucks generate[s] significantly more costs that are not passed on to consumers of that service than the same amount of freight service provided by either rail or water." U.S. GOVERNMENT ACCOUNTABILITY OFFICE SURFACE FREIGHT TRANSPORTATION: A COMPARISON OF THE COSTS OF ROAD, RAIL, AND WATERWAYS FREIGHT SHIPMENTS THAT ARE NOT PASSED ON TO CONSUMERS, GAO-11-134 (Jan. 2001).

cost of rail transportation, including all necessary infrastructure maintenance and capital improvements.

In light of these serious methodological and policy issues, any "internal cost comparison" across modes is flawed from the outset. But TPI's Exhibit II-B-10 doesn't fail simply because of these methodological difficulties – it fails because TPI has transparently cooked the numbers for both its estimated transload facility costs and its estimated truck costs.

First, TPI treats the full price of alleged transloading facility fees and storage charges as the costs of those fees and charges to the transloading operator. The alleged point of the analysis TPI presents in Exhibit II-B-10 is to determine "the cost of providing the alternative service by all carriers and service providers in th[e] supply chain." So what allegedly matters in TPI's proffered analysis is the cost to the transload provider of providing a car space. The price charged for that car space is irrelevant. TPI makes no effort whatsoever to identify the variable costs of using a transload facility (which would be minimal, particularly for transloading that would be performed by the truck driver with equipment on his truck). Instead, it pretends that the fees charged by the transload facility precisely reflect its variable costs. That plainly erroneous assumption severely skews TPI's "analysis." Similarly, TPI incorporates as "costs" of transloading all fees from the "storage charges" discussed earlier. These charges are hopelessly inflated, and for the reasons discussed above would not be incurred if TPI managed a rail-truck alternative logistics plan with reasonable competence.

TPI's approximation of the alleged internal costs of trucking is no better. TPI's estimate of trucking variable costs derive from a study by the American Transportation Research Institute. In the first place, the ATRI study was funded by the trucking industry and was specifically developed to convince policymakers that they were underestimating truck costs. *See* CSXT WP

"ATRI Report Summary" (stating that analysis was designed to respond to "problem" with policymakers "underestimat[ing] truck costs" and "overstat[ing]" the value of operating a truck). Moreover, the fact that the ATRI study was developed through a survey raises serious questions about its analytical rigor. There is no reason to assume that this industry survey-based study developed for the express purpose of showing high truck costs is comparable to URCS costs developed by the ICC and Board and predicated upon rigorously supported and analyzed industry data (not survey results). Moreover, TPI blatantly distorts calculations derived from the ATRI study. For example, TPI effectively doubles truck costs by assuming a 100% empty return ratio – in other words, TPI assumes that every truck that carries a TPI shipment from a transload facility will be unable to find any other shipments or backhaul after delivering that shipment, and will have to return empty to the transload facility. This assumption does not comport with reality. Trucks are not empty unit train cars that need to return to origin for the next move; they are flexible transportation providers that can pick up opportunities wherever they arise.

Even if there were some theoretical validity to an "internal cost comparison" between CSXT's rail service and alternative modes of transportation (and there is not), TPI's "analysis" in Exhibit II-B-10 is transparently distorted and the Board should reject it.

d. R/VC ratios do not show market dominance.

Finally, TPI argues that, in combination with its other evidence, the R/VC ratios of the issue movements indicate CSXT's market dominance. TPI admits that R/VC ratios alone are insufficient evidence of market dominance – as is clear from Congress's separation of the quantitative and qualitative market dominance tests. And indeed the Board has only considered R/VC ratios as a factor in the market dominance analysis when it has already found significant evidence that the carrier is market dominant. *See, e.g., DuPont (Plastics)* at 8. Here, for the

reasons discussed above, TPI's evidence is far from sufficient to carry its burden to demonstrate market dominance, and R/VC ratios do not change that fact.

Furthermore, as discussed above in Section II-A, TPI's R/VC ratios have been significantly inflated by its refusal to base mileage characteristics on actual movement data. While the corrected R/VC ratios are somewhat higher than those for some other commodities, the issue commodities are much more valuable than most other commodities.[94] The market prices charged by rail and motor carriers for transportation of the issue commodities is driven in part by the fact that these are very valuable commodities. While that value (and the carrier's potential liability for loss or damage) is not reflected in the URCS model, it is a value that the Board should take into account when considering the reasonable cost of carriage.

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[94] According to TPI's workpapers, the value of a single rail car of polystyrene is {{ }}, the value of a rail car of polyethylene is {{ }}, and the value of a railcar of polypropylene is {{ }}. *See* TPI WP "Transload Cost Analysis.xls," at "Inventory Carrying Cost" tab.

BENTON V. FISHER

Mr. Fisher is Senior Managing Director in the Network Industries Strategies ("NIS") Group of FTI Consulting, specializing in the economic analysis of network industries, including railroad transportation. His business address is 1101 K Street, Suite B100, Washington, DC 20005. Mr. Fisher is sponsoring Part II-A of CSXT's Reply Evidence addressing quantitative market dominance and Exhibits II-A-1, II-A-2, II-A-3, and II-A-4.

Mr. Fisher is a graduate of Princeton University where he obtained a Bachelor's of Science degree in Engineering, from the Civil Engineering and Operations Research department. He graduated with a concentration in Information and Decision Sciences, and also received a certificate for completing the requirements for the Engineering and Management Systems program. After graduating, Mr. Fisher served as the Deputy Controller for the U.S. Senate re-election campaign for Bill Bradley, and since April 1991 has been employed by FTI Consulting and Klick, Kent & Allen, an economic consulting firm that FTI Consulting acquired in 1998.

Much of the NIS group's work focuses on the economic and financial analysis of network industries, in particular different aspects of transportation. Mr. Fisher has spent more than 19 years involved in the analysis of rates, costs, and service, and the factors that affect them. In the rail industry, he has worked extensively to develop expert testimony before the Surface Transportation Board ("STB") examining the reasonableness of railroad rates, railroads' applications for mergers and acquisitions, and rulemakings regarding the establishment, evaluation, revision, and implementation of rules and regulations. He has managed the development of expert testimony covering a variety of topics in numerous contract disputes in Federal court or Arbitration, requiring the analysis of economic and operating issues and response to service performance or other claims.

Much of Mr. Fisher's work for the railroad industry has required a detailed understanding of the regulations under which railroads operate, the rules by which rates are evaluated, and the costing approaches and models that are used. He has testified numerous times regarding stand-alone costs and URCS costs (Uniform Railroad Costing System, the STB's general purpose costing system) for individual movements, traffic groups, and entire networks. He has extensive experience with these costing approaches, including the detailed inputs and their sources, and the costing methodologies and formulae.

In addition to the rail industry, Mr. Fisher has been engaged with similar issues and disputes regarding the economic and financial analysis of telecommunications, postal, and energy matters. In those matters, as with rail, he has worked closely with detailed price, cost, and operational data and reviewed cost models and analyzed the sensitivity of multiple economic components, in evaluating rates, costs, and service in a variety of different contexts.

Mr. Fisher's complete curriculum vitae is attached.

VERIFICATION

I, Benton Fisher, declare under penalty of perjury that I have read the portions of the Reply Evidence of CSX Transportation, Inc. that I have sponsored (as described in the foregoing Statement of Qualifications), that I know the contents thereof, and that the evidence I have sponsored is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Benton V. Fisher

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Executed on this 2 day of June, 2011.

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Benton V. Fisher is a Senior Managing Director of FTI's Economic Consulting group, located in Washington, D.C. Mr. Fisher has nearly 20 years of experience in providing financial, economic and analytical consulting services to corporate clients dealing with transportation, telecommunications, and postal subjects.

North America's largest railroads have retained FTI both to assist them in making strategic and tactical decisions and to provide expert testimony in litigation. FTI's ability to present a thorough understanding of myriad competitive and regulatory factors has given its clients the necessary tools to implement and advance their business. Mr. Fisher has worked extensively to develop these clients' applications for mergers and acquisitions and expert testimony justifying the reasonableness of their rates before the Surface Transportation Board. In addition to analyzing extensive financial and operating data, Mr. Fisher has worked closely with people within many departments at the railroad as well as outside counsel to ensure that the railroads' presentations are accurate and defensible. Additionally, Mr. Fisher reviews the expert testimony of the railroads' opponents in these proceedings, and advises counsel on the necessary course of action to respond.

AT&T and MCI retained FTI to advance its efforts to implement the Telecommunications Act of 1996 in local exchange markets. Mr. Fisher was primarily responsible for reviewing the incumbent local exchange carriers' (ILEC) cost studies, which significantly impacted the ability of FTI's clients to access local markets. Mr. Fisher analyzed the sensitivity of multiple economic components and incorporated this information into various models being relied upon by the parties and regulators to determine the pricing of services. Mr. Fisher was also responsible for preparing testimony that critiqued alternative presentations.

Mr. Fisher assisted in reviewing the U.S. Postal Service's evidence and preparing expert testimony on behalf of interveners in Postal Rate and Fee Changes cases. He has also been retained by a large international consulting firm to provide statistical and econometric support in their preparation of a long-range implementation plan for improving telecommunications infrastructure in a European country.

Mr. Fisher has sponsored expert testimony in rate reasonableness proceedings before the Surface Transportation Board and in contract disputes in Federal Court and arbitration proceedings.

Mr. Fisher holds a B.S. in Engineering and Management Systems from Princeton University.

TESTIMONY

Surface Transportation Board

January 15, 1999	Docket No. 42022 FMC Corporation and FMC Wyoming Corporation v. Union Pacific Railroad Company, Opening Verified Statement of Christopher D. Kent and Benton V. Fisher
March 31, 1999	Docket No. 42022 FMC Corporation and FMC Wyoming Corporation v. Union Pacific Railroad Company, Reply Verified Statement of Christopher D. Kent and Benton V. Fisher
April 30, 1999	Docket No. 42022 FMC Corporation and FMC Wyoming Corporation v. Union Pacific Railroad Company, Rebuttal Verified Statement of Christopher D. Kent and Benton V. Fisher
July 15, 1999	Docket No. 42038 Minnesota Power, Inc. v. Duluth, Missabe and Iron Range Railway Company, Opening Verified Statement of Christopher D. Kent and Benton V. Fisher
August 30, 1999	Docket No. 42038 Minnesota Power, Inc. v. Duluth, Missabe and Iron Range Railway Company, Reply Verified Statement of Christopher D. Kent and Benton V. Fisher
September 28, 1999	Docket No. 42038 Minnesota Power, Inc. v. Duluth, Missabe and Iron Range Railway Company, Rebuttal Verified Statement of Christopher D. Kent and Benton V. Fisher
June 15, 2000	Docket No. 42051 Wisconsin Power and Light Company v. Union Pacific Railroad Company, Opening Verified Statement of Christopher D. Kent and Benton V. Fisher
August 14, 2000	Docket No. 42051 Wisconsin Power and Light Company v. Union Pacific Railroad Company, Reply Verified Statement of Christopher D. Kent and Benton V. Fisher
September 28, 2000	Docket No. 42051 Wisconsin Power and Light Company v. Union Pacific Railroad Company, Rebuttal Verified Statement of Christopher D. Kent and Benton V. Fisher
December 14, 2000	Docket No. 42054 PPL Montana, LLC v. The Burlington Northern Santa Fe Railway Company, Opening Verified Statement of Christopher D. Kent and Benton V. Fisher
March 13, 2001	Docket No. 42054 PPL Montana, LLC v. The Burlington Northern Santa Fe Railway Company, Reply Verified Statement of Christopher D. Kent and Benton V. Fisher
May 7, 2001	Docket No. 42054 PPL Montana, LLC v. The Burlington Northern Santa Fe Railway Company, Rebuttal Verified Statement of Christopher D. Kent and Benton V. Fisher

October 15, 2001	Docket No. 42056 Texas Municipal Power Agency v. The Burlington Northern Santa Fe Railway Company, Opening Verified Statement of Benton V. Fisher
January 15, 2002	Docket No. 42056 Texas Municipal Power Agency v. The Burlington Northern Santa Fe Railway Company, Reply Verified Statement of Benton V. Fisher
February 25, 2002	Docket No. 42056 Texas Municipal Power Agency v. The Burlington Northern Santa Fe Railway Company, Rebuttal Verified Statement of Benton V. Fisher
May 24, 2002	Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company, Opening Evidence and Argument of Norfolk Southern Railway Company
June 10, 2002	Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Opening Evidence and Argument of Norfolk Southern Railway Company
July 19, 2002	Northern States Power Company Minnesota v. Union Pacific Railroad Company, Union Pacific's Opening Evidence
September 30, 2002	Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company, Reply Evidence and Argument of Norfolk Southern Railway Company
October 4, 2002	Northern States Power Company Minnesota v. Union Pacific Railroad Company, Union Pacific's Reply Evidence
October 11, 2002	Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Reply Evidence and Argument of Norfolk Southern Railway Company
November 1, 2002	Northern States Power Company Minnesota v. Union Pacific Railroad Company, Union Pacific's Rebuttal Evidence
November 19, 2002	Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company, Rebuttal Evidence and Argument of Norfolk Southern Railway Company
November 27, 2002	Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Rebuttal Evidence and Argument of Norfolk Southern Railway Company
January 10, 2003	Docket No. 42057 Public Service Company of Colorado D/B/A Xcel Energy v. The Burlington Northern and Santa Fe Railway Company, Opening Evidence and Argument of The Burlington Northern and Santa Fe Railway Company
February 7, 2003	Docket No. 42058 Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad, Opening Evidence of The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad

April 4, 2003	Docket No. 42057 Public Service Company of Colorado D/B/A Xcel Energy v. The Burlington Northern and Santa Fe Railway Company, Reply Evidence and Argument of The Burlington Northern and Santa Fe Railway Company
May 19, 2003	Docket No. 42057 Public Service Company of Colorado D/B/A Xcel Energy v. The Burlington Northern and Santa Fe Railway Company, Rebuttal Evidence and Argument of The Burlington Northern and Santa Fe Railway Company
May 27, 2003	Docket No. 42058 Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad, Joint Variable Cost Reply Evidence of The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad
May 27, 2003	Docket No. 42058 Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad, Reply Evidence of The Burlington Northern and Santa Fe Railway Company
June 13, 2003	Docket No. 42071 Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company, Opening Evidence of The Burlington Northern and Santa Fe Railway Company
July 3, 2003	Docket No. 42058 Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad, Joint Variable Cost Rebuttal Evidence of The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad
October 8, 2003	Docket No. 42071 Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company, Reply Evidence of The Burlington Northern and Santa Fe Railway Company
October 24, 2003	Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company Supplemental Evidence of Norfolk Southern Railway Company
October 31, 2003	STB Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company, Reply of Norfolk Southern Railway Company to Duke Energy Company's Supplemental Evidence
November 24, 2003	STB Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Supplemental Evidence of Norfolk Southern Railway Company
December 2, 2003	STB Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Reply of Norfolk Southern Railway Company to Carolina Power & Light Company's Supplemental Evidence
January 26, 2004	STB Docket No. 42058 Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company, Joint Supplemental Reply Evidence and Argument of The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company

March 1, 2004	STB Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. The Burlington Northern and Santa Fe Railway Company, Opening Evidence and Argument of The Burlington Northern and Santa Fe Railway Company
March 22, 2004	STB Docket No. 42071 Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company, Supplemental Reply Evidence of The Burlington Northern and Santa Fe Railway Company
April 29, 2004	STB Docket No. 42071 Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company, Rebuttal Evidence of The Burlington Northern and Santa Fe Railway Company
May 24, 2004	STB Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. The Burlington Northern and Santa Fe Railway Company, Reply Evidence of The Burlington Northern and Santa Fe Railway Company
March 1, 2005	Docket No. 42071 Otter Tail Power Company v. BNSF Railway Company, Supplemental Evidence of BNSF Railway Company
April 4, 2005	Docket No. 42071 Otter Tail Power Company v BNSF Railway Company, Reply of BNSF Railway Company to Supplemental Evidence
April 19, 2005	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Opening Evidence of BNSF Railway Company
July 20, 2005	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Reply Evidence of BNSF Railway Company
July 27, 2004	STB Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. The Burlington Northern and Santa Fe Railway Company, Rebuttal Evidence of The Burlington Northern and Santa Fe Railway Company
September 30, 2005	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Rebuttal Evidence of BNSF Railway Company
October 20, 2005	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Surrebuttal Evidence of BNSF Railway Company
June 15, 2006	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Reply Supplemental Evidence of BNSF Railway Company
June 15, 2006	Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. BNSF Railway Company, Reply Supplemental Evidence of BNSF Railway Company
March 19, 2007	Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. BNSF Railway Company, Reply Third Supplemental Evidence of BNSF Railway Company

March 26, 2007	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Reply Second Supplemental Evidence of BNSF Railway Company
July 30, 2007	Docket No. 42095 Kansas City Power & Light v. Union Pacific Railroad Company, Union Pacific's Opening Evidence
August 20, 2007	Docket No. 42095 Kansas City Power & Light v. Union Pacific Railroad Company, Union Pacific's Reply Evidence
February 4, 2008	Docket No. 42099 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Opening Evidence of CSXT
February 4, 2008	Docket No. 42100 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Opening Evidence of CSXT
February 4, 2008	Docket No. 42101 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Opening Evidence of CSXT
March 5, 2008	Docket No. 42099 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Reply Evidence of CSXT
March 5, 2008	Docket No. 42100 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Reply Evidence of CSXT
March 5, 2008	Docket No. 42101 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Reply Evidence of CSXT
April 4, 2008	Docket No. 42099 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Rebuttal Evidence of CSXT
April 4, 2008	Docket No. 42100 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Rebuttal Evidence of CSXT
April 4, 2008	Docket No. 42101 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Rebuttal Evidence of CSXT
July 14, 2008	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Third Supplemental Reply Evidence of BNSF Railway Company
August 8, 2008	Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. BNSF Railway Company, Fourth Supplemental Evidence of BNSF Railway Company
September 5, 2008	Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. BNSF Railway Company, Fourth Supplemental Reply Evidence of BNSF Railway Company
October 17, 2008	Docket No. 42110 Seminole Electric Cooperative, Inc. v. CSX Transportation, Inc., CSX Transportation, Inc.'s Reply to Petition for Injunctive Relief, Verified Statement of Benton V. Fisher
August 24, 2009	Docket No. 42114 US Magnesium, L.L.C. v. Union Pacific Railroad Company, Opening Evidence of Union Pacific Railroad Company

September 22, 2009	Docket No. 42114 US Magnesium, L.L.C. v. Union Pacific Railroad Company, Reply Evidence of Union Pacific Railroad Company
October 22, 2009	Docket No. 42114 US Magnesium, L.L.C. v. Union Pacific Railroad Company, Rebuttal Evidence of Union Pacific Railroad Company
January 19, 2010	Docket No. 42110 Seminole Electric Cooperative, Inc. v. CSX Transportation, Inc., Reply Evidence of CSX Transportation, Inc.
May 7, 2010	Docket No. 42113 Arizona Electric Power Cooperative, Inc. v. BNSF Railway Company and Union Pacific Railroad Company, Joint Reply Evidence of BNSF Railway Company and Union Pacific Railroad Company
October 1, 2010	Docket No. 42121 Total Petrochemicals USA, Inc. v. CSX Transportation, Inc., Motion for Expedited Determination of Jurisdiction Over Challenged Rates, Verified Statement of Benton V. Fisher
November 22, 2010	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Comments of BNSF Railway Company on Remand, Joint Verified Statement of Michael R. Baranowski and Benton V. Fisher
January 6, 2011	Docket No. 42056 Texas Municipal Power Agency v. BNSF Railway Company, BNSF Reply to TMPA Petition for Enforcement of Decision, Joint Verified Statement of Michael R. Baranowski and Benton V. Fisher

U.S. District Court for the Eastern District of North Carolina

March 17, 2006	Civil Action No. 4:05-CV-55-D, PCS Phosphate Company v. Norfolk Southern Corporation and Norfolk Southern Railway Company, Report by Benton V. Fisher

U.S. District Court for the Eastern District of California

January 18, 2010	E.D. Cal. Case No. 08-CV-1086-AWI, BNSF Railway Company v. San Joaquin Valley Railroad Co., et al.

Arbitrations and Mediations

July 10, 2009	JAMS Ref. # 1220039135; In the Matter of the Arbitration Between Pacer International, Inc., d/b/a/ Pacer Stacktrain (f/k/a/ APL Land Transport Services, Inc.), American President Lines, Ltd. And APL Co. Pte. Ltd. And Union Pacific Railroad Company; Rebuttal Expert Report of Benton V. Fisher

GORDON R. HEISLER

Mr. Heisler is a Principal of his own transportation consulting firm, Heislog LLC. The Firm's offices are located at 98 McConkey Drive, Washington Crossing, PA 18977. Mr. Heisler is sponsoring Part II-B and supporting exhibits of CSXT's Reply Evidence regarding qualitative market dominance, including Exhibits II-B-1, II-B-2, II-B-3, II-B-4, II-B-5, and II-B-6.

Mr. Heisler has 38 years of experience in surface transportation and logistics, a large portion of which related to chemicals and plastics distribution for Sunoco, Inc. ("Sunoco") and for FMC Industrial Chemicals. He directed Sunoco's transportation group for approximately 13 years before retiring from that company in 2005. During his Sunoco tenure, Mr. Heisler was responsible for the operational management and economics of all deliveries including rail and bulk trucking movements of Sunoco Polymers. This entailed operation of over 3,000 plastics hopper cars delivering over 12,000 rail shipments of polymer products annually, as well as establishment and operation of 18 plastics intermodal transload facilities. Sunoco held contracts with seven Class I rail carriers and with 12 bulk motor carriers of plastics to accomplish this transportation. Mr. Heisler has made presentations regarding logistics business issues to the Surface Transportation Board, to members of the Senate and House of Representatives, and before a number of industry groups, including the National Industrial Transportation League, the Council of Logistics Management, and the American Coalition for Ethanol. He is also a former Director of the American Plastics Council-Transportation and Logistics Committee. He has been engaged in independent bulk logistics consulting since 2006 and has designed distribution networks for ethanol and petroleum coke as well as consulting in several other bulk logistics projects.

VERIFICATION

I, Gordon R. Heisler, declare under penalty of perjury that I have read the portions of the Reply Evidence of CSX Transportation, Inc. that I have sponsored (as described in the foregoing Statement of Qualifications), that I know the contents thereof, and that the evidence I have sponsored is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Gordon R. Heisler

Executed on this 10th day of June, 2011.

RICHARD L. KARN

Mr. Karn is the Director of Marketing in the Chemicals Group for CSXT. His office's address is 500 Water Street, 15th Floor, Jacksonville, FL 32202. Mr. Karn is sponsoring portions of CSXT's Reply Evidence in Part II involving CSXT's practices and operations, as well as the chemical transportation market and Exhibits I-1 and II-B-13.

In Mr. Karn's capacity as Director of Marketing in the Chemicals Group, his responsibilities include marketing and pricing CSXT's transportation services for plastics and related commoditics. In addition, Mr. Karn has held a number of different marketing positions at CSXT, including responsibility for a broad range of chemical and steel products.

VERIFICATION

I, Richard L. Karn, declare under penalty of perjury that I have read the portions of the Reply Evidence of CSX Transportation, Inc. that I have sponsored (as described in the foregoing Statement of Qualifications), that I know the contents thereof, and that the evidence I have sponsored is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Richard L. Karn

Executed on this 15th day of June, 2011.

JOHN R. McGRATH

Mr. McGrath is a Managing Director of FTI's Consulting Forensic and Litigation Consulting segment where he participates in forensic accounting investigations, partnership and shareholder disputes, mergers, acquisitions, divestitures, and tax compliance. His firm's offices are located at 1101 K Street, NW, Suite B100, Washington, DC 20005. Mr. McGrath is sponsoring Part II-B-2-D-iv of CSXT's Reply Evidence discussing the accounting treatment of inventory carrying costs.

Mr. McGrath received a Bachelor in Business Administration in Accounting from LeMoyne College. He is a retired managing partner of the Syracuse, New York office of Ernst & Young and has over thirty years of international Big Four accounting firm experience representing public and private companies and clients in a broad range of industries. Mr. McGrath is a member of the American Institute of Certified Public Accountants, the New York State Society of Certified Public Accountants, and the Virginia Society of Certified Public Accountants.

As a consultant, Mr. McGrath has conducted forensic accounting investigations, reviewed corporate accounting records, resolved technical accounting and reporting issues, analyzed proposed financial restatements, and assisted with formal Securities and Exchange Commission investigations. He has also testified in both Federal and state court on tax and accounting matters as well as represented clients before the Internal Revenue Service. Mr. McGrath gained extensive surface transportation experience while providing accounting and auditing services to numerous companies including those engaged in multi-state freight and passenger railroad, distributors, a brewery, and several manufacturers.

Mr. McGrath's complete curriculum vitae is attached.

VERIFICATION

I, John R. McGrath, declare under penalty of perjury that I have read the portions of the Reply Evidence of CSX Transportation, Inc. that I have sponsored (as described in the foregoing Statement of Qualifications), that I know the contents thereof, and that the evidence I have sponsored is true and correct. Further, I certify that I am qualified and authorized to file this statement.

John R. McGrath

Executed on this 1st day of June, 2011.

John R. McGrath

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Virginia Society of Certified Public Accountants

Education
BBA Accounting – LeMoyne College

Ernst & Young – Second Level in-house Graduate Tax Program

John McGrath is a managing director in the FTI Consulting Forensic and Litigation Consulting segment and is based in Washington, DC. He provides litigation support, expert testimony and advisory services in connection with forensic accounting ivnestigations, partnership and shareholder disputes, mergers, acquisitions and divestiures, tax compliance and litigation matters. He is an experienced professional in matters involving generally accepted accounting principles (GAAP) and generally accepted auditing standards (GAAS). Mr. McGrath has extensive experience with FAS 109 Accounting for Income Taxes and has represented Big 4 accounting firms, corporate clients and legal counsel in SEC investigations and due diligence disputes with respect to the application of FAS 109.

Dually qualified as both an audit and tax partner, he retired as managing partner of the Syracuse, New York office of Ernst & Young with over 30 years international Big Four experience representing both public and privately held clients in a broad range of industries. A representative list of audit clients by industry served by Mr. McGrath follows. In most cases, he was primarily responsible for all services provided to these clients but in some instances served only as the audit or tax partner on the engagement.

PUBLIC COMPANIES

- National payroll servicing firm.
- International manufacturer of electric lift trucks.
- Chain of resort hotels, casinos and time-share projects located on eight Caribbean islands.
- Multi-state chain of TV, radio and 175 newspapers.
- International pharmaceutical manufacturer.
- Multi-state supermarket chain.
- Multi-state freight and passenger railroad.
- Multi-national manufacturer of machine tool machines for the auto industry.
- Multi-national manufacturer of automotive clutches and specialty machines.
- Multi-national manufacturer of shoes with multi-state network of retail stores.
- Multi-national manufacturer of precision machine tools.
- Manufacturer of helicopters and gliders.
- Multi-state drugstore chain.

PRIVATELY OWNED COMPANIES

- Multi-national manufacturer of diagnostic medical equipment.
- World's largest manufacturer and installer of theatrical stage equipment.
- Multi-state distributor of electronics equipment.

- Manufacturer of dust collectors and pollution control equipment.
- International brewery.
- Multi location distributor of printing equipment and supplies.
- Manufacturer of internationally distributed nutrition bars.
- Manufacturer of telephone switching equipment for extreme weather conditions.
- Multi-state injection molded plastics manufacturer.
- Nationally distributed manufacturer of stoves and pipe.
- Several domestic and foreign car dealerships and heavy equipment dealers.
- Several department stores.
- Several construction contractors for private and public projects.
- Mortgage broker and servicing agent.

Mr. McGrath has extensive experience in adversarial proceedings involving contractual disputes, accounting irregularities, fraud, due diligence reviews, embezzlement, damage claims, divorce and business valuation. Retained as an expert witness in a wide range of matters testifying in both Federal and state courts, he has also represented numerous clients in IRS and New York State Appellate Conferences pertaining to corporate, individual and gift and estate tax matters. A partial list of expert witness testimony and related matters while a partner in Ernst & Young, LLP follows.

- Engaged by NYC law firm to analyze business records of a partnership that owned multiple car dealerships, motels and rental real estate for transactions by managing partner that defrauded the other inactive partners. Conducted forensic accounting investigation, computed estimated damages and presented findings in two-day testimony in federal court, resulting in significant judgment in plaintiff's favor.
- Engaged by major Syracuse law firm to testify before grand jury and joint task force of FBI agents, criminal investigation division agents (IRS) and members of US Attorney's staff investigating millions of dollars in bribes to the mayor of Syracuse. Testified on behalf of law firm's clients, which included corporations and individuals.
- Engaged by law firm to review corporate accounting records for auto dealership and present findings relating to Social Security issues to federal court.
- Engaged by Cayuga County District Attorney to review questionable Medicare reimbursement items for a nursing home and related shareholders and testify before grand jury.
- Testified successfully on behalf of attorney for deceased taxpayer in will construction and reformation proceeding, Circuit Court, Martin County, Florida.
- Gave five days testimony in depositions regarding accounting issues, tax issues and wrongful dismissal issues for corporate client in minority shareholder action.
- Represented insurance company in review of damage calculations, including loss of earnings, for fire damage to car dealership.

- Prepared valuations of numerous professional services practices and closely held businesses in connection with equitable distribution proceedings. In addition to forensic services, the assignments included analysis of opposing expert's reports, formulation of questions for counsels' cross-examination and related consulting.
- Presentation to court of evidence related to defalcations at several clients.

Mr. McGrath has worked on the following projects since joining FTI Consulting:

- Assisted billion dollar communications company in resolving technical accounting and reporting issues involving: revenue recognition, stock-option accounting (SFAS 123 (R)), tax accounting (SFAS 109), internal record keeping, and filing of delinquent Form 10-K.
- Assisted national law firm and client in analyzing proposed financial statement restatement required by Big 4 accounting firm related to a business combination (SFAS 141 and SFAS 5).
- Assisted national law firm and client in analyzing proposed financial statement restatement required by Big 4 accounting firm related to accounting for income taxes (SFAS 109), and certain computational errors in prior periods.
- Assisted client and consulting actuary in analyzing proposed pension plan revision and accounting for resulting curtailment (SFAS 87 and 88).
- Consulting GAAP and GAAS expert to advise three international law firms defending multiple class
- Advised national law firm in assessing technical restatement issues for asset retirement obligations(SFAS 143) and deferred tax asset issues (SFAS 109) upon emergence from bankruptcy (SOP 90-7).
- Reviewed critical areas of Big 4 audits (3 years) of international manufacturer to assist legal counsel in responding to SEC inquiry. action law suits for a multi-national conglomerate.
- Assisted national law firm that represents Big 4 member and client in informal SEC investigation regarding SFAS 109 issue.
- Assisted national law firm in investigation of whistle blower allegations at energy company.
- Assisted national law firms with formal SEC investigation and restatement regarding revenue recognition policies for an international equipment manufacturer.
- Assisted two SEC registrants with Fin 48 implementation issues-uncertain tax positions.
- Assisted special master in a post acquisition dispute with SFAS 109 issues.
- Provided expert testimony in accountants' malpractice case, Pennsylvania.
- Retained as testifying expert in criminal case, Eastern District of NY, earnings management issues.
- Retained as testifying expert in civil case in California, GAAP issues.
- Assisted two national law firms with US criminal case in Florida alleging tax motivated reorganization and illegal movement of profits offshore.
- Assisted national law firm with SEC investigation and restatement regarding revenue recognition policies for an international medical device manufacturer.

- Assisted national law firm in defending criminal tax allegations in connection with a UBS client in New York.
- Retained as expert witness in civil litigation; real estate development partnership dispute, DC.
- Assisted counsel with tax implications of feeder organizations and individuals associated with well known Ponzi scheme in New York.
- Assisted testifying expert in preparation of expert report and relevant testimony in connection with civil litigation in financial services industry, DC.
- Retained as expert witness in a accountants' malpractice case, Massachusetts.
- Retained by national law firm to dispute SEC determination of a FAS 109 issue for a registrant under the Investment Company Act of 1940.
- Assisted $30 billion private company, considering public offering, in documenting Deferred Tax Asset and Liability balances in $80 billion balance sheet with operations in 83 countries.

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BEFORE THE SURFACE TRANSPORTATION BOARD

TOTAL PETROCHEMICALS USA, INC. Complainant, v. CSX TRANSPORTATION, INC. Defendant	Docket No. NOR 42121

REPLY MARKET DOMINANCE EVIDENCE OF CSX TRANSPORTATION, INC.

EXHIBITS

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Counsel to CSX Transportation, Inc.

Dated: August 5, 2011

Filing Contains Color Images

INDEX OF EXHIBITS TO CSXT REPLY MARKET DOMINANCE EVIDENCE

Section I – Counsel's Argument and Summary of Evidence

Section II-A – Quantitative Market Dominance

Section II-B – Qualitative Market Dominance

CSXT Tariff Rate As Percentage of Total Delivered Cost to TPI Customer

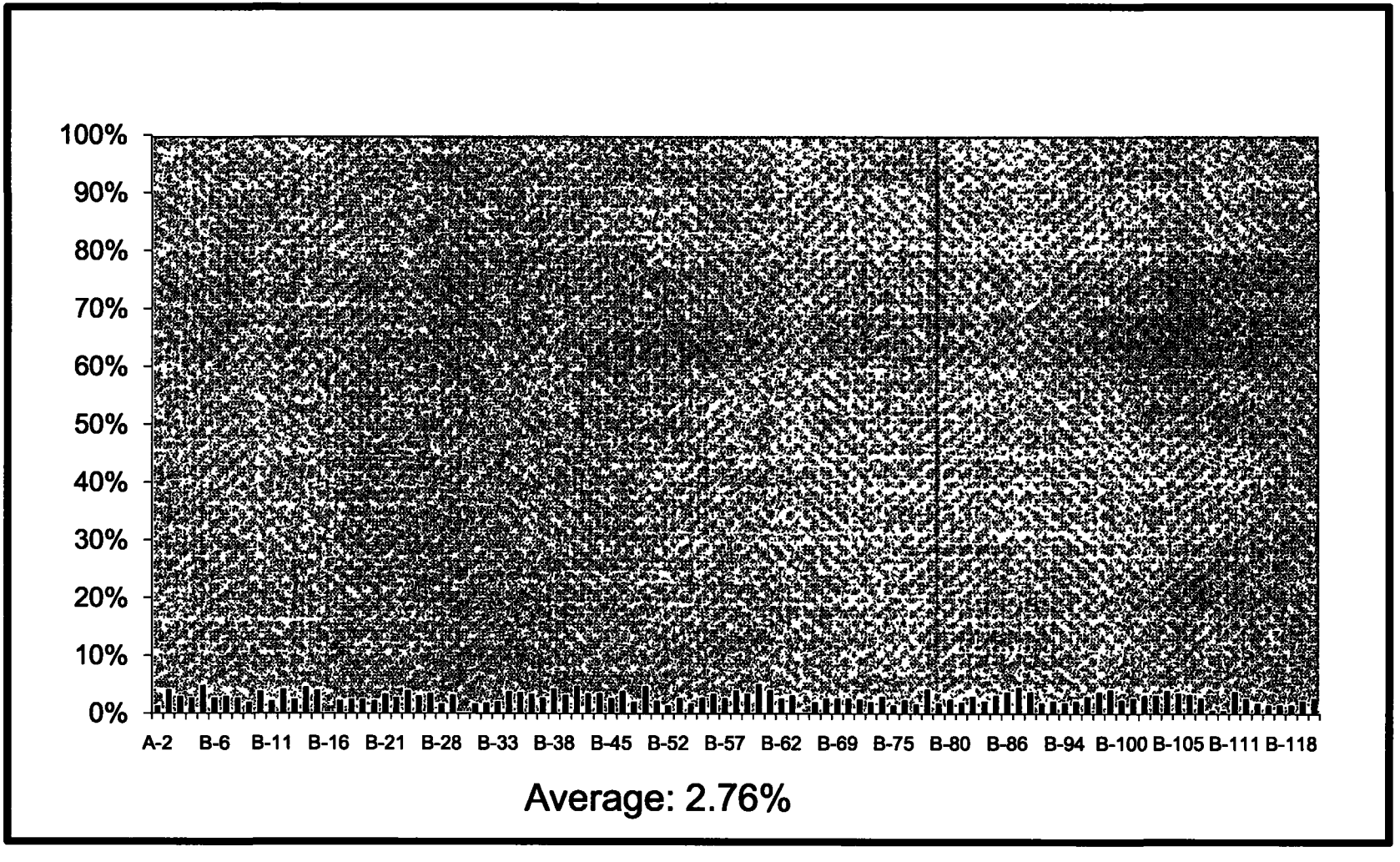

Exhibit I-1

II-A EXHIBITS

Comparison of URCS Inputs for Loaded Miles and Net Tons

Lane	CSXT Origin City	ST	CSXT Destination City	ST	Commodity Description	Full STCC	Loaded Miles TPI Open.	CSXT Reply	Diff.	Net Tons per Carload TPI Open.	CSXT Reply	Diff.
58	New Orleans	LA	Orlando	FL	Polyethylene HD	2821142	895	887	(8)	97.3	96.8	-0.5
59	New Orleans	LA	Augusta	KY	Polypropylene	2821139	917	1,001	84	97.5	97.5	0.0
60	New Orleans	LA	Baltimore	MD	Polyethylene HD	2821142	1,288	1,541	253	96.5	96.5	0.0
61	Chicago	IL	Utica	NY	Polyethylene HD	2821142	718	739	21	98.0	98.0	0.0
62	Chicago	IL	Clarksburg	WV	Polypropylene	2821139	694	817	123	97.3	97.3	0.0
63	Memphis	TN	Madisonville	KY	Polypropylene	2821139	348	350	2	97.3	105.5	8.2
64	New Orleans	LA	Atlanta	GA	Aromatics	2911315	494	505	11	90.3	84.5	-5.8
66	New Orleans	LA	Wareco	GA	Polypropylene	2821139	689	665	(24)	101.5	101.5	0.0
67	Chicago	IL	Akron	OH	Polypropylene	2821139	493	474	(19)	103.1	103.4	0.3
69	Memphis	TN	Gallaway	TN	Polypropylene	2821139	31	493	463	97.5	97.5	0.0
70	New Orleans	LA	Chattanooga	TN	Polypropylene	2821139	651	649	(2)	101.7	101.8	0.1
71	New Orleans	LA	Eton	GA	Polypropylene	2821139	688	684	(4)	102.3	102.7	0.4
72	New Orleans	LA	Tyner	TN	Polypropylene	2821139	663	668	5	101.2	101.4	0.2
74	Memphis	TN	Vine Hill	TN	Polyethylene HD	2821142	211	242	31	97.7	97.7	0.0
75	Memphis	TN	Jackson	TN	Polypropylene	2821139	119	394	275	98.5	98.5	0.0
76	Memphis	TN	Lewisburg	TN	Polypropylene	2821139	509	592	83	108.0	108.0	0.0
77	New Orleans	LA	Evergreen	AL	Polyethylene HD	2821142	218	407	189	97.0	97.0	0.0
78	New Orleans	LA	Helena	AL	Polypropylene	2821139	239	466	227	98.0	98.0	0.0
79	New Orleans	LA	Newnan	GA	Polypropylene	2821139	452	556	104	97.5	97.5	0.0
80	New Orleans	LA	Green Spring	WV	Polypropylene	2821139	1,375	1,390	15	98.0	98.0	0.0
81	Chicago	IL	Indianapolis	IN	Polystyrene	2821140	198	201	3	98.0	98.0	0.0
82	Chicago	IL	Livonia	MI	Polyethylene HD	2821142	326	326	0	97.3	97.0	-0.3
83	Chicago	IL	Lockport	NY	Polypropylene	2821139	562	562	0	97.3	100.0	2.7
84	Chicago	IL	Wapakoneta	OH	Polypropylene	2821139	502	502	0	97.3	97.0	-0.3
86	New Orleans	LA	Thomson	GA	Polyethylene HD	2821142	674	744	70	98.0	98.0	0 0
87	New Orleans	LA	Tarboro	NC	Polyethylene HD	2821142	1,008	1,008	0	97.3	97.0	-0.3
89	Memphis	TN	Horse Cave	KY	Polystyrene	2821140	342	504	162	97.3	100.0	2.7
91	New Orleans	LA	Matthews	NC	Polyethylene HD	2821142	775	887	112	97.3	100 0	2.7
93	Chicago	IL	North Vernon	IN	Polyethylene HD	2821142	605	605	0	97.3	97.4	0.1
94	New Orleans	LA	Pendergrass	GA	Polypropylene	2821139	641	651	10	103.3	103.3	0.0
96	Chicago	IL	Francesville	IN	Polyethylene HD	2821142	143	143	0	97.3	96.8	-0.5
97	New Orleans	LA	Jefferson	GA	Polystyrene	2821140	599	610	11	95.5	95.5	0.0
98	New Orleans	LA	Jefferson	GA	Polypropylene	2821139	599	610	11	95.5	95.5	0.0
100	Memphis	TN	Gallaway	TN	Polyethylene HD	2821142	31	493	463	97.5	97.5	0.0
101	Memphis	TN	Glasgow	KY	Polypropylene	2821139	339	340	1	100.4	99.8	-0.6
102	New Orleans	LA	Ackerman	GA	Polyethylene HD	2821142	538	534	(4)	97.5	97.5	0.0
103	New Orleans	LA	Beech Island	SC	Polypropylene	2821139	691	700	9	98.5	97.9	-0.6
104	New Orleans	LA	De land	FL	Polyethylene HD	2821142	802	843	41	98.0	98.0	0.0
105	New Orleans	LA	Hamlet	NC	Polyethylene HD	2821142	857	857	0	96.5	96.0	-0.5
106	New Orleans	LA	Hamlet	NC	Polystyrene	2821140	857	857	0	96.5	96.0	-0.5
108	Chicago	IL	Akron	OH	Polyethylene HD	2821142	493	474	(19)	103.1	103.4	0.3
109	Chicago	IL	Lima	OH	Polyethylene HD	2821142	488	488	0	96.4	96.4	0.0
110	Chicago	IL	Lima	OH	Polypropylene	2821139	488	488	0	96.4	96.4	0.0
111	Chicago	IL	Pittsfield	MA	Polypropylene	2821139	829	878	49	102.5	102.5	0.0
112	New Orleans	LA	Dalton	GA	Polypropylene	2821139	693	690	(3)	102.9	102.9	0.0
113	Chicago	IL	Clarksburg	WV	Polyethylene HD	2821142	694	817	123	97.3	97.3	0.0
115	Chicago	IL	Indianapolis	IN	Polypropylene	2821139	198	201	3	98.0	98.0	0.0
116	Social Circle	GA	Covington	GA	Polypropylene	2821139	11	11	0	100.7	101.5	0.8
117	Social Circle	GA	Athens	GA	Polypropylene	2821139	118	123	5	102.0	101.8	-0.2
118	Social Circle	GA	Conyers	GA	Polypropylene	2821139	21	87	66	105.9	105.0	-0.9
119	Chicago	IL	Evansville	IN	Polystyrene	2821140	271	271	0	110.0	110.0	0.0
120	New Orleans	LA	Conyers	GA	Polypropylene	2821139	545	545	0	97.4	97.4	0.0

Comparison of URCS Variable Costs and R/VC Ratios, 3Q 2010

Lane	CSXT Origin City	ST	CSXT Destination City	ST	Commodity Description	Full STCC	Indexed Variable Costs TPI Open.	CSXT Reply	Diff.	R/VC Ratio TPI Open.	CSXT Reply	Diff.
Exhibit A												
2	Clinton	IN	Atherton	IN	Polypropylene	2821139	$591	$592	$0	461%	461%	0%
Exhibit B												
1	Memphis	TN	Social Circle	GA	Polypropylene	2821139	$1,289	$1,317	$29	426%	417%	-9%
2	Memphis	TN	Evansville	IN	Polypropylene	2821139	$1,125	$1,126	$1	434%	433%	0%
3	New Orleans	LA	Covington	GA	Polystyrene	2821140	$1,454	$1,517	$63	411%	394%	-17%
4	Chicago	IL	Clinton	IN	Polypropylene	2821139	$650	$651	$2	572%	571%	-2%
5	New Orleans	LA	Ampthill	VA	Polyethylene HD	2821142	$2,607	$2,621	$14	351%	349%	-2%
6	Memphis	TN	Bowling Green	KY	Polypropylene	2821139	$945	$945	$0	533%	533%	0%
7	New Orleans	LA	Conyers	GA	Polystyrene	2821140	$1,417	$1,417	$0	421%	421%	0%
8	New Orleans	LA	Barnett	GA	Polypropylene	2821139	$1,553	$1,552	($1)	454%	454%	0%
9	New Orleans	LA	Athens	GA	Polypropylene	2821139	$1,570	$1,546	($24)	381%	387%	6%
10	Memphis	TN	Vine Hill	TN	Polypropylene	2821139	$520	$580	$60	964%	864%	-101%
11	New Orleans	LA	Hope Hull	AL	Polystyrene	2821140	$996	$1,062	$66	433%	406%	-27%
12	New Orleans	LA	Oneco	FL	Polypropylene	2821139	$1,992	$1,996	$4	397%	396%	-1%
13	Memphis	TN	Glasgow	KY	Polystyrene	2821140	$1,025	$1,025	($1)	492%	492%	0%
14	New Orleans	LA	Winchester	VA	Polystyrene	2821140	$3,310	$3,312	$2	284%	284%	0%
15	Chicago	IL	Orangeburg	NY	Polyethylene HD	2821142	$2,161	$2,173	$13	350%	348%	-2%
16	New Orleans	LA	Galloway	FL	Aromatics (Styrene)	2818342	$2,294	$2,305	$11	307%	305%	-1%
17	Chicago	IL	Anderson	IN	Polypropylene	2821139	$692	$811	$119	560%	478%	-82%
18	Chicago	IL	Cincinnati	OH	Polyethylene HD	2821142	$1,051	$1,050	($1)	436%	436%	0%
19	Memphis	TN	Evansville	IN	Polystyrene	2821140	$1,127	$1,128	$1	433%	433%	0%
20	Chicago	IL	Cumberland	MD	Polypropylene	2821139	$1,550	$1,562	$11	420%	417%	-3%
21	New Orleans	LA	Hamlet	NC	Polypropylene	2821139	$2,010	$2,005	($4)	337%	337%	1%
22	Chicago	IL	Mentor	OH	Polypropylene	2821139	$1,175	$1,198	$23	421%	413%	-8%
23	New Orleans	LA	North Cove	NC	Polyethylene HD	2821142	$2,383	$2,377	($6)	316%	317%	1%
25	Memphis	TN	Guthrie	KY	Polystyrene	2821140	$657	$657	($0)	766%	766%	0%
26	New Orleans	LA	Beech Island	SC	Polystyrene	2821140	$1,708	$1,721	$13	412%	408%	-3%
28	New Orleans	LA	Social Circle	GA	Polypropylene	2821139	$1,299	$1,300	$1	461%	461%	0%
29	Memphis	TN	Piqua	OH	Polystyrene	2821140	$1,763	$1,801	$38	365%	357%	-8%
30	East St. Louis	IL	Painesville	OH	Aromatics	2911315	$1,623	$1,736	$113	230%	215%	-15%
31	New Orleans	LA	Monroe	NC	Polypropylene	2821139	$1,938	$2,147	$209	435%	393%	-42%
32	Effingham	IL	Terre Haute	IN	Polystyrene	2821140	$684	$740	$56	528%	488%	-40%
33	Chicago	IL	Terre Haute	IN	Polyethylene HD	2821142	$804	$1,280	$475	465%	292%	-173%
34	Chicago	IL	Utica	NY	Polypropylene	2821139	$1,506	$1,547	$41	499%	486%	-13%
35	New Orleans	LA	Cartersville	GA	Polypropylene	2821139	$1,182	$1,459	$277	503%	407%	-96%
36	New Orleans	LA	Stanley	NC	Polypropylene	2821139	$1,587	$2,165	$578	529%	388%	-141%
37	New Orleans	LA	Laurens	SC	Polypropylene	2821139	$1,412	$1,440	$28	513%	503%	-10%
38	New Orleans	LA	De land	FL	Polypropylene	2821139	$2,058	$2,178	$120	370%	350%	-20%
39	New Orleans	LA	Lawrenceville	GA	Polyethylene HD	2821142	$1,444	$1,437	($7)	414%	416%	2%
42	Effingham	IL	Ivyland	PA	Polystyrene	2821140	$2,075	$2,280	$205	399%	363%	-36%
43	New Orleans	LA	Covington	GA	Polypropylene	2821139	$1,451	$1,513	$63	412%	395%	-17%
44	East St. Louis	IL	Sidney	OH	Polypropylene	2821139	$1,038	$1,036	($2)	492%	493%	1%
45	New Orleans	LA	Hollywood	FL	Polypropylene	2821139	$2,652	$2,839	$187	292%	273%	-19%
46	New Orleans	LA	Lakeland	FL	Polystyrene	2821140	$2,099	$2,128	$29	376%	371%	-5%
48	New Orleans	LA	Ackerman	GA	Polypropylene	2821139	$1,401	$1,393	($8)	426%	429%	2%
49	Chicago	IL	Westboro	MA	Polyethylene HD	2821142	$2,356	$2,380	$23	378%	374%	-4%
51	Memphis	TN	Gallaway	TN	Polystyrene	2821140	$414	$1,313	$899	1050%	331%	-719%
52	Memphis	TN	Bridgeport	AL	Polystyrene	2821140	$565	$724	$159	966%	754%	-212%
53	Memphis	TN	Vine Hill	TN	Polyethylene HD	2821142	$520	$580	$60	964%	864%	-100%
54	New Orleans	LA	LaGrange	GA	Polypropylene	2821139	$1,293	$1,537	$243	426%	358%	-67%
55	New Orleans	LA	Ansley	MS	Polystyrene	2821140	$436	$435	($0)	1253%	1254%	1%
56	Chicago	IL	Terre Haute	IN	Polypropylene	2821139	$804	$1,280	$475	465%	292%	-173%
57	Memphis	TN	Hopkinsville	KY	Polyethylene HD	2821142	$960	$960	($0)	524%	524%	0%

Exhibit II-A-2

Comparison of URCS Variable Costs and R/VC Ratios, 3Q 2010

Lane	CSXT Origin City	ST	CSXT Destination City	ST	Commodity Description	Full STCC	Indexed Variable Costs TPI Open.	CSXT Reply	Diff.	R/VC Ratio TPI Open.	CSXT Reply	Diff.
58	New Orleans	LA	Orlando	FL	Polyethylene HD	2821142	$2,091	$2,070	($21)	365%	368%	4%
59	New Orleans	LA	Augusta	KY	Polypropylene	2821139	$2,136	$2,298	$162	367%	341%	-26%
60	New Orleans	LA	Baltimore	MD	Polyethylene HD	2821142	$2,840	$3,328	$488	343%	292%	-50%
61	Chicago	IL	Utica	NY	Polyethylene HD	2821142	$1,506	$1,547	$41	499%	486%	-13%
62	Chicago	IL	Clarksburg	WV	Polypropylene	2821139	$1,699	$1,937	$238	375%	328%	-46%
63	Memphis	TN	Madisonville	KY	Polypropylene	2821139	$1,030	$1,067	$37	473%	457%	-16%
64	New Orleans	LA	Atlanta	GA	Aromatics	2911315	$1,399	$1,390	($9)	408%	411%	3%
66	New Orleans	LA	Wareco	GA	Polypropylene	2821139	$1,479	$1,432	($48)	474%	489%	16%
67	Chicago	IL	Akron	OH	Polypropylene	2821139	$1,342	$1,305	($37)	370%	380%	10%
69	Memphis	TN	Gallaway	TN	Polypropylene	2821139	$414	$1,312	$898	1051%	331%	-720%
70	New Orleans	LA	Chattanooga	TN	Polypropylene	2821139	$1,651	$1,648	($3)	354%	354%	1%
71	New Orleans	LA	Eton.	GA	Polypropylene	2821139	$1,729	$1,724	($5)	338%	339%	1%
72	New Orleans	LA	Tyner	TN	Polypropylene	2821139	$1,671	$1,682	$11	350%	347%	-2%
74	Memphis	TN	Vine Hill	TN	Polyethylene HD	2821142	$519	$580	$61	964%	864%	-101%
75	Memphis	TN	Jackson	TN	Polypropylene	2821139	$587	$1,124	$538	745%	389%	-356%
76	Memphis	TN	Lewisburg	TN	Polypropylene	2821139	$1,404	$1,574	$171	362%	323%	-39%
77	New Orleans	LA	Evergreen	AL	Polyethylene HD	2821142	$778	$1,144	$367	401%	273%	-129%
78	New Orleans	LA	Helena	AL	Polypropylene	2821139	$821	$1,264	$443	626%	406%	-219%
79	New Orleans	LA	Newnan	GA	Polypropylene	2821139	$1,234	$1,436	$202	482%	414%	-68%
80	New Orleans	LA	Green Spring	WV	Polypropylene	2821139	$2,785	$2,814	$29	336%	333%	-3%
81	Chicago	IL	Indianapolis	IN	Polystyrene	2821140	$739	$746	$6	539%	535%	-5%
82	Chicago	IL	Livonia	MI	Polyethylene HD	2821142	$986	$985	($1)	559%	559%	0%
83	Chicago	IL	Lockport	NY	Polypropylene	2821139	$1,443	$1,460	$17	443%	438%	-5%
84	Chicago	IL	Wapakoneta	OH	Polypropylene	2821139	$1,327	$1,325	($2)	308%	309%	0%
86	New Orleans	LA	Thomson	GA	Polyethylene HD	2821142	$1,668	$1,804	$136	421%	389%	-32%
87	New Orleans	LA	Tarboro	NC	Polyethylene HD	2821142	$2,310	$2,306	($3)	373%	373%	1%
89	Memphis	TN	Horse Cave	KY	Polystyrene	2821140	$1,019	$1,349	$330	523%	395%	-128%
91	New Orleans	LA	Matthews	NC	Polyethylene HD	2821142	$1,859	$2,102	$243	453%	401%	-52%
93	Chicago	IL	North Vernon	IN	Polyethylene HD	2821142	$1,281	$1,282	$0	319%	319%	0%
94	New Orleans	LA	Pendergrass	GA	Polypropylene	2821139	$1,643	$1,662	$20	365%	361%	-4%
96	Chicago	IL	Francesville	IN	Polyethylene HD	2821142	$631	$629	($1)	659%	661%	1%
97	New Orleans	LA	Jefferson	GA	Polystyrene	2821140	$1,509	$1,529	$21	397%	391%	-5%
98	New Orleans	LA	Jefferson	GA	Polypropylene	2821139	$1,506	$1,527	$22	398%	392%	-6%
100	Memphis	TN	Gallaway	TN	Polyethylene HD	2821142	$414	$1,312	$898	1051%	331%	-720%
101	Memphis	TN	Glasgow	KY	Polypropylene	2821139	$1,024	$1,024	($1)	492%	492%	0%
102	New Orleans	LA	Ackerman	GA	Polyethylene HD	2821142	$1,401	$1,393	($8)	426%	429%	2%
103	New Orleans	LA	Beech Island	SC	Polypropylene	2821139	$1,705	$1,718	$13	412%	409%	-3%
104	New Orleans	LA	De land	FL	Polyethylene HD	2821142	$1,917	$1,997	$80	397%	381%	-16%
105	New Orleans	LA	Hamlet	NC	Polyethylene HD	2821142	$2,010	$2,005	($4)	337%	337%	1%
106	New Orleans	LA	Hamlet	NC	Polystyrene	2821140	$2,012	$2,007	($5)	336%	337%	1%
108	Chicago	IL	Akron	OH	Polyethylene HD	2821142	$1,342	$1,305	($37)	370%	380%	10%
109	Chicago	IL	Lima	OH	Polyethylene HD	2821142	$1,295	$1,294	($0)	316%	316%	0%
110	Chicago	IL	Lima	OH	Polypropylene	2821139	$1,295	$1,294	($0)	316%	316%	0%
111	Chicago	IL	Pittsfield	MA	Polypropylene	2821139	$2,008	$2,106	$98	418%	398%	-19%
112	New Orleans	LA	Dalton	GA	Polypropylene	2821139	$1,740	$1,735	($6)	336%	337%	1%
113	Chicago	IL	Clarksburg	WV	Polyethylene HD	2821142	$1,699	$1,937	$238	375%	328%	-46%
115	Chicago	IL	Indianapolis	IN	Polypropylene	2821139	$739	$745	$6	539%	535%	-4%
116	Social Circle	GA	Covington	GA	Polypropylene	2821139	$385	$386	$1	857%	856%	-1%
117	Social Circle	GA	Athens	GA	Polypropylene	2821139	$599	$608	$9	556%	547%	-8%
118	Social Circle	GA	Conyers	GA	Polypropylene	2821139	$408	$541	$133	810%	611%	-200%
119	Chicago	IL	Evansville	IN	Polystyrene	2821140	$928	$928	($0)	531%	531%	0%
120	New Orleans	LA	Conyers	GA	Polypropylene	2821139	$1,414	$1,414	$0	422%	422%	0%

Exhibit II-A-2

Comparison of URCS Variable Costs and R/VC Ratios, 4Q 2010

Lane	CSXT Origin City	ST	CSXT Destination City	ST	Commodity Description	Full STCC	Indexed Variable Costs TPI Open.	CSXT Reply	Diff.	R/VC Ratio TPI Open.	CSXT Reply	Diff.
Exhibit A												
2	Clinton	IN	Atherton	IN	Polypropylene	2821139	$602	$602	$0	453%	453%	0%
Exhibit B												
1	Memphis	TN	Social Circle	GA	Polypropylene	2821139	$1,312	$1,341	$29	421%	412%	-9%
2	Memphis	TN	Evansville	IN	Polypropylene	2821139	$1,145	$1,147	$1	428%	427%	0%
3	New Orleans	LA	Covington	GA	Polystyrene	2821140	$1,480	$1,544	$64	406%	389%	-17%
4	Chicago	IL	Clinton	IN	Polypropylene	2821139	$661	$663	$2	563%	562%	-2%
5	New Orleans	LA	Ampthill	VA	Polyethylene HD	2821142	$2,653	$2,668	$15	347%	345%	-2%
6	Memphis	TN	Bowling Green	KY	Polypropylene	2821139	$962	$962	$0	525%	525%	0%
7	New Orleans	LA	Conyers	GA	Polystyrene	2821140	$1,442	$1,442	$0	416%	416%	0%
8	New Orleans	LA	Barnett	GA	Polypropylene	2821139	$1,581	$1,580	($1)	448%	448%	0%
9	New Orleans	LA	Athens	GA	Polypropylene	2821139	$1,598	$1,574	($25)	376%	382%	6%
10	Memphis	TN	Vine Hill	TN	Polypropylene	2821139	$529	$590	$62	949%	850%	-99%
11	New Orleans	LA	Hope Hull	AL	Polystyrene	2821140	$1,014	$1,081	$68	427%	401%	-27%
12	New Orleans	LA	Oneco	FL	Polypropylene	2821139	$2,028	$2,032	$4	393%	392%	-1%
13	Memphis	TN	Glasgow	KY	Polystyrene	2821140	$1,044	$1,043	($1)	485%	485%	0%
14	New Orleans	LA	Winchester	VA	Polystyrene	2821140	$3,369	$3,371	$2	281%	281%	0%
15	Chicago	IL	Orangeburg	NY	Polyethylene HD	2821142	$2,199	$2,212	$13	346%	344%	-2%
16	New Orleans	LA	Galloway	FL	Aromatics (Styrene)	2818342	$2,335	$2,347	$11	303%	302%	-1%
17	Chicago	IL	Anderson	IN	Polypropylene	2821139	$705	$825	$121	552%	471%	-81%
18	Chicago	IL	Cincinnati	OH	Polyethylene HD	2821142	$1,069	$1,069	($1)	430%	430%	0%
19	Memphis	TN	Evansville	IN	Polystyrene	2821140	$1,147	$1,148	$1	427%	427%	0%
20	Chicago	IL	Cumberland	MD	Polypropylene	2821139	$1,578	$1,590	$11	414%	411%	-3%
21	New Orleans	LA	Hamlet	NC	Polypropylene	2821139	$2,046	$2,041	($4)	333%	333%	1%
22	Chicago	IL	Mentor	OH	Polypropylene	2821139	$1,196	$1,219	$23	415%	407%	-8%
23	New Orleans	LA	North Cove	NC	Polyethylene HD	2821142	$2,425	$2,419	($6)	313%	314%	1%
25	Memphis	TN	Guthrie	KY	Polystyrene	2821140	$668	$668	($0)	754%	754%	0%
26	New Orleans	LA	Beech Island	SC	Polystyrene	2821140	$1,739	$1,752	$13	406%	403%	-3%
28	New Orleans	LA	Social Circle	GA	Polypropylene	2821139	$1,322	$1,323	$1	455%	455%	0%
29	Memphis	TN	Piqua	OH	Polystyrene	2821140	$1,794	$1,833	$39	360%	353%	-8%
30	East St. Louis	IL	Painesville	OH	Aromatics	2911315	$1,652	$1,767	$115	228%	213%	-15%
31	New Orleans	LA	Monroe	NC	Polypropylene	2821139	$1,973	$2,185	$213	429%	387%	-42%
32	Effingham	IL	Terre Haute	IN	Polystyrene	2821140	$697	$754	$57	520%	480%	-39%
33	Chicago	IL	Terre Haute	IN	Polyethylene HD	2821142	$818	$1,302	$484	458%	288%	-170%
34	Chicago	IL	Utica	NY	Polypropylene	2821139	$1,533	$1,575	$42	493%	480%	-13%
35	New Orleans	LA	Cartersville	GA	Polypropylene	2821139	$1,203	$1,485	$282	496%	401%	-94%
36	New Orleans	LA	Stanley	NC	Polypropylene	2821139	$1,615	$2,203	$588	521%	382%	-139%
37	New Orleans	LA	Laurens	SC	Polypropylene	2821139	$1,437	$1,466	$29	506%	496%	-10%
38	New Orleans	LA	De land	FL	Polypropylene	2821139	$2,095	$2,217	$122	366%	346%	-20%
39	New Orleans	LA	Lawrenceville	GA	Polyethylene HD	2821142	$1,470	$1,463	($7)	408%	410%	2%
42	Effingham	IL	Ivyland	PA	Polystyrene	2821140	$2,113	$2,321	$208	394%	359%	-35%
43	New Orleans	LA	Covington	GA	Polypropylene	2821139	$1,477	$1,541	$64	406%	390%	-17%
44	East St. Louis	IL	Sidney	OH	Polypropylene	2821139	$1,057	$1,055	($2)	485%	486%	1%
45	New Orleans	LA	Hollywood	FL	Polypropylene	2821139	$2,700	$2,890	$190	289%	270%	-19%
46	New Orleans	LA	Lakeland	FL	Polystyrene	2821140	$2,137	$2,166	$29	372%	367%	-5%
48	New Orleans	LA	Ackerman	GA	Polypropylene	2821139	$1,426	$1,418	($8)	421%	423%	2%
49	Chicago	IL	Westboro	MA	Polyethylene HD	2821142	$2,398	$2,422	$24	373%	370%	-4%
51	Memphis	TN	Gallaway	TN	Polystyrene	2821140	$421	$1,337	$915	1032%	325%	-707%
52	Memphis	TN	Bridgeport	AL	Polystyrene	2821140	$575	$737	$162	951%	742%	-209%
53	Memphis	TN	Vine Hill	TN	Polyethylene HD	2821142	$529	$590	$62	949%	850%	-99%
54	New Orleans	LA	LaGrange	GA	Polypropylene	2821139	$1,316	$1,564	$248	420%	354%	-67%
55	New Orleans	LA	Ansley	MS	Polystyrene	2821140	$443	$443	($0)	1231%	1232%	1%
56	Chicago	IL	Terre Haute	IN	Polypropylene	2821139	$818	$1,302	$484	458%	288%	-170%
57	Memphis	TN	Hopkinsville	KY	Polyethylene HD	2821142	$977	$977	($0)	517%	517%	0%

Exhibit II-A-3

Comparison of URCS Variable Costs and R/VC Ratios, 4Q 2010

Lane	CSXT Origin City	ST	CSXT Destination City	ST	Commodity Description	Full STCC	Indexed Variable Costs TPI Open.	CSXT Reply	Diff.	R/VC Ratio TPI Open.	CSXT Reply	Diff.
58	New Orleans	LA	Orlando	FL	Polyethylene HD	2821142	$2,128	$2,107	($21)	360%	364%	4%
59	New Orleans	LA	Augusta	KY	Polypropylene	2821139	$2,174	$2,339	$165	362%	337%	-26%
60	New Orleans	LA	Baltimore	MD	Polyethylene HD	2821142	$2,891	$3,387	$497	339%	289%	-50%
61	Chicago	IL	Utica	NY	Polyethylene HD	2821142	$1,533	$1,575	$42	493%	480%	-13%
62	Chicago	IL	Clarksburg	WV	Polypropylene	2821139	$1,729	$1,972	$243	370%	324%	-46%
63	Memphis	TN	Madisonville	KY	Polypropylene	2821139	$1,048	$1,086	$38	466%	450%	-16%
64	New Orleans	LA	Atlanta	GA	Aromatics	2911315	$1,424	$1,415	($10)	402%	405%	3%
66	New Orleans	LA	Wareco	GA	Polypropylene	2821139	$1,506	$1,457	($48)	468%	483%	16%
67	Chicago	IL	Akron	OH	Polypropylene	2821139	$1,366	$1,328	($37)	365%	375%	10%
69	Memphis	TN	Gallaway	TN	Polypropylene	2821139	$421	$1,336	$915	1033%	326%	-707%
70	New Orleans	LA	Chattanooga	TN	Polypropylene	2821139	$1,680	$1,677	($3)	349%	350%	1%
71	New Orleans	LA	Eton	GA	Polypropylene	2821139	$1,760	$1,755	($5)	334%	335%	1%
72	New Orleans	LA	Tyner	TN	Polypropylene	2821139	$1,701	$1,712	$12	345%	343%	-2%
74	Memphis	TN	Vine Hill	TN	Polyethylene HD	2821142	$529	$590	$62	949%	850%	-99%
75	Memphis	TN	Jackson	TN	Polypropylene	2821139	$597	$1,144	$547	733%	382%	-350%
76	Memphis	TN	Lewisburg	TN	Polypropylene	2821139	$1,429	$1,602	$174	357%	319%	-39%
77	New Orleans	LA	Evergreen	AL	Polyethylene HD	2821142	$792	$1,165	$373	396%	269%	-127%
78	New Orleans	LA	Helena	AL	Polypropylene	2821139	$836	$1,286	$451	616%	400%	-216%
79	New Orleans	LA	Newnan	GA	Polypropylene	2821139	$1,256	$1,462	$206	476%	409%	-67%
80	New Orleans	LA	Green Spring	WV	Polypropylene	2821139	$2,835	$2,864	$29	333%	329%	-3%
81	Chicago	IL	Indianapolis	IN	Polystyrene	2821140	$753	$759	$6	531%	527%	-5%
82	Chicago	IL	Livonia	MI	Polyethylene HD	2821142	$1,003	$1,002	($1)	551%	551%	0%
83	Chicago	IL	Lockport	NY	Polypropylene	2821139	$1,469	$1,486	$17	437%	432%	-5%
84	Chicago	IL	Wapakoneta	OH	Polypropylene	2821139	$1,350	$1,348	($2)	305%	305%	0%
86	New Orleans	LA	Thomson	GA	Polyethylene HD	2821142	$1,698	$1,836	$138	416%	384%	-31%
87	New Orleans	LA	Tarboro	NC	Polyethylene HD	2821142	$2,351	$2,348	($3)	368%	369%	1%
89	Memphis	TN	Horse Cave	KY	Polystyrene	2821140	$1,037	$1,373	$335	516%	390%	-126%
91	New Orleans	LA	Matthews	NC	Polyethylene HD	2821142	$1,892	$2,139	$248	447%	396%	-52%
93	Chicago	IL	North Vernon	IN	Polyethylene HD	2821142	$1,304	$1,305	$0	315%	315%	0%
94	New Orleans	LA	Pendergrass	GA	Polypropylene	2821139	$1,672	$1,692	$20	360%	356%	-4%
96	Chicago	IL	Francesville	IN	Polyethylene HD	2821142	$642	$641	($1)	649%	650%	1%
97	New Orleans	LA	Jefferson	GA	Polystyrene	2821140	$1,536	$1,557	$21	392%	386%	-5%
98	New Orleans	LA	Jefferson	GA	Polypropylene	2821139	$1,532	$1,554	$22	392%	387%	-6%
100	Memphis	TN	Gallaway	TN	Polyethylene HD	2821142	$421	$1,336	$915	1033%	326%	-707%
101	Memphis	TN	Glasgow	KY	Polypropylene	2821139	$1,043	$1,042	($1)	485%	485%	0%
102	New Orleans	LA	Ackerman	GA	Polyethylene HD	2821142	$1,426	$1,418	($8)	421%	423%	2%
103	New Orleans	LA	Beech Island	SC	Polypropylene	2821139	$1,736	$1,749	$13	407%	404%	-3%
104	New Orleans	LA	De land	FL	Polyethylene HD	2821142	$1,952	$2,033	$81	392%	376%	-16%
105	New Orleans	LA	Hamlet	NC	Polyethylene HD	2821142	$2,046	$2,041	($4)	333%	333%	1%
106	New Orleans	LA	Hamlet	NC	Polystyrene	2821140	$2,048	$2,043	($5)	332%	333%	1%
108	Chicago	IL	Akron	OH	Polyethylene HD	2821142	$1,366	$1,328	($37)	365%	375%	10%
109	Chicago	IL	Lima	OH	Polyethylene HD	2821142	$1,318	$1,317	($0)	312%	312%	0%
110	Chicago	IL	Lima	OH	Polypropylene	2821139	$1,318	$1,317	($0)	312%	312%	0%
111	Chicago	IL	Pittsfield	MA	Polypropylene	2821139	$2,044	$2,144	$99	412%	393%	-19%
112	New Orleans	LA	Dalton	GA	Polypropylene	2821139	$1,771	$1,766	($6)	332%	333%	1%
113	Chicago	IL	Clarksburg	WV	Polyethylene HD	2821142	$1,729	$1,972	$243	370%	324%	-46%
115	Chicago	IL	Indianapolis	IN	Polypropylene	2821139	$752	$758	$6	531%	527%	-4%
116	Social Circle	GA	Covington	GA	Polypropylene	2821139	$392	$393	$1	842%	841%	-1%
117	Social Circle	GA	Athens	GA	Polypropylene	2821139	$610	$619	$9	547%	538%	-8%
118	Social Circle	GA	Conyers	GA	Polypropylene	2821139	$415	$551	$136	796%	600%	-196%
119	Chicago	IL	Evansville	IN	Polystyrene	2821140	$945	$945	($0)	523%	523%	0%
120	New Orleans	LA	Conyers	GA	Polypropylene	2821139	$1,439	$1,439	$0	417%	417%	0%

Exhibit II-A-3

Comparison of URCS Variable Costs and R/VC Ratios, 1Q 2011

Lane	CSXT Origin City	ST	CSXT Destination City	ST	Commodity Description	Full STCC	Indexed Variable Costs TPI Open.	CSXT Reply	Diff.	R/VC Ratio TPI Open.	CSXT Reply	Diff.
Exhibit A												
2	Clinton	IN	Atherton	IN	Polypropylene	2821139	$618	$619	$0	441%	441%	0%
Exhibit B												
1	Memphis	TN	Social Circle	GA	Polypropylene	2821139	$1,348	$1,378	$30	415%	406%	-9%
2	Memphis	TN	Evansville	IN	Polypropylene	2821139	$1,177	$1,178	$1	420%	420%	0%
3	New Orleans	LA	Covington	GA	Polystyrene	2821140	$1,521	$1,586	$65	399%	383%	-16%
4	Chicago	IL	Clinton	IN	Polypropylene	2821139	$679	$681	$2	551%	549%	-2%
5	New Orleans	LA	Ampthill	VA	Polyethylene HD	2821142	$2,726	$2,741	$15	343%	341%	-2%
6	Memphis	TN	Bowling Green	KY	Polypropylene	2821139	$988	$988	$0	514%	514%	0%
7	New Orleans	LA	Conyers	GA	Polystyrene	2821140	$1,482	$1,482	$0	409%	409%	0%
8	New Orleans	LA	Barnett	GA	Polypropylene	2821139	$1,624	$1,623	($1)	441%	442%	0%
9	New Orleans	LA	Athens	GA	Polypropylene	2821139	$1,642	$1,617	($25)	371%	377%	6%
10	Memphis	TN	Vine Hill	TN	Polypropylene	2821139	$543	$607	$63	929%	832%	-97%
11	New Orleans	LA	Hope Hull	AL	Polystyrene	2821140	$1,042	$1,111	$70	420%	393%	-26%
12	New Orleans	LA	Oneco	FL	Polypropylene	2821139	$2,083	$2,087	$4	388%	387%	-1%
13	Memphis	TN	Glasgow	KY	Polystyrene	2821140	$1,072	$1,072	($1)	475%	476%	0%
14	New Orleans	LA	Winchester	VA	Polystyrene	2821140	$3,462	$3,464	$3	279%	279%	0%
15	Chicago	IL	Orangeburg	NY	Polyethylene HD	2821142	$2,260	$2,273	$13	342%	340%	-2%
16	New Orleans	LA	Galloway	FL	Aromatics (Styrene)	2818342	$2,400	$2,411	$11	300%	298%	-1%
17	Chicago	IL	Anderson	IN	Polypropylene	2821139	$724	$848	$124	540%	461%	-79%
18	Chicago	IL	Cincinnati	OH	Polyethylene HD	2821142	$1,099	$1,098	($1)	422%	422%	0%
19	Memphis	TN	Evansville	IN	Polystyrene	2821140	$1,178	$1,179	$1	420%	419%	0%
20	Chicago	IL	Cumberland	MD	Polypropylene	2821139	$1,622	$1,633	$12	408%	405%	-3%
21	New Orleans	LA	Hamlet	NC	Polypropylene	2821139	$2,102	$2,097	($5)	329%	329%	1%
22	Chicago	IL	Mentor	OH	Polypropylene	2821139	$1,229	$1,253	$24	408%	400%	-8%
23	New Orleans	LA	North Cove	NC	Polyethylene HD	2821142	$2,492	$2,486	($6)	310%	310%	1%
25	Memphis	TN	Guthrie	KY	Polystyrene	2821140	$687	$687	($0)	739%	739%	0%
26	New Orleans	LA	Beech Island	SC	Polystyrene	2821140	$1,787	$1,800	$13	400%	397%	-3%
28	New Orleans	LA	Social Circle	GA	Polypropylene	2821139	$1,358	$1,359	$1	448%	448%	0%
29	Memphis	TN	Piqua	OH	Polystyrene	2821140	$1,844	$1,883	$40	355%	348%	-8%
30	East St. Louis	IL	Painesville	OH	Aromatics	2911315	$1,698	$1,815	$118	226%	211%	-15%
31	New Orleans	LA	Monroe	NC	Polypropylene	2821139	$2,027	$2,245	$218	422%	381%	-41%
32	Effingham	IL	Terre Haute	IN	Polystyrene	2821140	$716	$774	$59	509%	470%	-39%
33	Chicago	IL	Terre Haute	IN	Polyethylene HD	2821142	$841	$1,338	$497	449%	282%	-167%
34	Chicago	IL	Utica	NY	Polypropylene	2821139	$1,575	$1,618	$43	485%	472%	-13%
35	New Orleans	LA	Cartersville	GA	Polypropylene	2821139	$1,236	$1,526	$290	487%	394%	-93%
36	New Orleans	LA	Stanley	NC	Polypropylene	2821139	$1,660	$2,264	$604	512%	375%	-137%
37	New Orleans	LA	Laurens	SC	Polypropylene	2821139	$1,477	$1,506	$29	498%	488%	-10%
38	New Orleans	LA	De land	FL	Polypropylene	2821139	$2,152	$2,278	$126	361%	341%	-20%
39	New Orleans	LA	Lawrenceville	GA	Polyethylene HD	2821142	$1,510	$1,503	($7)	402%	404%	2%
42	Effingham	IL	Ivyland	PA	Polystyrene	2821140	$2,171	$2,385	$214	389%	354%	-35%
43	New Orleans	LA	Covington	GA	Polypropylene	2821139	$1,517	$1,583	$66	400%	383%	-17%
44	East St. Louis	IL	Sidney	OH	Polypropylene	2821139	$1,086	$1,084	($2)	476%	477%	1%
45	New Orleans	LA	Hollywood	FL	Polypropylene	2821139	$2,774	$2,969	$195	286%	267%	-19%
46	New Orleans	LA	Lakeland	FL	Polystyrene	2821140	$2,196	$2,226	$30	367%	362%	-5%
48	New Orleans	LA	Ackerman	GA	Polypropylene	2821139	$1,465	$1,457	($8)	414%	416%	2%
49	Chicago	IL	Westboro	MA	Polyethylene HD	2821142	$2,464	$2,489	$25	368%	364%	-4%
51	Memphis	TN	Gallaway	TN	Polystyrene	2821140	$433	$1,373	$941	1006%	317%	-689%
52	Memphis	TN	Bridgeport	AL	Polystyrene	2821140	$591	$757	$166	930%	726%	-204%
53	Memphis	TN	Vine Hill	TN	Polyethylene HD	2821142	$543	$607	$63	929%	832%	-97%
54	New Orleans	LA	LaGrange	GA	Polypropylene	2821139	$1,352	$1,607	$255	413%	348%	-65%
55	New Orleans	LA	Ansley	MS	Polystyrene	2821140	$456	$455	($0)	1199%	1200%	1%
56	Chicago	IL	Terre Haute	IN	Polypropylene	2821139	$841	$1,338	$497	449%	282%	-167%
57	Memphis	TN	Hopkinsville	KY	Polyethylene HD	2821142	$1,004	$1,004	($0)	507%	507%	0%

Comparison of URCS Variable Costs and R/VC Ratios, 1Q 2011

Lane	CSXT Origin City	ST	CSXT Destination City	ST	Commodity Description	Full STCC	Indexed Variable Costs TPI Open.	CSXT Reply	Diff.	R/VC Ratio TPI Open.	CSXT Reply	Diff.
58	New Orleans	LA	Orlando	FL	Polyethylene HD	2821142	$2,187	$2,165	($22)	356%	359%	4%
59	New Orleans	LA	Augusta	KY	Polypropylene	2821139	$2,234	$2,403	$170	358%	332%	-25%
60	New Orleans	LA	Baltimore	MD	Polyethylene HD	2821142	$2,970	$3,481	$510	335%	286%	-49%
61	Chicago	IL	Utica	NY	Polyethylene HD	2821142	$1,575	$1,618	$43	485%	472%	-13%
62	Chicago	IL	Clarksburg	WV	Polypropylene	2821139	$1,777	$2,026	$249	365%	320%	-45%
63	Memphis	TN	Madisonville	KY	Polypropylene	2821139	$1,077	$1,116	$39	458%	442%	-16%
64	New Orleans	LA	Atlanta	GA	Aromatics	2911315	$1,463	$1,453	($10)	396%	398%	3%
66	New Orleans	LA	Wareco	GA	Polypropylene	2821139	$1,547	$1,497	($50)	460%	476%	15%
67	Chicago	IL	Akron	OH	Polypropylene	2821139	$1,403	$1,365	($38)	360%	370%	10%
69	Memphis	TN	Gallaway	TN	Polypropylene	2821139	$433	$1,372	$940	1006%	317%	-689%
70	New Orleans	LA	Chattanooga	TN	Polypropylene	2821139	$1,726	$1,723	($3)	345%	345%	1%
71	New Orleans	LA	Eton	GA	Polypropylene	2821139	$1,808	$1,803	($5)	330%	331%	1%
72	New Orleans	LA	Tyner	TN	Polypropylene	2821139	$1,748	$1,759	$12	341%	338%	-2%
74	Memphis	TN	Vine Hill	TN	Polyethylene HD	2821142	$543	$607	$63	929%	832%	-97%
75	Memphis	TN	Jackson	TN	Polypropylene	2821139	$613	$1,176	$562	715%	373%	-342%
76	Memphis	TN	Lewisburg	TN	Polypropylene	2821139	$1,468	$1,646	$179	352%	314%	-38%
77	New Orleans	LA	Evergreen	AL	Polyethylene HD	2821142	$813	$1,197	$383	388%	264%	-124%
78	New Orleans	LA	Helena	AL	Polypropylene	2821139	$859	$1,322	$463	603%	392%	-211%
79	New Orleans	LA	Newnan	GA	Polypropylene	2821139	$1,290	$1,502	$211	467%	401%	-66%
80	New Orleans	LA	Green Spring	WV	Polypropylene	2821139	$2,913	$2,943	$30	329%	326%	-3%
81	Chicago	IL	Indianapolis	IN	Polystyrene	2821140	$773	$780	$7	520%	515%	-4%
82	Chicago	IL	Livonia	MI	Polyethylene HD	2821142	$1,031	$1,030	($1)	540%	540%	0%
83	Chicago	IL	Lockport	NY	Polypropylene	2821139	$1,509	$1,527	$18	430%	425%	-5%
84	Chicago	IL	Wapakoneta	OH	Polypropylene	2821139	$1,388	$1,385	($2)	301%	301%	0%
86	New Orleans	LA	Thomson	GA	Polyethylene HD	2821142	$1,745	$1,887	$142	409%	378%	-31%
87	New Orleans	LA	Tarboro	NC	Polyethylene HD	2821142	$2,416	$2,412	($4)	364%	364%	1%
89	Memphis	TN	Horse Cave	KY	Polystyrene	2821140	$1,066	$1,411	$345	506%	382%	-124%
91	New Orleans	LA	Matthews	NC	Polyethylene HD	2821142	$1,944	$2,198	$254	440%	389%	-51%
93	Chicago	IL	North Vernon	IN	Polyethylene HD	2821142	$1,340	$1,340	$0	312%	312%	0%
94	New Orleans	LA	Pendergrass	GA	Polypropylene	2821139	$1,718	$1,739	$21	355%	351%	-4%
96	Chicago	IL	Francesville	IN	Polyethylene HD	2821142	$660	$658	($1)	634%	635%	1%
97	New Orleans	LA	Jefferson	GA	Polystyrene	2821140	$1,578	$1,599	$22	386%	381%	-5%
98	New Orleans	LA	Jefferson	GA	Polypropylene	2821139	$1,575	$1,597	$23	387%	381%	-5%
100	Memphis	TN	Gallaway	TN	Polyethylene HD	2821142	$433	$1,372	$940	1006%	317%	-689%
101	Memphis	TN	Glasgow	KY	Polypropylene	2821139	$1,071	$1,071	($1)	476%	476%	0%
102	New Orleans	LA	Ackerman	GA	Polyethylene HD	2821142	$1,465	$1,457	($8)	414%	416%	2%
103	New Orleans	LA	Beech Island	SC	Polypropylene	2821139	$1,784	$1,797	$13	401%	398%	-3%
104	New Orleans	LA	De land	FL	Polyethylene HD	2821142	$2,005	$2,089	$83	386%	371%	-15%
105	New Orleans	LA	Hamlet	NC	Polyethylene HD	2821142	$2,102	$2,097	($5)	329%	329%	1%
106	New Orleans	LA	Hamlet	NC	Polystyrene	2821140	$2,105	$2,100	($5)	328%	329%	1%
108	Chicago	IL	Akron	OH	Polyethylene HD	2821142	$1,403	$1,365	($38)	360%	370%	10%
109	Chicago	IL	Lima	OH	Polyethylene HD	2821142	$1,354	$1,354	($0)	308%	308%	0%
110	Chicago	IL	Lima	OH	Polypropylene	2821139	$1,354	$1,354	($0)	308%	308%	0%
111	Chicago	IL	Pittsfield	MA	Polypropylene	2821139	$2,100	$2,203	$102	406%	387%	-19%
112	New Orleans	LA	Dalton	GA	Polypropylene	2821139	$1,820	$1,814	($6)	328%	329%	1%
113	Chicago	IL	Clarksburg	WV	Polyethylene HD	2821142	$1,777	$2,026	$249	365%	320%	-45%
115	Chicago	IL	Indianapolis	IN	Polypropylene	2821139	$773	$779	$6	520%	516%	-4%
116	Social Circle	GA	Covington	GA	Polypropylene	2821139	$403	$404	$1	820%	819%	-1%
117	Social Circle	GA	Athens	GA	Polypropylene	2821139	$627	$636	$10	534%	526%	-8%
118	Social Circle	GA	Conyers	GA	Polypropylene	2821139	$427	$566	$139	776%	585%	-191%
119	Chicago	IL	Evansville	IN	Polystyrene	2821140	$971	$971	($0)	512%	512%	0%
120	New Orleans	LA	Conyers	GA	Polypropylene	2821139	$1,479	$1,479	$0	410%	410%	0%

CONFIDENTIAL EXHIBIT REDACTED

LANE B-1: MEMPHIS, TN TO SOCIAL CIRCLE, GA

CSXT Tariff Rate Plus Fuel Surcharge	$5,548	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Doraville, GA terminal and truck to Social Circle or ultimate customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA-NS-Doraville, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Doraville, GA
	Motor Carrier	Bulkmatic

Comments:

- New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.
- Movements to Social Circle are delivered to a lease track for eventual delivery to customers in { } *See* TPI Opening II-B-45. Therefore the competitive options CSX has proposed for Lanes { } are alternatives to this lane of traffic.
- {{

}}

Responses to TPI Claims of Market Dominance:[1]

5. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
6. {

}

[1] The Responses to TPI's Claims of Market Dominance are numbered to correspond to the numbering in the lane descriptions in TPI Opening Evidence Section II-B-4: Lane Summaries.

7. {

}

8. {

}

9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

10. {{

}}

LANE B-2: MEMPHIS, TN TO EVANSVILLE, IN

CSXT Tariff Rate Plus Fuel Surcharge	$4,922	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Louisville, KY terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	East St. Louis, IL
	Rail Route	East St. Louis, IL—NS—Louisville, KY
	Intermodal Terminal	A&R Logistics Terminal, Louisville, KY
	Motor Carrier	A&R Transport

Comments:

- East St. Louis is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.

Responses to TPI Claims of Market Dominance:

8. {

}

9. **Truck volumes.** {{

}} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.

10. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

11. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

12. **Challenged rate to transload terminal.** The only thing that is "irrational" about TPI's challenge of a rate to a CSX TRANSFLO terminal is its contention that the Board has jurisdiction over a movement so inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Louisville are an effective competitive alternative to CSXT rail shipments to the CSX TRANSFLO facility at Evansville.

13. **Third-party compounder.** The fact that the destination is a third-party compounder for most of the customers on this lane does not preclude the use of trucks. Indeed, TPI has shipped product by truck to third-party compounders.

14. {{

}}

15. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

16. {{

}}

LANE B-3: NEW ORLEANS, LA TO COVINGTON, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,028	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Doraville, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Doraville, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Doraville, GA
	Motor Carrier	Bulkmatic

Comments:

- {{

}}

Responses to TPI Claims of Market Dominance:

4. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
5. {

}
6. {{

}}
7. {{

}}

8. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

9. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

10. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

11. {{

}}

LANE B-4: CHICAGO, IL TO CLINTON, IN

CSXT Tariff Rate Plus Fuel Surcharge	$3,740	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail via BNSF to interchange with CN in Chicago, IL, via CN to East Morris IL, and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—CN—East Morris, IL
	Intermodal Terminal	A&R Transport, East Morris, IL
	Motor Carrier	A&R Transport

Comments:

- Incremental rail cost difference between BNSF Rule 11 interchange and CN delivery to East Morris is included in the cost of alternate transportation.

Responses to TPI Claims of Market Dominance:

5. {{

}}

6. {

}

7. {

}

8. **Truck volumes.** {{

}} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.

9. {

}

10. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

11. {{

}}

LANE B-5: NEW ORLEANS, LA TO AMPTHILL, VA

CSXT Tariff Rate Plus Fuel Surcharge	$9,264	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Chesapeake, VA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Chesapeake, VA
	Intermodal Terminal	A&R Transport Terminal, Chesapeake, VA
	Motor Carrier	A&R Transport

Responses to TPI Claims of Market Dominance:

3. {{

}}

4. {{

}}

5. {

}

6. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of {{ }} TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.

7. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

8. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as personnel costs and storage charges. *See supra* at § II.B.2.d. {{

}}

9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

10. {{

}}

LANE B-6: MEMPHIS, TN TO BOWLING GREEN, KY

CSXT Tariff Rate Plus Fuel Surcharge	$5,065	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Louisville, KY terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	East St. Louis, IL
	Rail Route	East St. Louis, IL—NS—Louisville, KY
	Intermodal Terminal	A&R Logistics Terminal, Louisville, KY
	Motor Carrier	A&R Transport

Comments:

- East St. Louis is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
4. {

}
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. **Transload Rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
8. {{

}}

LANE B-7: NEW ORLEANS, LA TO CONYERS, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,024	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Dalton, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Dalton, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Dalton, GA
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
4. {{

   }}
5. {

   }
6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

   }}
8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
9. {{

   }}

LANE B-8: NEW ORLEANS, LA TO BARNETT, GA

CSXT Tariff Rate Plus Fuel Surcharge	$7,082 (CSXT only) {{ }} (w/ GWRC)	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Augusta, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Augusta, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Augusta, GA
	Motor Carrier	Quality Carriers

Comments:

- Customer is located in Washington, GA and is served by GWRC from interchange at Barnett, GA.

Responses to TPI Claims of Market Dominance:

4. {

}

5. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.

6. {

}

7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

8. {{

}}

LANE B-9: NEW ORLEANS, LA TO ATHENS, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,039	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Doraville, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Doraville, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Doraville, GA
	Motor Carrier	Bulkmatic

Comments:

- {{

}}

Responses to TPI Claims of Market Dominance:

4. **Truck volumes.** {{
   }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
5. {

}

6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

9. {{

}}

LANE B-10: MEMPHIS, TN TO VINE HILL, TN

CSXT Tariff Rate Plus Fuel Surcharge	$5,681	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Chattanooga, TN terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Chattanooga, TN
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Chattanooga, TN
	Motor Carrier	A&R Transport

Comments:

- New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.

Responses to TPI Claims of Market Dominance:

3. {{

}}

4. {{

}}

5. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as personnel costs and storage charges. *See supra* at § II.B.2.d.
   {{

   }}
8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

9. {{

}}

LANE B-14: NEW ORLEANS, LA TO WINCHESTER, VA

CSXT Tariff Rate Plus Fuel Surcharge	$9,486	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Crafton/Pittsburgh, PA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Crafton, PA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Crafton/Pittsburgh, PA
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
7. {{

}}

LANE B-15: CHICAGO, IL TO ORANGEBURG, NY

CSXT Tariff Rate Plus Fuel Surcharge	$7,671	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Deans/South Brunswick, NJ terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—NS—Deans, NJ
	Intermodal Terminal	Herman Warehouse South Brunswick/Deans, NJ
	Motor Carrier	A&R Transport

Comments:

- {{

}}

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
7. {{

}}

LANE B-17: CHICAGO, IL TO ANDERSON, IN

CSXT Tariff Rate Plus Fuel Surcharge	$3,918	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail via BNSF to interchange with CN in Chicago, IL, via CN switch to East Morris, IL, and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—CN—East Morris, IL
	Intermodal Terminal	A&R Transport, East Morris, IL
	Motor Carrier	A&R Transport

Comments:

- The incremental rail cost difference between BNSF Rule 11 interchange and CN Delivery to East Morris is included in the cost of alternative transportation.

Responses to TPI Claims of Market Dominance:

4. {{

}}

5. **Third-party processor.** The fact that the destination is a third-party processor does not preclude the use of trucks. Indeed, TPI has shipped product by truck to third-party processors {{ }}.
6. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
7. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
8. **Transload Rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

9. {{

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LANE B-18: CHICAGO, IL TO CINCINNATI, OH

CSXT Tariff Rate Plus Fuel Surcharge	$4,601	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail via BNSF to interchange with IHB in Chicago, IL for a switch to Hammond, IN and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	BNSF—Chicago, IL—IHB
	Intermodal Terminal	Savage Services Hammond, IN
	Motor Carrier	A&R Transport

Comments:

- Incremental rail cost difference between BNSF Rule 11 interchange and contract rate including IHB switch to Hammond, IN is included in the cost of alternative transportation.

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
7. {{

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LANE B-20: CHICAGO, IL TO CUMBERLAND, MD

CSXT Tariff Rate Plus Fuel Surcharge	$6,578	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Crafton/Pittsburgh, PA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—NS—Crafton, PA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Pittsburgh/Crafton, PA
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

4. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
5. **Third-party processor.** The fact that the destination is a third-party processor does not preclude the use of trucks.
6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d.
8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
9. {{

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LANE B-21: NEW ORLEANS, LA TO HAMLET, NC

CSXT Tariff Rate Plus Fuel Surcharge	$6,844	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Greer, SC terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Greer, SC
	Intermodal Terminal	Quality Distribution Terminal, Greer, SC
	Motor Carrier	Quality Carriers

Comments:

- {{

}}

Responses to TPI Claims of Market Dominance:

3. {{

}}

4. **Alleged lack of silo storage.** {{

}}

5. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.

6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-22: CHICAGO, IL TO MENTOR, OH

CSXT Tariff Rate Plus Fuel Surcharge	$4,968	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Pittsburgh/Crafton, PA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—NS—Crafton, PA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal Pittsburgh/Crafton, PA
	Motor Carrier	A&R Transport

Responses to TPI Claims of Market Dominance:

4. {{

}}

5. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
9. {{

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LANE B-23: NEW ORLEANS, LA TO NORTH COVE, NC

CSXT Tariff Rate Plus Fuel Surcharge	$7,567	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Augusta, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Augusta, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal Augusta, GA
	Motor Carrier	Quality Carriers

Comments:

- {{

}}

Responses to TPI Claims of Market Dominance:

3. {{

}}

4. **Use of product in medical applications.** Plastics transloading is a secure process that is suitable for products used in medical applications. *See supra* at II.B.2.c.
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. {{

}}

7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-25: MEMPHIS, TN TO GUTHRIE, KY

CSXT Tariff Rate Plus Fuel Surcharge	$6,132	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Chattanooga, TN terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Chattanooga, TN
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal Chattanooga, TN
	Motor Carrier	A&R Transport

Comments:

- New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-26: NEW ORLEANS, LA TO BEECH ISLAND, SC

CSXT Tariff Rate Plus Fuel Surcharge	$7,098	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Pineville, NC terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Pineville, NC
	Intermodal Terminal	RSI Charlotte (Pineville), NC
	Motor Carrier	A&R Transport

Comments:

- {{

}}

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{

}} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.

4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

7. {{

}}

LANE B-28: NEW ORLEANS, LA TO SOCIAL CIRCLE, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,031	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Doraville, GA terminal and truck to Social Circle or ultimate customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Doraville, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal Doraville, GA
	Motor Carrier	Bulkmatic

Comments:

- Movements to Social Circle are delivered to a lease track for eventual delivery to customers in { } *See* TPI Opening II-B-45. Therefore the competitive options CSX has proposed for Lanes { } are alternatives to this lane of traffic.

Responses to TPI Claims of Market Dominance:

5. {

}

6. {

}

7. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.

8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

9. {{

}}

LANE B-29: MEMPHIS, TN TO PIQUA, OH

CSXT Tariff Rate Plus Fuel Surcharge	$6,469	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Louisville, KY terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Louisville, KY
	Intermodal Terminal	A&R Logistics Terminal, Louisville, KY
	Motor Carrier	A&R Transport

Comments:

- New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.

Responses to TPI Claims of Market Dominance:

3. {{

   }}

4. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.

5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

   }}

7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

8. {{

}}

LANE B-31: NEW ORLEANS, LA TO MONROE, NC

CSXT Tariff Rate Plus Fuel Surcharge	$8,506	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Augusta, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Augusta, GA
	Intermodal Terminal	NS Thoroughbred Bulk Terminal, Augusta, GA
	Motor Carrier	Quality Carriers

Responses to TPI Claims of Market Dominance:

4. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
8. {{

}}

LANE B-33: CHICAGO, IL TO TERRE HAUTE, IN

CSXT Tariff Rate Plus Fuel Surcharge	$3,745	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail via BNSF to interchange with IHB in Chicago, IL, for a switch to Hammond, IN and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	BNSF—Chicago, IL—IHB—Hammond, IN
	Intermodal Terminal	Savage Services, Hammond, IN
	Motor Carrier	A&R Transport

Responses to TPI Claims of Market Dominance:

4. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d.
7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
8. {{

}}

LANE B-35: NEW ORLEANS, LA TO CARTERSVILLE, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,031	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Direct Rail via NS to Chattanooga, TN terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Chattanooga, TN
	Intermodal Terminal	NS Thoroughbred Bulk Terminal, Chattanooga, TN
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

4. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ }}
7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
8. {{ }}

LANE B-36: NEW ORLEANS, LA TO STANLEY, NC

CSXT Tariff Rate Plus Fuel Surcharge	$8,519	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Augusta, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Augusta, GA
	Intermodal Terminal	NS Thoroughbred Bulk Terminal, Augusta, GA
	Motor Carrier	Quality Carriers

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{
   }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

   }}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-37: NEW ORLEANS, LA TO LAURENS, SC

CSXT Tariff Rate Plus Fuel Surcharge	$7,315 (CSXT only) {{ }} (to customer incld. CPDR contract rate)	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Augusta, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Augusta, GA
	Intermodal Terminal	NS Thoroughbred Bulk Terminal, Augusta, GA
	Motor Carrier	Quality Carriers

Responses to TPI Claims of Market Dominance:

4. {{

}}

5. {{

}}

6. {

}

7. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

8. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as personnel cost, and storage charges. *See supra* at § II.B.2.d. {{

}}

9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

10. {{

}}

LANE B-39: NEW ORLEANS, LA TO LAWRENCEVILLE, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,025	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Doraville, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Doraville, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Doraville, GA
	Motor Carrier	Bulkmatic

Comments:

- {{

}}

Responses to TPI Claims of Market Dominance:

4. {{

}}

5. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
9. {{

}}

LANE B-43: NEW ORLEANS, LA TO COVINGTON, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,028	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Doraville, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Doraville, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Doraville, GA
	Motor Carrier	Bulkmatic

Comments:

- {{

}}

Responses to TPI Claims of Market Dominance:

4. {

}

5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as personnel costs and storage charges. *See supra* at § II.B.2.d. {{

}}

7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

8. {{

}}

LANE B-44: EAST ST. LOUIS, IL TO SIDNEY, OH

CSXT Tariff Rate Plus Fuel Surcharge	$5,167	**Cost of Alternate Transportation**	{{ }}
		Cost of Direct Rail Alternative:	{{ }}

Description of Alternative to CSXT Transportation	Rail via BNSF to interchange with CN in Chicago, IL, switch to East Morris IL, and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—CN—East Morris, IL
	Intermodal Terminal	A&R Transport, East Morris IL
	Motor Carrier	A&R Transport

Description of Rail Alternative	NS direct from East St. Louis, IL to Sidney, OH. *See* map at Exhibit II-B-4.

Comments:

- Lane subject to both intramodal and intermodal competition.
- Chicago is an alternative gateway from which CN can handle this traffic. *See supra* at § II.B.2.d.i.
- Incremental rail cost difference between BNSF Rule 11 interchange and CN delivery to East Morris is included in the alternative transportation cost.

Responses to TPI Claims of Market Dominance:

5. **Third-party processor.** The fact that the destination is a third-party processor does not preclude the use of trucks.
6. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
7. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
8. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-48: NEW ORLEANS, LA TO ACKERMAN, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,010	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Chattanooga, TN terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Chattanooga, TN
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Chattanooga, TN
	Motor Carrier	Bulkmatic

Comments

- The destination in Ackerman is a transloading facility operated by Seapac, Inc.

Responses to TPI Claims of Market Dominance:

4. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
5. {{ }}
6. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the NS TBT at Chattanooga) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).
7. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Chattanooga are an effective competitive alternative to CSXT rail shipments to the transload facility at Ackerman.
8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
9. {{

}}

LANE B-49: CHICAGO, IL TO WESTBORO, MA

CSXT Tariff Rate Plus Fuel Surcharge	$9,001	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail via NS & PWRR to Worcester, MA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—NS—PWRR—Worcester, MA
	Intermodal Terminal	Mid-States Packaging, Worcester, MA
	Motor Carrier	A&R Transport

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{
   }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

   }}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-52: MEMPHIS, TN TO BRIDGEPORT, AL

CSXT Tariff Rate Plus Fuel Surcharge	$5,528 (CSXT only); {{ }} (to customer incld. SQVR)	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Chattanooga, TN terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Chattanooga, TN
	Intermodal Terminal	NS Thoroughbred Bulk Terminal, Chattanooga, TN
	Motor Carrier	Bulkmatic

Comments:

- New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.

Responses to TPI Claims of Market Dominance:

4. **Third-party compounder.** The fact that the destination is a third-party compounder does not preclude the use of trucks.
5. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
9. {{

}}

LANE B-53: MEMPHIS, TN TO VINE HILL, TN

CSXT Tariff Rate Plus Fuel Surcharge	$5,651	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Chattanooga, TN terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans—NS—Chattanooga, TN
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Chattanooga, TN
	Motor Carrier	A&R Transport

Comments:

- New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ }}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-54: NEW ORLEANS, LA TO LA GRANGE, GA

CSXT Tariff Rate Plus Fuel Surcharge	$5,539	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Doraville, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans—NS—Doraville, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Doraville, GA
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

3. **Use of product in medical applications.** Plastics transloading is a secure process that is suitable for products used in medical applications. *See supra* at II.B.2.c.
4. {{ }}
5. {{ }}
6. **Lack of storage.** {{ }}
7. {{ }}
8. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
9. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
10. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as personnel costs and storage charges. *See supra* at § II.B.2.d. {{

}}

11. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-56: CHICAGO, IL TO TERRE HAUTE, IN

CSXT Tariff Rate Plus Fuel Surcharge	$3,745	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail via BNSF to interchange with CN in Chicago, IL, switch to East Morris IL, and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—CN—East Morris, IL
	Intermodal Terminal	A&R Transport, East Morris, IL
	Motor Carrier	A&R Transport

Responses to TPI Claims of Market Dominance:

3. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
4. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d.
5. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-57: MEMPHIS, TN TO HOPKINSVILLE, KY

CSXT Tariff Rate Plus Fuel Surcharge	$5,065	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Western carrier direct to West Memphis, AR terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Memphis, TN
	Rail Route	BNSF—W. Memphis, AR
	Intermodal Terminal	Mid South Bulk Services, W. Memphis, AR
	Motor Carrier	A&R Transport

Comments:

- Incremental rail cost difference between Memphis Rule 11 interchange and point to point rate to West Memphis, AR is included in cost of alternate transportation.

Responses to TPI Claims of Market Dominance:

3. {{

   }}

4. **Truck volumes.** {{
   }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.

5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

   }}

7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-59: NEW ORLEANS, LA TO AUGUSTA, KY

CSXT Tariff Rate Plus Fuel Surcharge	$7,947	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Louisville, KY terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Louisville, KY
	Intermodal Terminal	A&R Logistics Terminal, Louisville, KY
	Motor Carrier	A&R Transport

Comments:

- {{
  }}

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

   }}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-60: NEW ORLEANS, LA TO BALTIMORE, MD

CSXT Tariff Rate Plus Fuel Surcharge	$9,855	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Bethlehem, PA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans—NS—Bethlehem, PA—PBNE delivery
	Intermodal Terminal	Bulkmatic Transport Co. Terminal, Bethlehem, PA
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

6. {{

}}

7. **Railcars for storage.** Customers who truly lack silo storage can use standing railcars for storage (as other TPI customers do). *See* TPI Opening at II-B-57.
8. **Bulk terminal shipments.** The challenged rate to a bulk terminal is inherently subject to effective competition. *See supra* at § II.B.2.c.
9. **Transload rates to bulk terminal.** *See* #7 above.
10. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
11. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
12. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

13. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

14. {{

}}

LANE B-61: CHICAGO, IL TO UTICA, NY

CSXT Tariff Rate Plus Fuel Surcharge	$8,345	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Direct Rail via Canadian Pacific to Philadelphia, PA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—CP—Philadelphia, PA
	Intermodal Terminal	Bulkmatic Transport Co, Philadelphia, PA
	Motor Carrier	A&R Transport

Comments

- The destination in Utica is a transloading facility operated by Lynn Scott.

Responses to TPI Claims of Market Dominance:

4. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the Bulkmatic transloading facility in Philadelphia) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).
5. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the Bulkmatic facility at Philadelphia are an effective competitive alternative to CSXT rail shipments to the transload facility at Utica.
6. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
7. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
8. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-62: CHICAGO, IL TO CLARKSBURG, WV

CSXT Tariff Rate Plus Fuel Surcharge	$6,418	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Crafton/Pittsburgh, PA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	East St. Louis, IL
	Rail Route	East St. Louis, IL—NS—Crafton, PA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Pittsburgh/Crafton, PA
	Motor Carrier	Bulkmatic

Comments:

- East St. Louis is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.

Responses to TPI Claims of Market Dominance:

4. **Use of product in medical applications.** Plastics transloading is a secure process that is suitable for products used in medical applications. *See supra* at II.B.2.c.
5. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ }}
8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
9. {{

}}

10. {{ }}

LANE B-63: MEMPHIS, TN TO MADISONVILLE, KY

CSXT Tariff Rate Plus Fuel Surcharge	$4,905	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Western carrier direct to West Memphis, AR terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Memphis, TN
	Rail Route	BNSF—W. Memphis, AR
	Intermodal Terminal	Mid South Bulk Services, W. Memphis, AR
	Motor Carrier	Quality Carriers

Comments:

- Incremental rail cost difference between Memphis Rule 11 interchange and point to point rate to West Memphis, AR is included in cost of alternate transportation.

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
4. {{ }}
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ }}
7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-66: NEW ORLEANS, LA TO WARECO, GA

CSXT Tariff Rate Plus Fuel Surcharge	$7,050 (CSXT only); {{ }} (to customer incld. SMW contract rate)	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Augusta, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Augusta, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Augusta, GA
	Motor Carrier	Quality Carriers

Responses to TPI Claims of Market Dominance:

6. {{
grade product in trucks to its customers. In fact, the opposite is true—TPI has delivered product to off-grade purchasers via truck. *See supra* at § II.B.2.c.ii(a).}}

7. {

}

8. **Truck volumes.** {{
}} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.

9. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

10. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

11. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

12. {{

}}

LANE B-67: CHICAGO, IL TO AKRON, OH

CSXT Tariff Rate Plus Fuel Surcharge	$4,964	**Cost of Alternate Transportation**	{{ }}
		Cost of Rail Alternative	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Euclid, OH terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—NS—Euclid, OH
	Intermodal Terminal	Kinder Morgan Terminal, Euclid, OH
	Motor Carrier	A&R Transport

Description of Rail Alternative	NS direct to interchange with WE at Bellevue, OH and subsequent interchange with AB at Barberton, OH for direct service to Akron, OH. *See* map at Exhibit II-B-4.

Comments:

- Lane subject to intermodal and intramodal competition. *See supra* at §§ II.B.1, II.B.2.

Responses to TPI Claims of Market Dominance:

3. **Third-party compounder.** The fact that the destination is a third-party compounder does not preclude the use of trucks.
4. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-69: MEMPHIS, TN TO GALLAWAY, TN

CSXT Tariff Rate Plus Fuel Surcharge	$4,351	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Western carrier direct to West Memphis, AR terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Memphis, TN
	Rail Route	BNSF—W. Memphis, AR
	Intermodal Terminal	Mid South Bulk Services, W. Memphis, AR
	Motor Carrier	Quality Carriers

Comments:

- Incremental rail cost difference between Memphis Rule 11 interchange and point to point rate to West Memphis, AR is included in cost of alternate transportation.

Responses to TPI Claims of Market Dominance:

4. **Use of product in medical applications.** Plastics transloading is a secure process that is suitable for products used in medical applications. *See supra* at II.B.2.c.
5. **Alleged lack of silo storage.** {{

   }} And customers who truly lack silo storage can use standing railcars for storage (as other TPI customers do). *See* TPI Opening at II-B-57.
6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

   }}
8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-70: NEW ORLEANS, LA TO CHATTANOOGA, TN

CSXT Tariff Rate Plus Fuel Surcharge	$5,902	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Direct Rail via NS to Chattanooga, TN terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Chattanooga, TN
	Intermodal Terminal	NS Thoroughbred Bulk Terminal, Chattanooga, TN
	Motor Carrier	Bulkmatic

Comments

- The destination in Chattanooga is a CSX TRANSFLO terminal.
- {{

  }}
- {{

  }}

Responses to TPI Claims of Market Dominance:

5. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the NS TBT at Chattanooga) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).
6. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Chattanooga are an effective competitive alternative to CSXT rail shipments to the CSX TRANSFLO facility in Chattanooga.
7. {

   }
8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

9. {{

}}

LANE B-71: NEW ORLEANS, LA TO ETON, GA

CSXT Tariff Rate Plus Fuel Surcharge	$5,888	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Direct Rail via NS to Chattanooga, TN terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Chattanooga, TN
	Intermodal Terminal	NS Thoroughbred Bulk Terminal, Chattanooga, TN
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

3. {{

}}

4. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.

5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

8. {{

}}

LANE B-72: NEW ORLEANS, LA TO TYNER, TN

CSXT Tariff Rate Plus Fuel Surcharge	$5,905	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Direct Rail via NS to Chattanooga, TN terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Chattanooga, TN
	Intermodal Terminal	NS Thoroughbred Bulk Terminal, Chattanooga, TN
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

3. **Alleged lack of silo storage.** Customers who truly lack silo storage can use standing railcars for storage (as other TPI customers do). *See* TPI Opening at II-B-57.
4. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
8. {{

}}

LANE B-74: MEMPHIS, TN TO VINE HILL, TN

CSXT Tariff Rate Plus Fuel Surcharge	$5,681	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Direct Rail via NS to Chattanooga, TN terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Chattanooga, TN
	Intermodal Terminal	NS Thoroughbred Bulk Terminal, Chattanooga, TN
	Motor Carrier	A&R Transport

Comments:

- New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ }}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-75: MEMPHIS, TN TO JACKSON, TN

CSXT Tariff Rate Plus Fuel Surcharge	$4,382	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Western carrier direct to West Memphis, AR terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Memphis, TN
	Rail Route	BNSF—W. Memphis, AR
	Intermodal Terminal	Mid South Bulk Services, W. Memphis, AR
	Motor Carrier	Quality Carriers

Comments:

- Incremental rail cost difference between Memphis Rule 11 interchange and point to point rate to West Memphis, AR is included in cost of alternate transportation.

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
7. {{

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LANE B-78: NEW ORLEANS, LA TO HELENA, AL

CSXT Tariff Rate Plus Fuel Surcharge	$5,220	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Doraville, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Doraville, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Doraville GA
	Motor Carrier	A&R Transport

Responses to TPI Claims of Market Dominance:

4. {{

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5. **Truck volumes.** {{
}} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.

6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-79: NEW ORLEANS, LA TO NEWNAN, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,001	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Doraville, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Doraville, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Doraville GA
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

4. {{

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5. **Truck volumes.** {{
}} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.

6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

9. {{

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LANE B-80: NEW ORLEANS, LA TO GREEN SPRING, WV

CSXT Tariff Rate Plus Fuel Surcharge	$9,522	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Crafton/Pittsburgh, PA terminal and truck customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—NS—Crafton, PA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Crafton/Pittsburgh, PA
	Motor Carrier	Bulkmatic

Comments:

- Chicago, IL is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.

Responses to TPI Claims of Market Dominance:

4. {{

}}

5. **Truck volumes.** {{
}} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
9. {{

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LANE B-81: CHICAGO, IL TO INDIANAPOLIS, IN

CSXT Tariff Rate Plus Fuel Surcharge	$4,008	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail via BNSF to interchange with CN in Chicago, IL, switch to East Morris IL, and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—CN—East Morris, IL
	Intermodal Terminal	A&R Transport, East Morris, IL
	Motor Carrier	A&R Transport

Responses to TPI Claims of Market Dominance:

4. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d.
7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-82: CHICAGO, IL TO LIVONIA, MI

CSXT Tariff Rate Plus Fuel Surcharge	$5,536	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Willis, MI terminal and truck customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—NS—Willis, MI
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Ypsilanti RR station Willis, MI
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

4. {{

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5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

8. {{

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LANE B-84: CHICAGO, IL TO WAPAKONETA, OH

CSXT Tariff Rate Plus Fuel Surcharge	$4,048	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail via BNSF to interchange with IHB in Chicago, IL, switch to Hammond, IN and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	BNSF—Chicago, IL—IHB—Hammond, IN
	Intermodal Terminal	Savage Services, Hammond, IN
	Motor Carrier	A&R Transport

Comments:

- Incremental rail cost difference between BNSF Rule 11 interchange and contract rate including IHB switch to Hammond, IN is included in the cost of alternative transportation.

Responses to TPI Claims of Market Dominance:

4. {{

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5. **Third-party processor.** The fact that the destination is a third-party processor does not preclude the use of trucks.
6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d.
8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-86: NEW ORLEANS, LA TO THOMSON, GA

CSXT Tariff Rate Plus Fuel Surcharge	$7,083	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Augusta, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Augusta, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Augusta, GA
	Motor Carrier	Quality Carriers

Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ }}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-89: MEMPHIS, TN TO HORSE CAVE, KY

CSXT Tariff Rate Plus Fuel Surcharge	$7,822	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Chattanooga, TN terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Chattanooga, TN
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal Chattanooga, TN
	Motor Carrier	Bulkmatic

Comments:

- New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.
- {{

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Responses to TPI Claims of Market Dominance:

3. **Alleged lack of silo storage.** Customers who truly lack silo storage can use standing railcars for storage (as other TPI customers do). *See* TPI Opening at II-B-57.
4. **Truck volumes.** {{

}} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d.

7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-91: NEW ORLEANS, LA TO MATTHEWS, NC

CSXT Tariff Rate Plus Fuel Surcharge	$8,510	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Augusta, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Augusta, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal Augusta, GA
	Motor Carrier	Quality Carriers

Responses to TPI Claims of Market Dominance:

4. {{

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5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

   }}

7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-93: CHICAGO, IL TO NORTH VERNON, IN

CSXT Tariff Rate Plus Fuel Surcharge	$5,134	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Louisville, KY terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	East St. Louis
	Rail Route	East St. Louis—NS—Louisville, KY
	Intermodal Terminal	A&R Logistics, Louisville, KY
	Motor Carrier	A&R Transport

Comments:

- East St. Louis is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.

Responses to TPI Claims of Market Dominance:

4. {{

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5. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.

6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

   }}

8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

9. {{

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LANE B-94: NEW ORLEANS, LA TO PENDERGRASS, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,046	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Doraville, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Doraville, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Doraville, GA
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

3. **Alleged lack of silo storage.** Customers who truly lack silo storage can use standing railcars for storage (as other TPI customers do). *See* TPI Opening at II-B-57.
4. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ }}
7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-96: CHICAGO, IL TO FRANCESVILLE, IN

CSXT Tariff Rate Plus Fuel Surcharge	$4,157	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail via BNSF to interchange with IHB in Chicago, IL, via IHB to Hammond, IN and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	BNSF—Chicago, IL—IHB—Hammond, IN
	Intermodal Terminal	Savage Services, Hammond, IN
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

4. {{

}}

5. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.

6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

9. {{

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LANE B-97: NEW ORLEANS, LA TO JEFFERSON, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,044	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Doraville, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Doraville, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Doraville, GA
	Motor Carrier	Bulkmatic

Comments:

- The destination in Jefferson is a bulk terminal operated by ZKR Express.

Responses to TPI Claims of Market Dominance:

4. {{

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5. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the NS TBT at Doraville) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).
6. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Doraville are an effective competitive alternative to CSXT rail shipments to the ZKR Express facility in Jefferson.
7. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
9. {{ .

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LANE B-98: NEW ORLEANS, LA TO JEFFERSON, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,044	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Doraville, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Doraville, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Doraville, GA
	Motor Carrier	Bulkmatic

Comments:

- The destination in Jefferson is a bulk terminal operated by ZKR Express.

Responses to TPI Claims of Market Dominance:

4. {{

}}

5. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the NS TBT at Doraville) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).
6. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Doraville are an effective competitive alternative to CSXT rail shipments to the ZKR Express facility in Jefferson.
7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-100: MEMPHIS, TN TO GALLAWAY, TN

CSXT Tariff Rate Plus Fuel Surcharge	$4,351	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Western carrier direct to West Memphis, AR terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Memphis, TN
	Rail Route	BNSF—W. Memphis, AR
	Intermodal Terminal	Mid South Bulk Services, W. Memphis, AR
	Motor Carrier	Quality Carriers

Comments:

- Incremental rail cost difference between Memphis Rule 11 interchange and point to point rate to West Memphis, AR is included in cost of alternate transportation.

Responses to TPI Claims of Market Dominance:

4. **Use of product in medical applications.** Plastics transloading is a secure process that is suitable for products used in medical applications. *See supra* at II.B.2.c.
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
8. {{

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LANE B-101: MEMPHIS, TN TO GLASGOW, KY

CSXT Tariff Rate Plus Fuel Surcharge	$5,077	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Western carrier direct to West Memphis, AR terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Memphis, TN
	Rail Route	BNSF—W. Memphis, AR
	Intermodal Terminal	Mid South Bulk Services, W. Memphis, AR
	Motor Carrier	A&R Transport

Comments:

- Incremental rail cost difference between Memphis Rule 11 interchange and point to point rate to West Memphis, AR is included in cost of alternate transportation.
- {{

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Responses to TPI Claims of Market Dominance:

3. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.
4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
7. {{

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LANE B-102: NEW ORLEANS, LA TO ACKERMAN, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,010	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Chattanooga, TN terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Chattanooga, TN
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal Chattanooga, TN
	Motor Carrier	Bulkmatic

Comments

- The destination in Ackerman is a transloading facility operated by Seapac, Inc.

Responses to TPI Claims of Market Dominance:

4. {{

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5. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the NS TBT at Chattanooga) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).
6. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
7. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Chattanooga are an effective competitive alternative to CSXT rail shipments to the transload facility at Ackerman.
8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
9. {{

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LANE B-103: NEW ORLEANS, LA TO BEECH ISLAND, SC

CSXT Tariff Rate Plus Fuel Surcharge	$7,098	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Augusta, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Augusta, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Augusta, GA
	Motor Carrier	Quality Carriers

Responses to TPI Claims of Market Dominance:

3. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
4. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

5. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
6. {{

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LANE B-105: NEW ORLEANS, LA TO HAMLET, NC

CSXT Tariff Rate Plus Fuel Surcharge	$6,844	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Greer, SC terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Greer, SC
	Intermodal Terminal	Quality Distribution Terminal, Greer, SC
	Motor Carrier	Quality Carriers

Comments:

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}}

Responses to TPI Claims of Market Dominance:

4. **Third-party processor.** The fact that the destination is a third-party compounder for most of the customers on this lane does not preclude the use of trucks. Indeed, TPI has shipped product by truck to third-party processor.
5. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-106: NEW ORLEANS, LA TO HAMLET, NC

CSXT Tariff Rate Plus Fuel Surcharge	$6,844	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Greer, SC terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Greer, SC
	Intermodal Terminal	Quality Distribution Terminal, Greer, SC
	Motor Carrier	Quality Carriers

Comments:

- {{

}}

Responses to TPI Claims of Market Dominance:

4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}
6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
7. {{

}}

LANE B-108: CHICAGO, IL TO AKRON, OH

CSXT Tariff Rate Plus Fuel Surcharge	$4,964	**Cost of Alternate Transportation**	{{ }}
		Cost of Rail Alternative	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Euclid, OH terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—NS—Euclid, OH
	Intermodal Terminal	Kinder Morgan Terminal, Euclid, OH
	Motor Carrier	A&R Transport

Description of Rail Alternative	NS direct to interchange with WE at Bellevue, OH and subsequent interchange with AB at Barberton, OH for direct service to Akron, OH. *See* map at Exhibit II-B-4 page 4.

Comments:

- Lane subject to intermodal and intramodal competition. *See supra* at §§ II.B.1, II.B.2.

Responses to TPI Claims of Market Dominance:

5. **Third-party compounder.** The fact that the destination is a third-party compounder for most of the customers on this lane does not preclude the use of trucks. Indeed, TPI has shipped product by truck to third-party compounders.
6. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
7. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
8. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

10. {{

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LANE B-109: CHICAGO, IL TO LIMA, OH

CSXT Tariff Rate Plus Fuel Surcharge	$4,044	**Cost of Alternate Transportation**	{{ }}
		Cost of Direct Rail Alternative	{{ }}

Description of Alternative to CSXT Transportation	Rail via BNSF to interchange with IHB in Chicago, IL, switch to Hammond, IN and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	BNSF—Chicago, IL—IHB—Hammond, IN
	Intermodal Terminal	Savage Services, Hammond, IN
	Motor Carrier	A&R Transport

Description of Rail Alternative	NS direct from East St. Louis, IL to Lima, OH via IORY. *See* map at Exhibit II-B-4.

Comments:

- Lane subject to intramodal and intermodal competition. *See supra* at §§ II.B.1, II.B.2.
- East St. Louis is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.
- One of the destinations in Lima is a transloading facility operated by Luckey Trucking

Responses to TPI Claims of Market Dominance:

8. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the Savage Services terminal at Hammond) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).
9. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the Savage Services terminal at Hammond are an effective competitive alternative to CSXT rail shipments to the Luckey Trucking transload facility at Lima.
10. **Truck volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.

11. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-110: CHICAGO, IL TO LIMA, OH

CSXT Tariff Rate Plus Fuel Surcharge	$4,044	**Cost of Alternate Transportation**	{{ }}
		Cost of Direct Rail Alternative	{{ }}

Description of Alternative to CSXT Transportation	Rail via BNSF to interchange with IHB in Chicago, IL, switch to Hammond, IN and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	BNSF—Chicago, IL—IHB—Hammond, IN
	Intermodal Terminal	Savage Services, Hammond, IN
	Motor Carrier	A&R Transport

Description of Rail Alternative	NS direct from East St. Louis, IL to Lima, OH via IORY. *See* map at Exhibit II-B-4.

Comments:

- Lane subject to intramodal and intermodal competition. *See supra* at §§ II.B.1, II.B.2.
- East St. Louis is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.
- One of the destinations in Lima is a transloading facility operated by Luckey Trucking

Responses to TPI Claims of Market Dominance:

5. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the Savage Services terminal at Hammond) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).
6. {{

   }}
7. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the Savage Services terminal at Hammond are an effective competitive alternative to CSXT rail shipments to the Luckey Trucking transload facility at Lima.

8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

LANE B-111: CHICAGO, IL TO PITTSFIELD, MA

CSXT Tariff Rate Plus Fuel Surcharge	$8,491	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail direct via Canadian Pacific to Bethlehem, PA and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—CP—Bethlehem, PA
	Intermodal Terminal	Bulkmatic Transport Co. Terminal, Bethlehem, PA
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

3. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
4. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

5. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
6. {{

}}

LANE B-112: NEW ORLEANS, LA TO DALTON, GA

CSXT Tariff Rate Plus Fuel Surcharge	$5,889	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Dalton, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Dalton, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Dalton, GA
	Motor Carrier	Bulkmatic

Comments

- The destination in Dalton is a CSX TRANSFLO terminal.

Responses to TPI Claims of Market Dominance:

8. **Customer-selected bulk terminal.** TPI has presented no evidence that its customers' selection of this particular bulk terminal means that the many other nearby bulk terminals (including the NS TBT at Dalton, which is literally within sight of the CSX TRANSFLO facility) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).
9. {{

}}
10. {{

}}
11. **Truck volumes.** {{
}} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
12. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Dalton are an effective competitive alternative to CSXT rail shipments to the CSX TRANSFLO facility in Dalton.
13. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

14. {{

}}

LANE B-113: CHICAGO, IL TO CLARKSBURG, WV

CSXT Tariff Rate Plus Fuel Surcharge	$6,418	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Euclid, OH terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—NS—Euclid, OH
	Intermodal Terminal	Kinder Morgan Terminal, Euclid OH
	Motor Carrier	A&R Transport

Responses to TPI Claims of Market Dominance:

6. {{

}}

7. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.

8. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

10. {{

}}

LANE B-115: CHICAGO, IL TO INDIANAPOLIS, IN

CSXT Tariff Rate Plus Fuel Surcharge	$4,008	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail via BNSF to interchange with CN in Chicago, IL, switch to East Morris IL, and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	Chicago, IL
	Rail Route	Chicago, IL—CN—East Morris, IL
	Intermodal Terminal	A&R Transport, East Morris, IL
	Motor Carrier	A&R Transport

Comments:

- Incremental rail cost difference between BNSF Rule 11 interchange and CN delivery to East Morris, IL is included in the cost of alternate transportation

Responses to TPI Claims of Market Dominance:

6. {{

}}

7. **Alleged lack of silo storage.** Customers who truly lack silo storage can use standing railcars for storage (as other TPI customers do). *See* TPI Opening at II-B-57.
8. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
9. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
10. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{

}}

11. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.

12. {{

}}

LANE B-120: NEW ORLEANS, LA TO CONYERS, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,024	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation	Rail Direct via NS to Dalton, GA terminal and truck to customer. *See* map at Exhibit II-B-6.	
	Gateway	New Orleans, LA
	Rail Route	New Orleans, LA—NS—Dalton, GA
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Dalton, GA
	Motor Carrier	Bulkmatic

Responses to TPI Claims of Market Dominance:

4. **Truck volumes.** {{ }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.
5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.
6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ }}
7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.
8. {{ }}

COMPETITIVE ALTERNATIVES TO ISSUE MOVEMENTS: INTRAMODAL COMPETITION

Lane	Origin City	O ST	Destination City	D ST	Commodity	1Q10 CSXT Rate Incl. FSC	Originating Carrier	CSXT Rule 11 JCT	RR1 (CSXT Route)	RR2 JCT (CSXT Route)	RR2 (CSXT Route)	CSXT Rail Miles	ALT Rail Route	ALT Rail Rule 11 JCT	ALT Rail Miles	ALT Rail Cost
B-44	EAST ST LOUIS	IL	SIDNEY	OH	Polypropylene	$5,167	BNSF	ESTL	CSXT			408	NS	ESTL	459	{{ }}
B-67	CHICAGO	IL	AKRON	OH	Polypropylene	$4,964	BNSF	CHGO	CSXT	BARB	AB	345	NS-BELLV-WE-BARB-AB	ESTL	571	{{ }}
B-108	CHICAGO	IL	AKRON	OH	Polyethylene	$4,964	BNSF	CHGO	CSXT	BARB	AB	345	NS-BELLV-WE-BARB-AB	ESTL	571	{{ }}
B-109	CHICAGO	IL	LIMA	OH	Polyethylene	$4,044	BNSF	CHGO	CSXT			211	NS-LIMA-IORY	CHGO	239	{{ }}
B-110	CHICAGO	IL	LIMA	OH	Polypropylene	$4,044	BNSF	CHGO	CSXT			211	NS-LIMA-IORY	CHGO	239	{{ }}

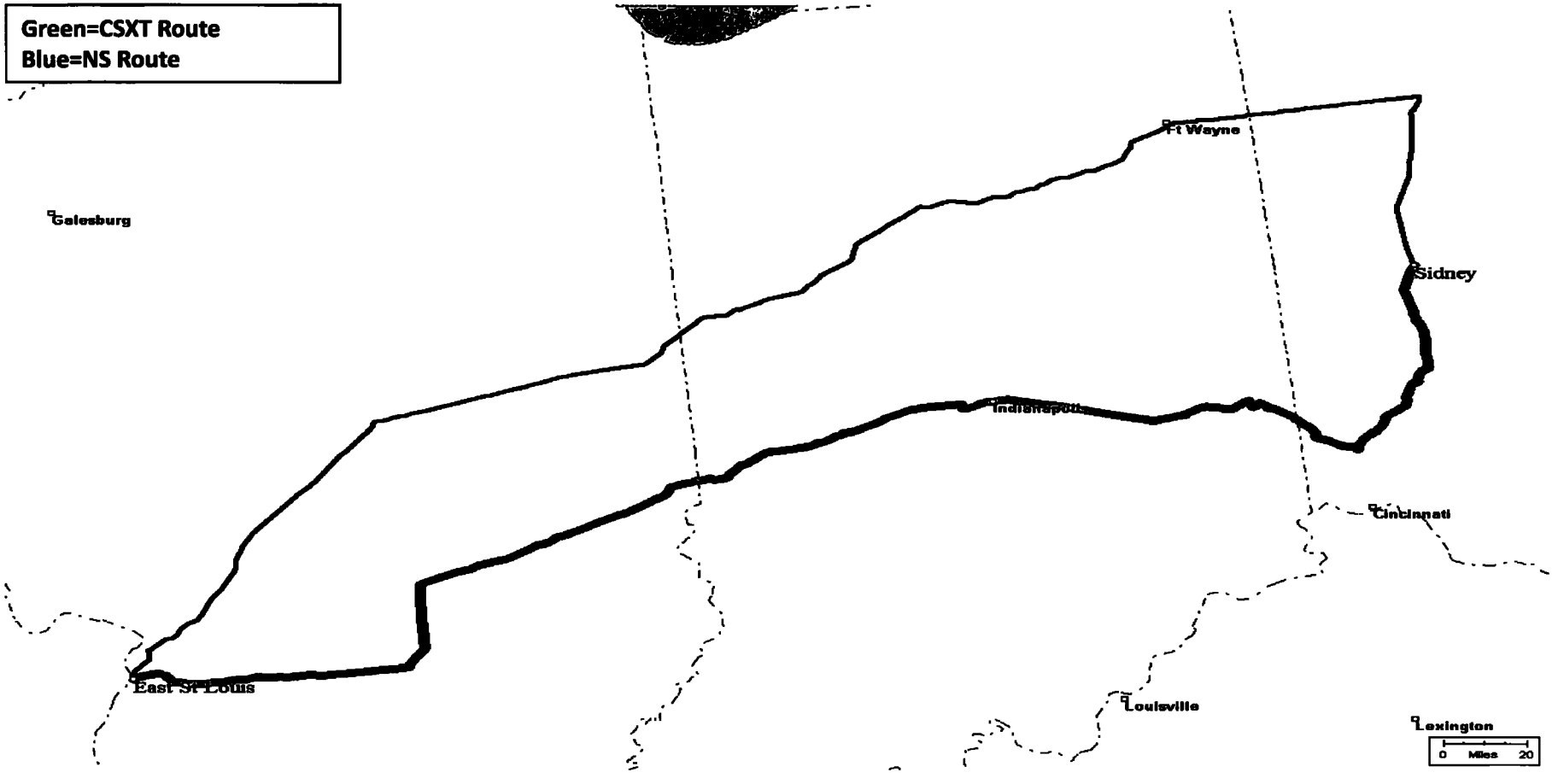
EXHIBIT II-B-4:
MAPS OF RAIL COMPETITIVE ALTERNATIVES TO ISSUE MOVEMENTS

TPI Movement Number 44: East St. Louis, IL – Sidney, OH

CSXT Direct: 408 Mi

Alternative: 459 Mi

NS Rail: East St. Louis, IL – Sidney, OH



CSXT Tariff Rate: $5,167

Cost of Rail Alternative: {{ }}

TPI Movement Number 67: Chicago, IL – Akron, OH

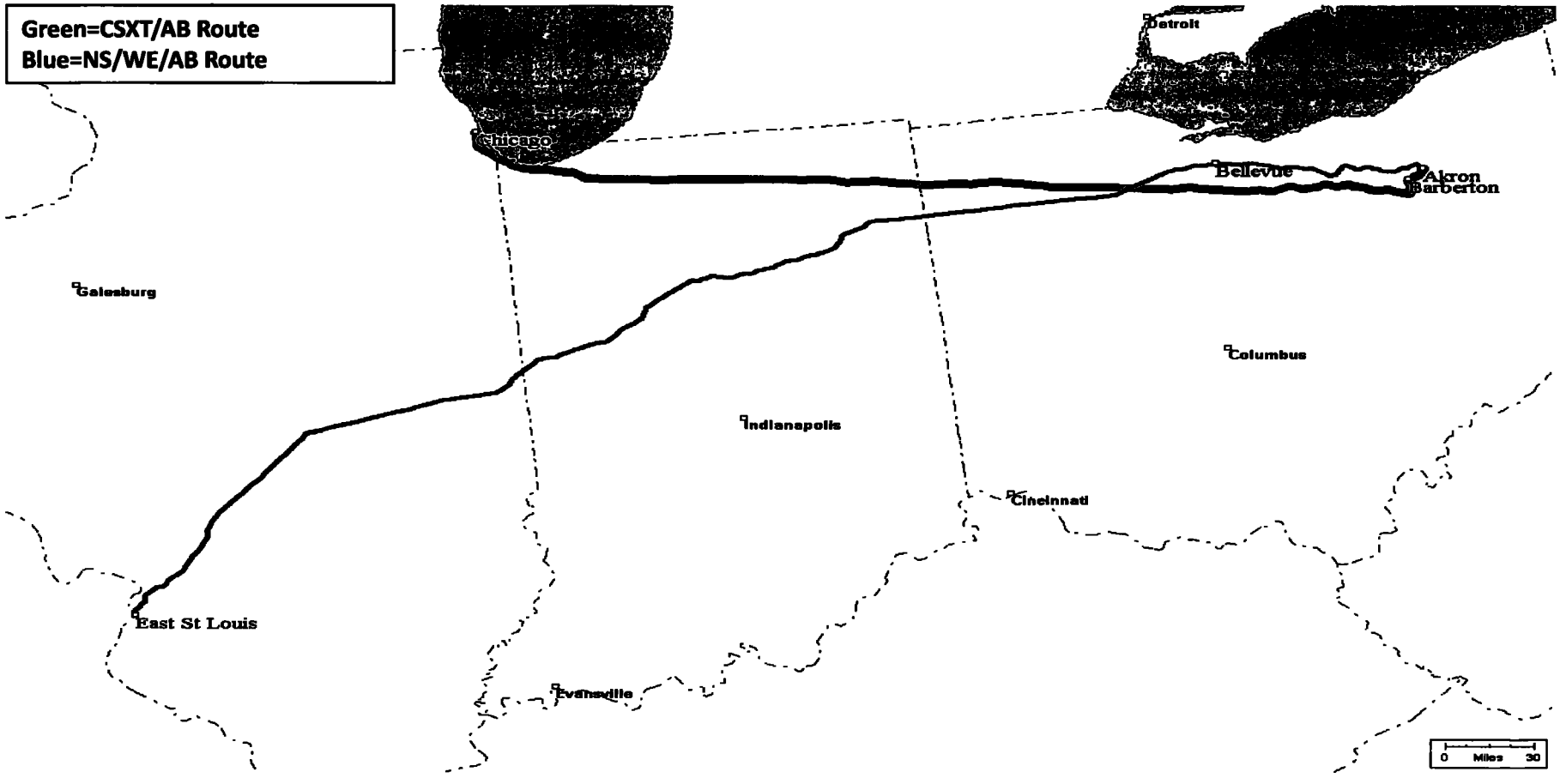
Chicago-CSXT-Barb-AB-Akron: 345 Mi

Alternative: 571 Mi

NS Rail: East St. Louis, IL – Bellevue, OH

WE Rail: Bellevue, OH – Barberton, OH

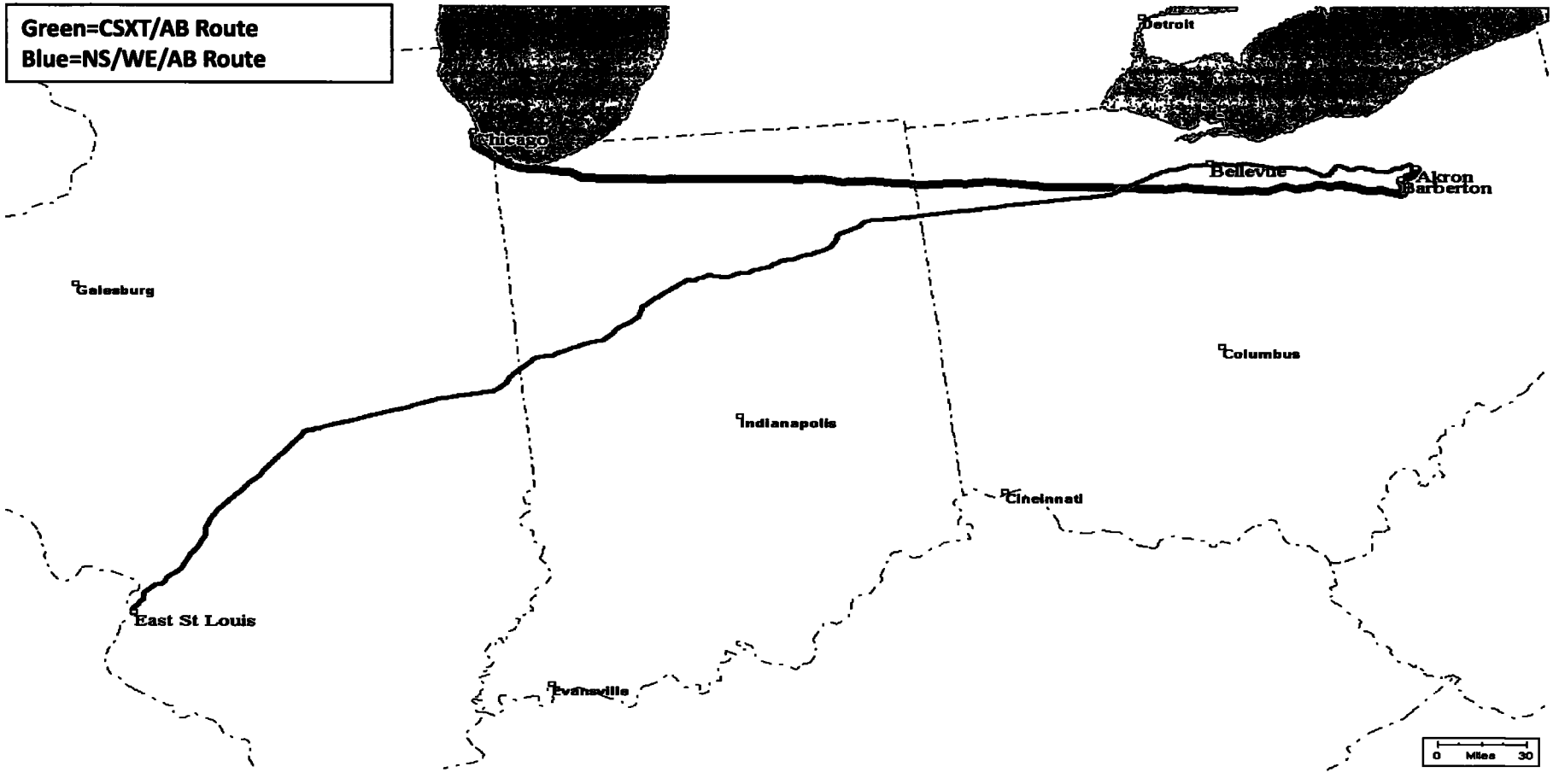
AB Rail: Barberton, OH – Akron, OH



CSXT Tariff Rate: $4,964

Cost of Rail Alternative: {{ }}

TPI Movement Number 108: Chicago, IL – Akron, OH
Chicago-CSXT-Barb-AB-Akron: 345 Mi
Alternative: 571 Mi
NS Rail: East St. Louis, IL – Bellevue, OH
WE Rail: Bellevue, OH – Barberton, OH
AB Rail: Barberton, OH – Akron, OH



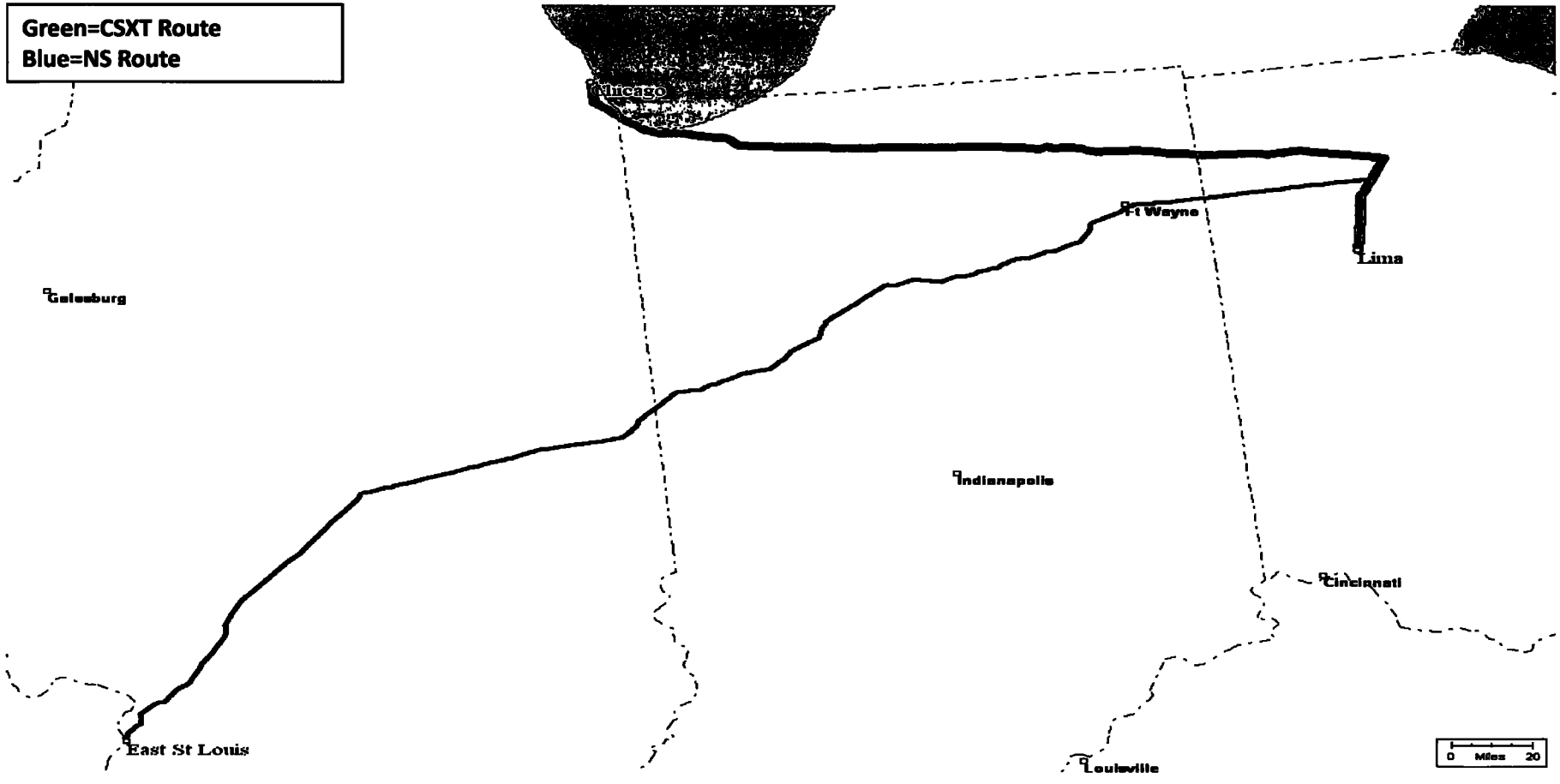
CSXT Tariff Rate: $4,964
Cost of Rail Alternative: {{ }}

TPI Movement Number 109: Chicago, IL – Lima, OH

CSXT Direct: 211 Mi

Alternative: 426 Mi

NS Rail: East St. Louis – Lima, OH (IORY)



CSXT Tariff Rate: $4,044

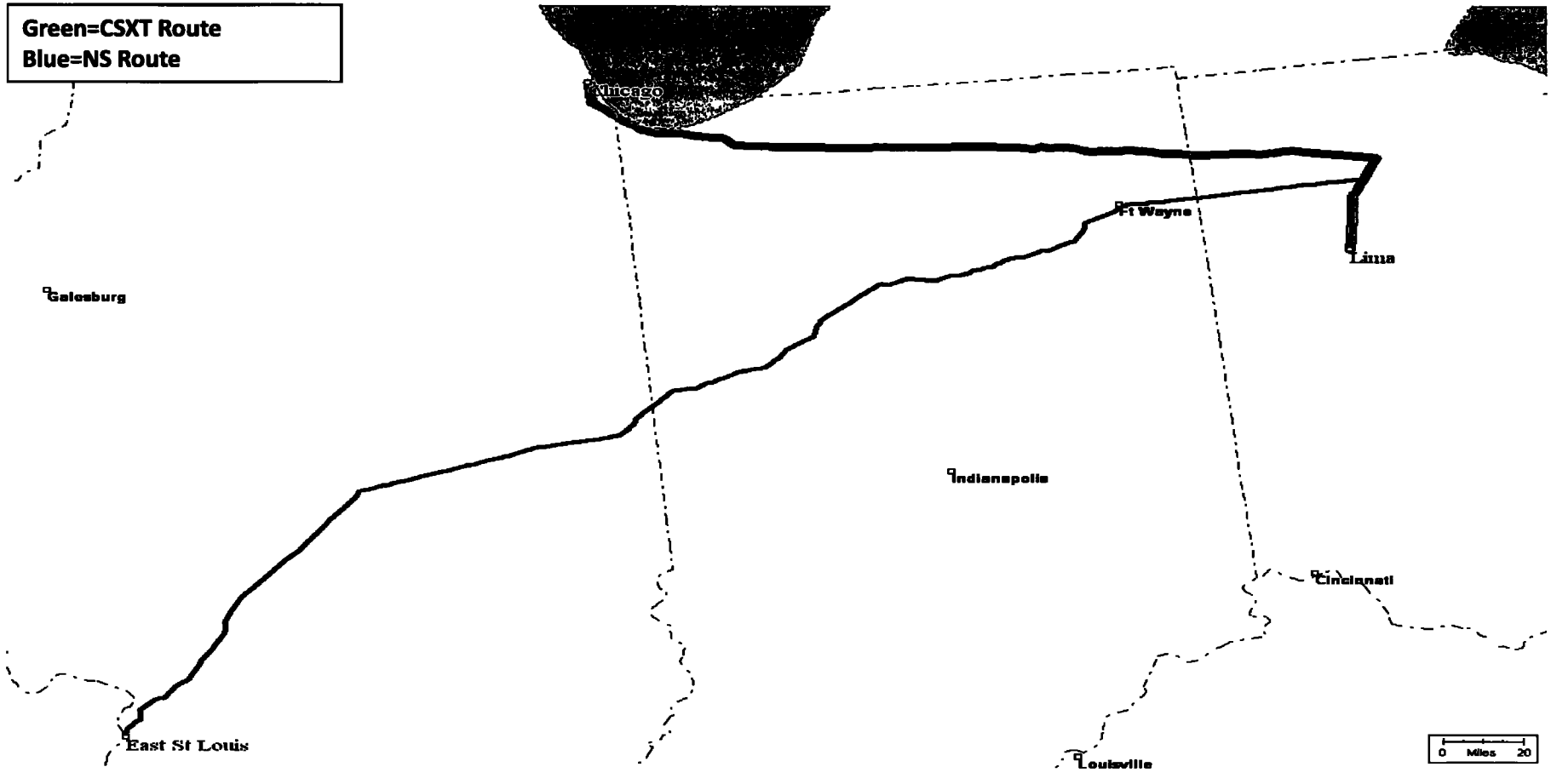
Cost of Rail Alternative: {{ }}

TPI Movement Number 110: Chicago, IL – Lima, OH

CSXT Direct: 211 Mi

Alternative: 426 Mi

NS Rail: East St. Louis – Lima, OH (IORY)



CSXT Tariff Rate: $4,044

Cost of Rail Alternative: {{ }}

COMPETITIVE ALTERNATIVES TO ISSUE MOVEMENTS: RAIL-TRUCK COMPETITION

Lane	Origin City	Destination City	CSXT Rate Incl. FSC	Alternate Rail Route to Nearest Terminal and Alt Rail Origin	Designated Transload Facility	Trucking Providers	Total Cost of Alternative (Including Rail, Trucking, and Facility Charges)
B-1	MEMPHIS, TN	SOCIAL CIRCLE, GA	$5,548.00	NS-NEW ORLEANS	NS TBT Doraville, GA	Bulkmatic	{{ }}
B-2	MEMPHIS, TN	EVANSVILLE, IN	$4,922.00	NS-EAST ST LOUIS	A&R Logistics Louisville, KY	A&R	{{ }}
B-3	NEW ORLEANS, LA	COVINGTON, GA	$6,028.00	NS-NEW ORLEANS	NS TBT Doraville, GA	Bulkmatic	{{ }}
B-4	CHICAGO, IL	CLINTON, IN	$3,740.00	CN switch-CHICAGO	A&R Transport East Morris, IL	A&R	{{ }}
B-5	NEW ORLEANS, LA	AMPTHILL, VA	$9,264.00	NS-NEW ORLEANS	A&R Transport Terminal Chesapeake, VA	A&R	{{ }}
B-6	MEMPHIS, TN	BOWLING GREEN, KY	$5,065.00	NS-EAST ST LOUIS	A&R Logistics Louisville, KY	A&R	{{ }}
B-7	NEW ORLEANS, LA	CONYERS, GA	$6,024.00	NS-NEW ORLEANS	NS TBT Dalton, GA	Bulkmatic	{{ }}
B-8	NEW ORLEANS, LA	WASHINGTON, GA	$7,082.00	NS-NEW ORLEANS	NS TBT Augusta, GA	Quality Carriers	{{ }}
B-9	NEW ORLEANS, LA	ATHENS, GA	$6,039.00	NS-NEW ORLEANS	NS TBT Doraville, GA	Bulkmatic	{{ }}
B-10	MEMPHIS, TN	OLD HICKORY, TN	$5,681.00	NS-NEW ORLEANS	NS TBT Chattanooga, TN	A&R	{{ }}
B-14	NEW ORLEANS, LA	WINCHESTER, VA	$9,486.00	NS-CHICAGO	NS Crafton TBT Pittsburgh, PA	Bulkmatic	{{ }}
B-15	CHICAGO, IL	ORANGEBURG, NY	$7,671.00	NS-CHICAGO	Herman Warehouse Deans, NJ	A&R	{{ }}
B-17	CHICAGO, IL	ANDERSON, IN	$3,918.00	CN switch-CHICAGO	A&R Transport East Morris, IL	A&R	{{ }}
B-18	CHICAGO, IL	CINCINNATI, OH	$4,601.00	NS-CHICAGO	Savage Services Hammond, IN	A&R	{{ }}
B-20	CHICAGO, IL	CUMBERLAND, MD	$6,578.00	NS-CHICAGO	NS Crafton TBT Pittsburgh, PA	Bulkmatic	{{ }}
B-21	NEW ORLEANS, LA	HAMLET, NC	$6,844.00	NS-NEW ORLEANS	Quality Distribution Terminal Greer, SC	Quality Carriers	{{ }}
B-22	CHICAGO, IL	MENTOR, OH	$4,968.00	NS-CHICAGO	NS Crafton TBT Pittsburgh, PA	A&R	{{ }}
B-23	NEW ORLEANS, LA	NORTH COVE, NC	$7,567.00	NS-NEW ORLEANS	NS TBT Augusta, GA	Quality Carriers	{{ }}
B-25	MEMPHIS, TN	CLARKSVILLE, TN	$6,132.00	NS-NEW ORLEANS	NS TBT Chattanooga, TN	A&R	{{ }}

Backup Data Available in CSXT Reply WP "Cost Calculations for Intermodal Alternatives.xls"

COMPETITIVE ALTERNATIVES TO ISSUE MOVEMENTS: RAIL-TRUCK COMPETITION

Lane	Origin City	Destination City	CSXT Rate Incl. FSC	Alternate Rail Route to Nearest Terminal and Alt Rail Origin	Designated Transload Facility	Trucking Provider	Total Cost of Alternative (Including Rail, Trucking, and Facility Charges)
B-26	NEW ORLEANS, LA	BEECH ISLAND, SC	$7,098.00	NS-NEW ORLEANS	RSI Charlotte (Pineville), NC	A&R	{{ }}
B-28	NEW ORLEANS, LA	SOCIAL CIRCLE, GA	$6,031.00	NS-NEW ORLEANS	NS TBT Doraville, GA	Bulkmatic	{{ }}
B-29	MEMPHIS, TN	PIQUA, OH	$6,469.00	NS-NEW ORLEANS	A&R Logistics Louisville, KY	A&R	{{ }}
B-31	NEW ORLEANS, LA	MONROE, NC	$8,506.00	NS-NEW ORLEANS	NS TBT Augusta, GA	Quality Carriers	{{ }}
B-33	CHICAGO, IL	TERRE HAUTE, IN	$3,745.00	IHB Switch-CHICAGo	Savage Services Hammond, IN	A&R	{{ }}
B-35	NEW ORLEANS, LA	CARTERSVILLE, GA	$6,031.00	NS-NEW ORLEANS	NS TBT Chattanooga, TN	Bulkmatic	{{ }}
B-36	NEW ORLEANS, LA	STANLEY, NC	$8,519.00	NS-NEW ORLEANS	NS TBT Augusta, GA	Quality Carriers	{{ }}
B-37	NEW ORLEANS, LA	LAURENS, SC	$7,315.00	NS-NEW ORLEANS	NS TBT Augusta, GA	Bulkmatic	{{ }}
B-39	NEW ORLEANS, LA	LAWRENCEVILLE, GA	$6,025.00	NS-NEW ORLEANS	NS TBT Doraville, GA	Bulkmatic	{{ }}
B-43	NEW ORLEANS, LA	COVINGTON, GA	$6,028.00	NS-NEW ORLEANS	NS TBT Doraville, GA	Bulkmatic	{{ }}
B-44	EAST ST, IL	SIDNEY, OH	$5,167.00	CN switch-EAST ST LOUIS	A&R Transport East Morris, IL	A&R	{{ }}
B-48	NEW ORLEANS, LA	ACKERMAN, GA	$6,010.00	NS-NEW ORLEANS	NS TBT Chattanooga, TN	Bulkmatic	{{ }}
B-49	CHICAGO, IL	WESTBORO, MA	$9,001.00	Newor-NS-PWRR-NEW ORLEANS	Mid-States Packaging Worcester, MA	A&R	{{ }}
B-52	MEMPHIS, TN	JASPER, TN	$5,528.00	NS-NEW ORLEANS	NS TBT Chattanooga, TN	Bulkmatic	{{ }}
B-53	MEMPHIS, TN	NASHVILLE, TN	$5,651.00	NS-NEW ORLEANS	NS TBT Chattanooga, TN	A&R	{{ }}
B-54	NEW ORLEANS, LA	LAGRANGE, GA	$5,539.00	NS-NEW ORLEANS	NS TBT Doraville, GA	Bulkmatic	{{ }}
B-56	CHICAGO, IL	TERRE HAUTE, IN	$3,745.00	CN switch-CHICAGO	A&R Transport East Morris, IL	A&R	{{ }}
B-57	MEMPHIS, TN	HOPKINSVILLE, KY	$5,065.00	BNSF-MEMPHIS	Midsouth Bulk Services Inc. West Memphis, Ark (Served by BN)	Quality Carriers	{{ }}
B-59	NEW ORLEANS, LA	AUGUSTA, KY	$7,947.00	NS-NEW ORLEANS	A&R Logistics Louisville, KY	A&R	{{ }}

Backup Data Available in CSXT Reply WP "Cost Calculations for Intermodal Alternatives.xls"

COMPETITIVE ALTERNATIVES TO ISSUE MOVEMENTS: RAIL-TRUCK COMPETITION

Lane	Origin City	Destination City	CSXT Rate Incl. FSC	Alternate Rail Route to Nearest Terminal and Alt Rail Origin	Designated Transload Facility	Trucking Provider	Total Cost of Alternative (Including Rail, Trucking, and Facility Charges)
B-60	NEW ORLEANS, LA	BALTIMORE, MD	$9,855.00	NS-NEW ORLEANS	Bulkmatic Transport Co. c/o PBNE RR Bethlehem, PA	Bulkmatic	{{ }}
B-61	CHICAGO, IL	UTICA, NY	$8,345.00	CPRS-CHICAGO	Bulkmatic Transport Co. Philadelphia, PA	A&R	{{ }}
B-62	CHICAGO, IL	CLARKSBURG, WV	$6,418.00	NS-EAST ST LOUIS	NS Crafton TBT Pittsburgh, PA	Bulkmatic	{{ }}
B-63	MEMPHIS, TN	MADISONVILLE, KY	$4,905.00	BNSF-MEMPHIS	Midsouth Bulk Services Inc. West Memphis, Ark (Served by BN)	Quality Carriers	{{ }}
B-66	NEW ORLEANS, LA	WARESBORO, GA	$7,050.00	NS-NEW ORLEANS	NS TBT Augusta, GA	Quality Carriers	{{ }}
B-67	CHICAGO, IL	AKRON, OH	$4,964.00	NS-CHICAGO	Kinder Morgan Euclid, OH	A&R	{{ }}
B-69	MEMPHIS, TN	GALLAWAY, TN	$4,351.00	BNSF-MEMPHIS	Midsouth Bulk Services Inc. West Memphis, Ark (Served by BN)	Quality Carriers	{{ }}
B-70	NEW ORLEANS, LA	CHATTANOOGA, TN	$5,902.00	NS-NEW ORLEANS	NS TBT Chattanooga, TN	Bulkmatic	{{ }}
B-71	NEW ORLEANS, LA	ETON, GA	$5,888.00	NS-NEW ORLEANS	NS TBT Chattanooga, TN	Bulkmatic	{{ }}
B-72	NEW ORLEANS, LA	TYNER, TN	$5,905.00	NS-NEW ORLEANS	NS TBT Chattanooga, TN	Bulkmatic	{{ }}
B-74	MEMPHIS, TN	LEBANON, TN	$5,681.00	NS-NEW ORLEANS	NS TBT Chattanooga, TN	A&R	{{ }}
B-75	MEMPHIS, TN	JACKSON, TN	$4,382.00	BNSF-MEMPHIS	Midsouth Bulk Services Inc. West Memphis, Ark (Served by BN)	Quality Carriers	{{ }}
B-78	NEW ORLEANS, LA	HELENA, AL	$5,220.00	NS-NEW ORLEANS	NS TBT Doraville, GA	A&R	{{ }}
B-79	NEW ORLEANS, LA	NEWNAN, GA	$6,001.00	NS-NEW ORLEANS	NS TBT Doraville, GA	Bulkmatic	{{ }}
B-80	NEW ORLEANS, LA	PETERSBURG, WV	$9,522.00	NS-CHICAGO	NS Crafton TBT Pittsburgh, PA	Bulkmatic	{{ }}
B-81	CHICAGO, IL	INDIANAPOLIS, IN	$4,008.00	CN switch-CHICAGO	A&R Transport East Morris, IL	A&R	{{ }}
B-82	CHICAGO, IL	LIVONIA, MI	$5,536.00	NS-CHICAGO	NS TBT Willis (Ypsilanti), MI	Bulkmatic	{{ }}

Backup Data Available in CSXT Reply WP "Cost Calculations for Intermodal Alternatives.xls"

COMPETITIVE ALTERNATIVES TO ISSUE MOVEMENTS: RAIL-TRUCK COMPETITION

Lane	Origin City	Destination City	CSXT Rate Incl FSC	Alternate Rail Route to Nearest Terminal and Alt Rail Origin	Designated Transload Facility	Trucking Provider	Total Cost of Alternative (Including Rail, Trucking, and Facility Charges)
B-84	CHICAGO, IL	WAPAKONETA, OH	$4,048.00	IIIB Switch-CHICAGo	Savage Services Hammond, IN	A&R	{{ }}
B-86	NEW ORLEANS, LA	THOMSON, GA	$7,083.00	NS-NEW ORLEANS	NS TBT Augusta, GA	Quality Carriers	{{ }}
B-89	NEW ORLEANS, LA	HORSE CAVE, KY	$7,822.00	NS-NEW ORLEANS	NS TBT Chattanooga, TN	Bulkmatic	{{ }}
B-91	NEW ORLEANS, LA	MATTHEWS, NC	$8,510.00	NS-NEW ORLEANS	NS TBT Augusta, GA	Quality Carriers	{{ }}
B-93	CHICAGO, IL	NORTH VERNON, IN	$5,134.00	NS-EAST ST LOUIS	A&R Logistics Louisville, KY	A&R	{{ }}
B-94	NEW ORLEANS, LA	PENDERGRASS, GA	$6,046.00	NS-NEW ORLEANS	NS TBT Doraville, GA	Bulkmatic	{{ }}
B-96	CHICAGO, IL	FRANCESVILLE, IN	$4,157.00	IHB Switch-CHICAGo	Savage Services Hammond, IN	Bulkmatic	{{ }}
B-97	NEW ORLEANS, LA	JEFFERSON, GA	$6,044.00	NS-NEW ORLEANS	NS TBT Doraville, GA	Bulkmatic	{{ }}
B-98	NEW ORLEANS, LA	JEFFERSON, GA	$6,044.00	NS-NEW ORLEANS	NS TBT Doraville, GA	Bulkmatic	{{ }}
B-100	MEMPHIS, TN	GALLAWAY, TN	$4,351.00	BNSF-MEMPHIS	Midsouth Bulk Services Inc. West Memphis, Ark (Served by BN)	Quality Carriers	{{ }}
B-101	MEMPHIS, TN	GLASGOW, KY	$5,077.00	BNSF-MEMPHIS	Midsouth Bulk Services Inc. West Memphis, Ark (Served by BN)	A&R	{{ }}
B-102	NEW ORLEANS, LA	ACKERMAN, GA	$6,010.00	NS-NEW ORLEANS	NS TBT Chattanooga, TN	Bulkmatic	{{ }}
B-103	NEW ORLEANS, LA	BEECH ISLAND, SC	$7,098.00	NS-NEW ORLEANS	NS TBT Augusta, GA	Quality Carriers	{{ }}
B-105	NEW ORLEANS, LA	HAMLET, NC	$6,844.00	NS-NEW ORLEANS	Quality Distribution Terminal Greer, SC	Quality Carriers	{{ }}
B-106	NEW ORLEANS, LA	HAMLET, NC	$6,844.00	NS-NEW ORLEANS	Quality Distribution Terminal Greer, SC	Quality Carriers	{{ }}
B-108	CHICAGO, IL	AKRON, OH	$4,964.00	NS-CHICAGO	Kinder Morgan Euclid, OH	A&R	{{ }}
B-109	CHICAGO, IL	LIMA. OH	$4,044.00	IHB Switch-CHICAGo	Savage Services Hammond, IN	A&R	{{ }}
B-110	CHICAGO, IL	LIMA. OH	$4,044.00	IIIB Switch-CHICAGo	Savage Services Hammond, IN	A&R	{{ }}

Backup Data Available in CSXT Reply WP "Cost Calculations for Intermodal Alternatives.xls"

COMPETITIVE ALTERNATIVES TO ISSUE MOVEMENTS: RAIL-TRUCK COMPETITION

Lane	Origin City	Destination City	CSXT Rate Incl. TSC	Alternate Rail Route to Nearest Terminal and Alt Rail Origin's	Designated Transload Facility	Trucking Provider	Total Cost of Alternative (Including Rail, Trucking, and Facility Charges)
B-111	CHICAGO, IL	PITTSFIELD, MA	$8,491.00	CPRS-CHICAGO	Bulkmatic Transport Co. c/o PBNE RR Bethlehem, PA	Bulkmatic	{{ }}
B-112	NEW ORLEANS, LA	DALTON, GA	$5,889.00	NS-NEW ORLEANS	NS TBT Dalton, GA	Bulkmatic	{{ }}
B-113	CHICAGO, IL	CLARKSBURG, WV	$6,418.00	NS-CHICAGO	Kinder Morgan Euclid, OH	A&R	{{ }}
B-115	CHICAGO, IL	INDIANAPOLIS, IN	$4,008.00	CN switch-CHICAGO	A&R Transport East Morris, IL	A&R	{{ }}
B-120	NEW ORLEANS, LA	CONYERS, GA	$6,024.00	NS-NEW ORLEANS	NS TBT Dalton, GA	Bulkmatic	{{ }}

Backup Data Available in CSXT Reply WP "Cost Calculations for Intermodal Alternatives.xls"

EXHIBIT II-B-6:
MAPS OF RAIL-TRUCK COMPETITIVE ALTERNATIVES TO ISSUE MOVEMENTS

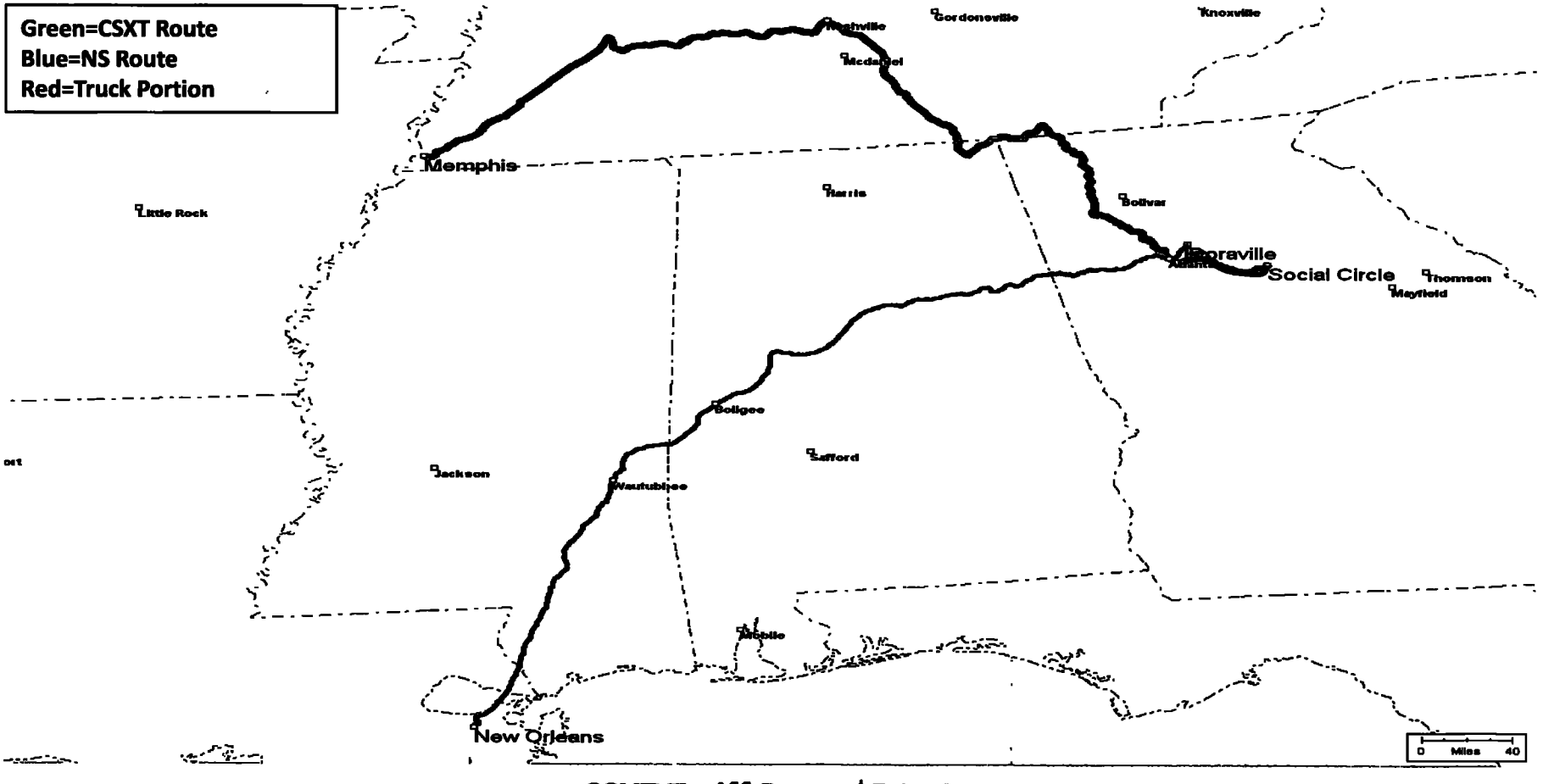
TPI Movement B-1: Memphis, TN – Social Circle, GA

CSXT Direct: 569 Mi

Alternative:

NS Rail: New Orleans, LA – Doraville, GA (530 Mi)

Truck: Doraville, GA – Social Circle, GA (47 Mi)



CSXT Tariff Rate: $5,548

Cost of Rail/Truck Alternative: {{ }}

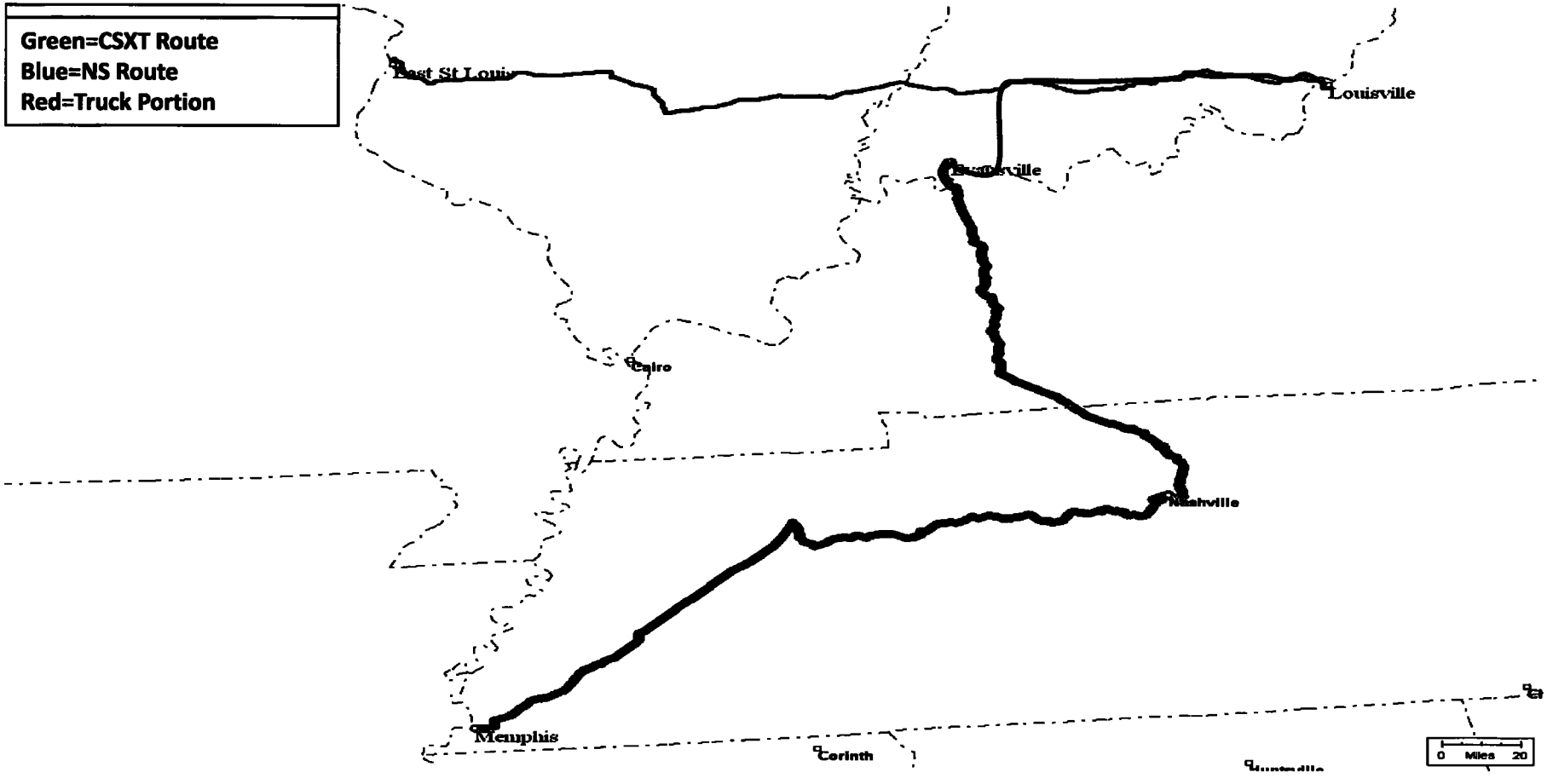
TPI Movement B-2: Memphis, TN – Evansville, IN

CSXT Direct: 388 Mi

Alternative:

NS Rail: East St. Louis, IL – Louisville, KY (280 Mi)

Truck: Louisville, KY – Evansville, IN (115 Mi)



CSXT Tariff Rate: $4,922

Cost of Rail/Truck Alternative: {{ }}

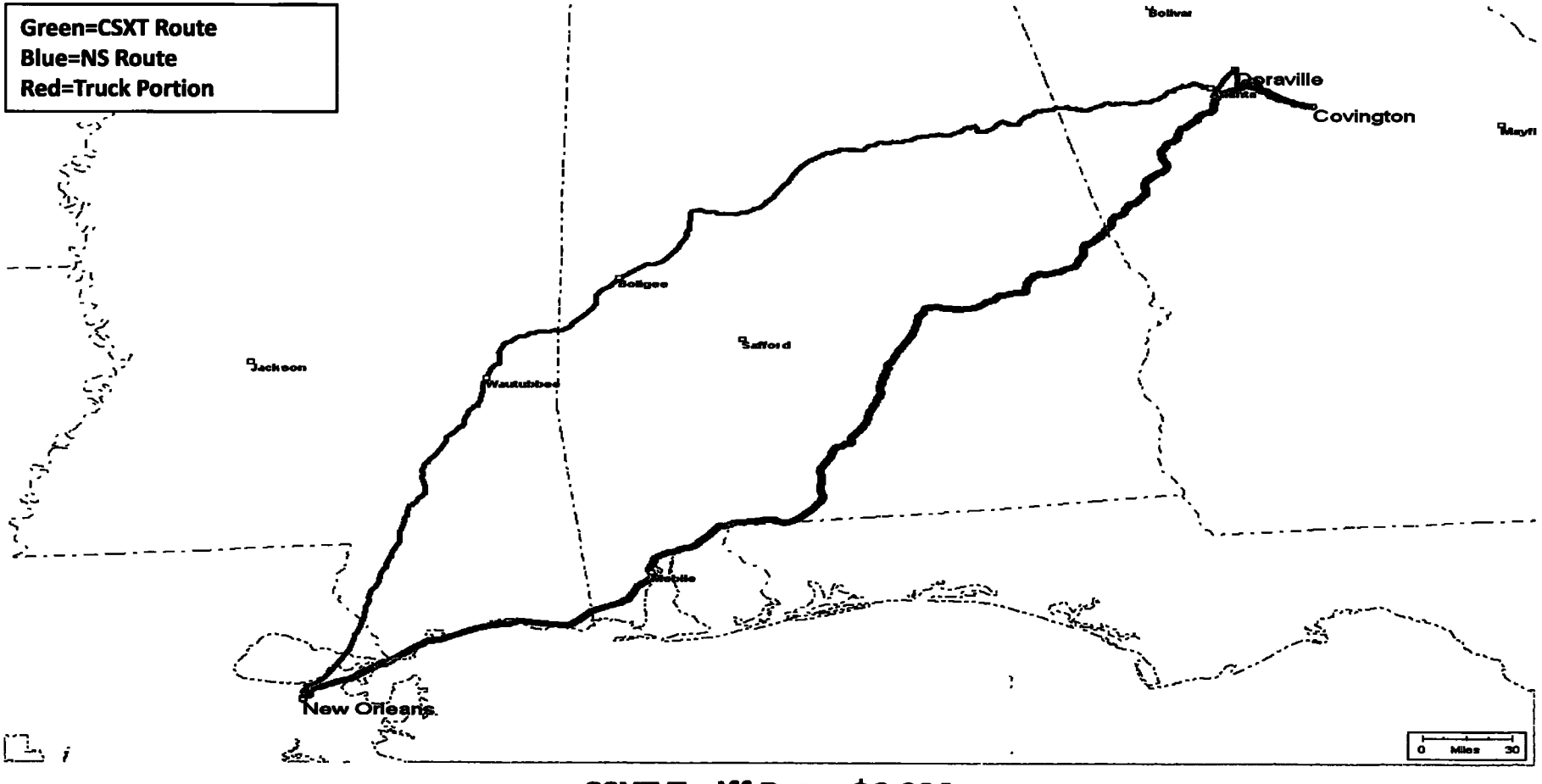
TPI Movement B-3: New Orleans, LA – Covington, GA

CSXT Direct: 534 Mi

Alternative:

NS Rail: New Orleans, LA – Doraville, GA (530 Mi)

Truck: Doraville, GA – Covington, GA (39 Mi)



CSXT Tariff Rate: $6,028

Cost of Rail/Truck Alternative: {{ }}

TPI Movement B-4: Chicago, IL – Clinton, IN

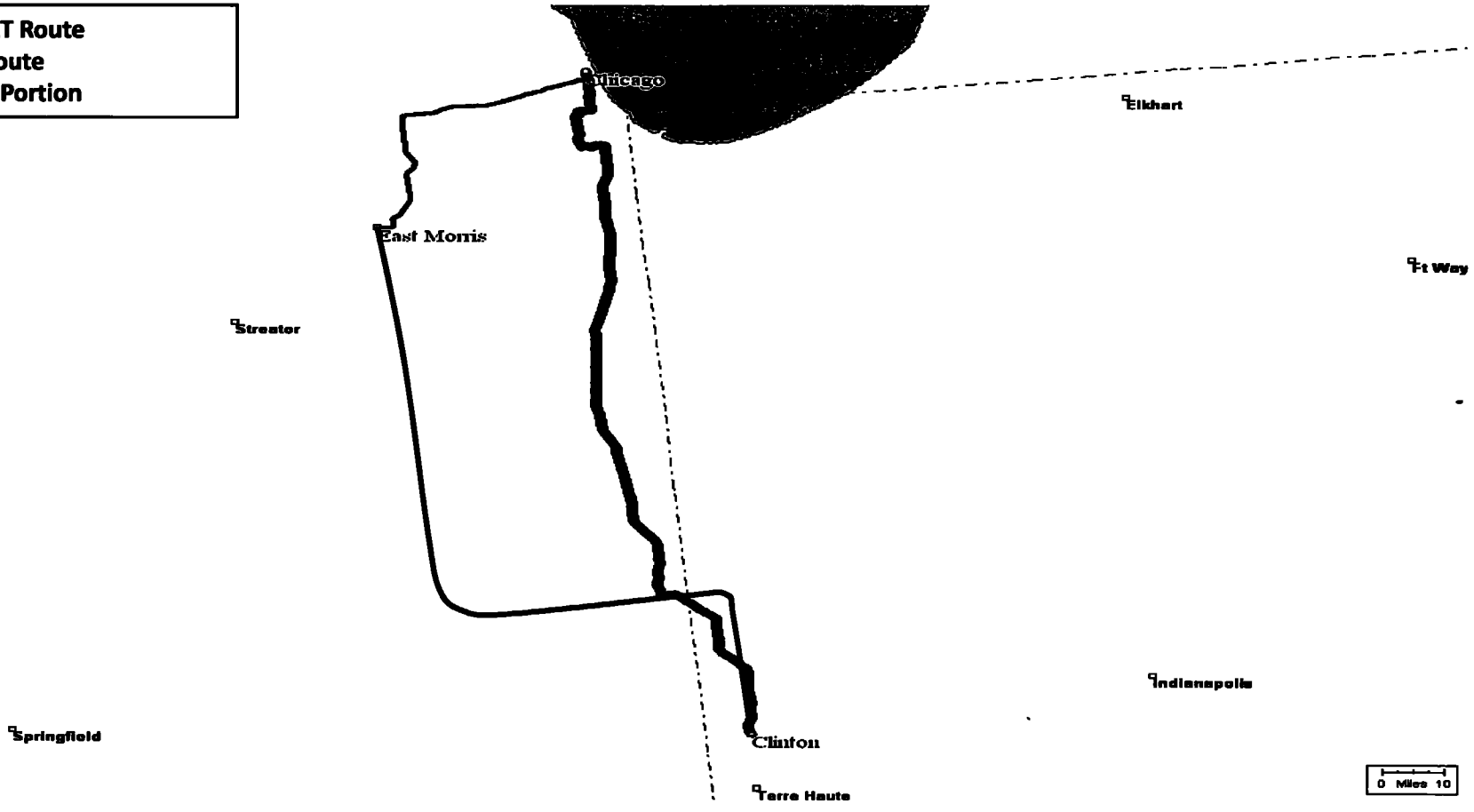
CSXT Direct: 167 Mi

Alternative:

CN Rail: Chicago, IL – East Morris, IL (64 Mi)

Truck: East Morris, IL – Clinton, IN (177 Mi)

Green=CSXT Route
Blue=CN Route
Red=Truck Portion



CSXT Tariff Rate: $3,740

Cost of Rail/Truck Alternative: {{ }}

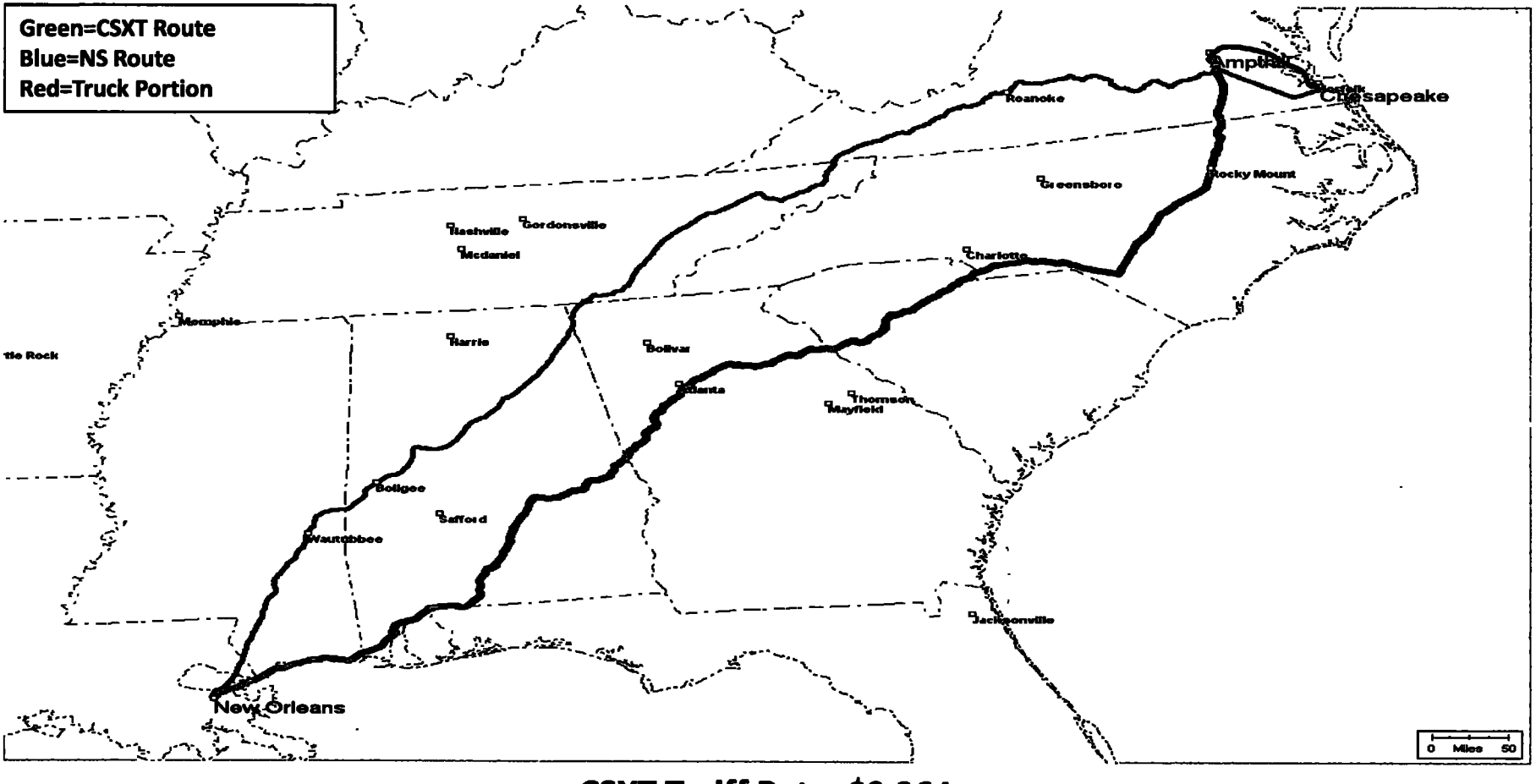
TPI Movement B-5: New Orleans, LA – Ampthill, VA

CSXT Direct: 1,085 Mi

Alternative:

NS Rail: New Orleans, LA – Chesapeake, VA (1,142 Mi)

Truck: Chesapeake, VA – Ampthill, VA (96 Mi)



CSXT Tariff Rate: $9,264

Cost of Rail/Truck Alternative: {{ }}

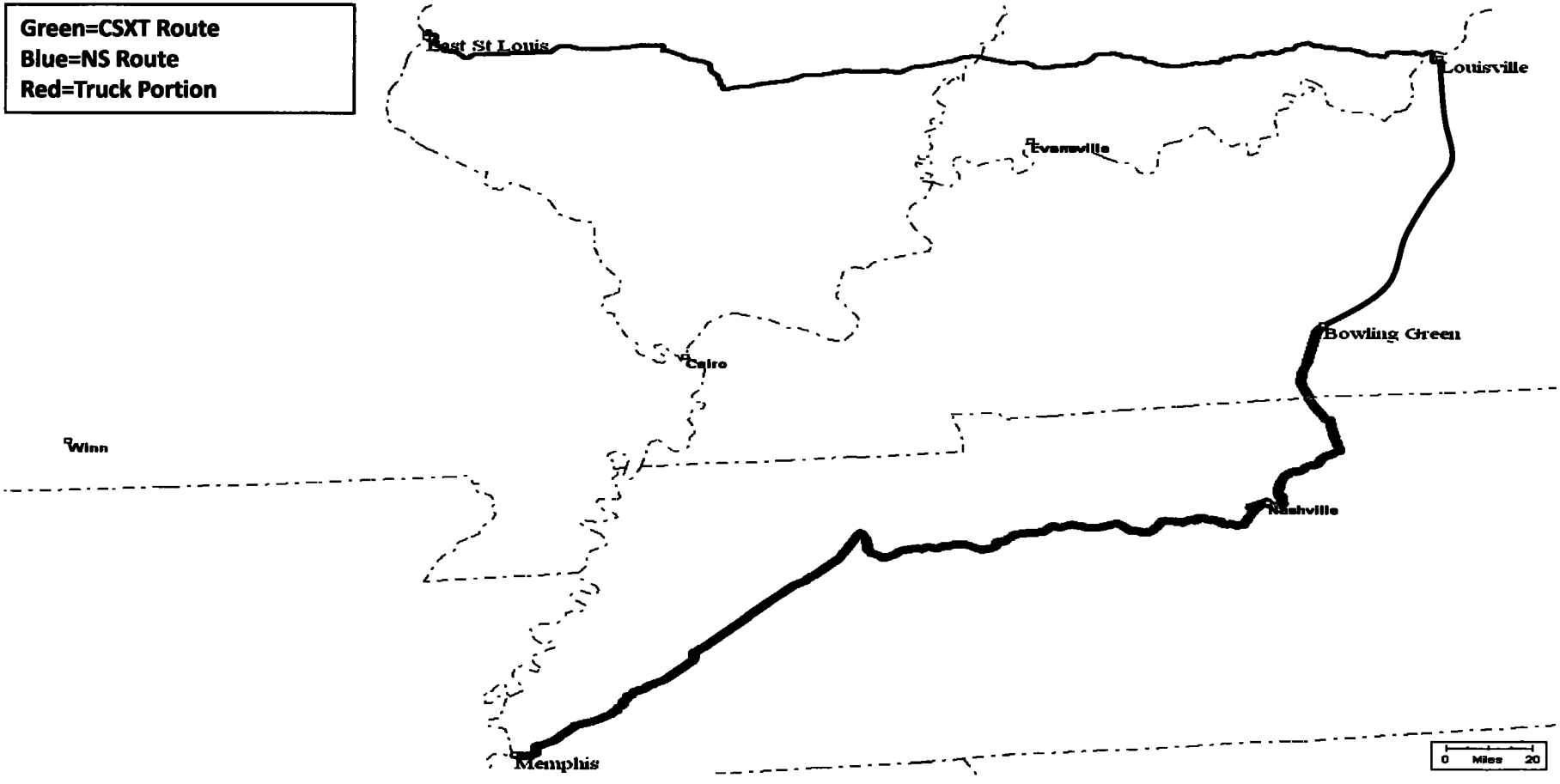
TPI Movement B-6: Memphis, TN – Bowling Green, KY

CSXT Direct: 304 Mi

Alternative:

NS Rail: East St. Louis, IL – Louisville, KY (280 Mi)

Truck: Louisville, KY – Bowling Green, KY (118 Mi)



CSXT Tariff Rate: $5,065

Cost of Rail/Truck Alternative: {{ }}

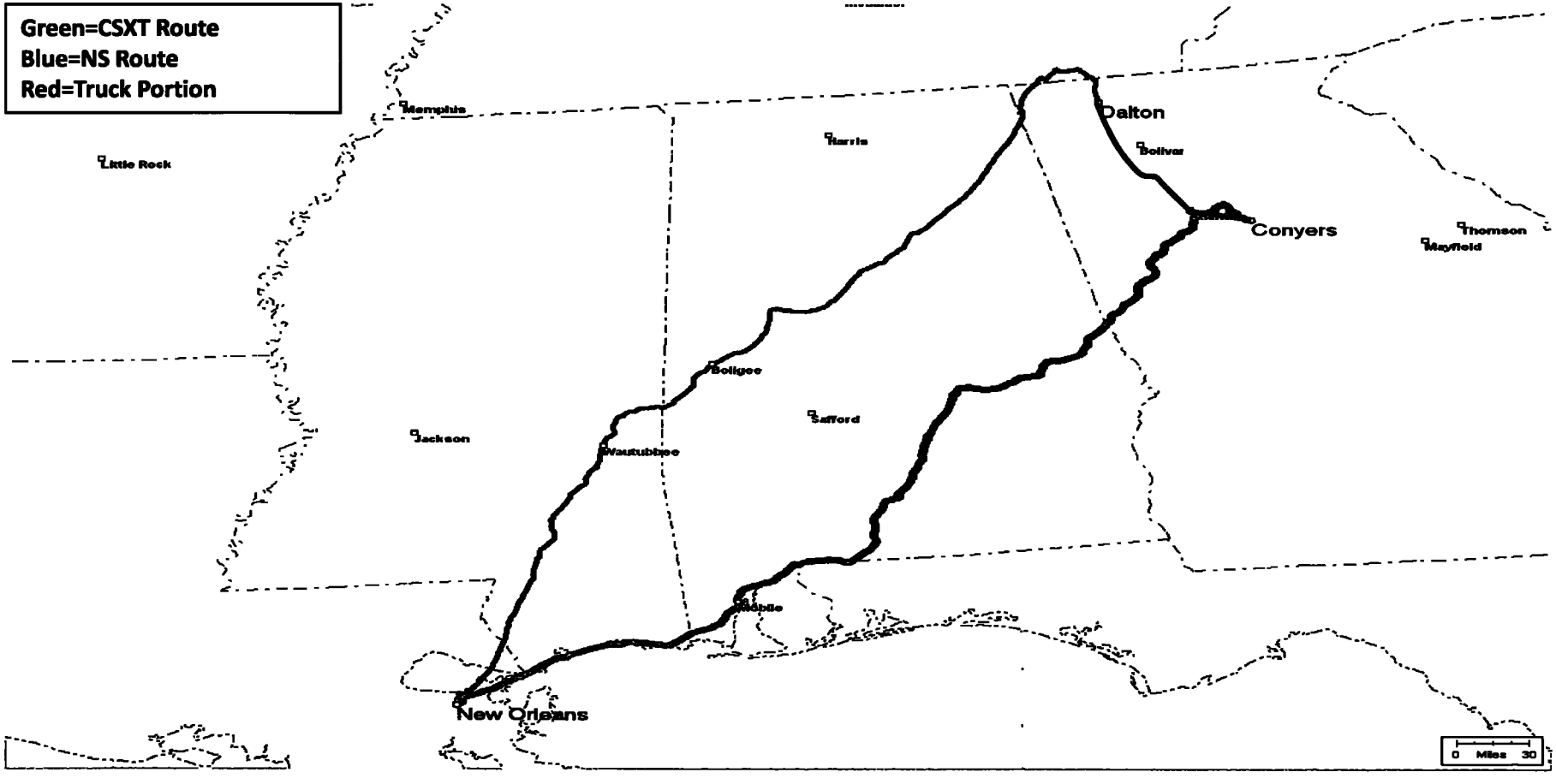
TPI Movement B-7: New Orleans, LA – Conyers, GA

CSXT Direct: 523 Mi

Alternative:

NS Rail: New Orleans, LA – Dalton, GA (539 Mi)

Truck: Dalton, GA – Conyers, GA (119 Mi)



CSXT Tariff Rate: $6,024

Cost of Rail/Truck Alternative: {{ }}

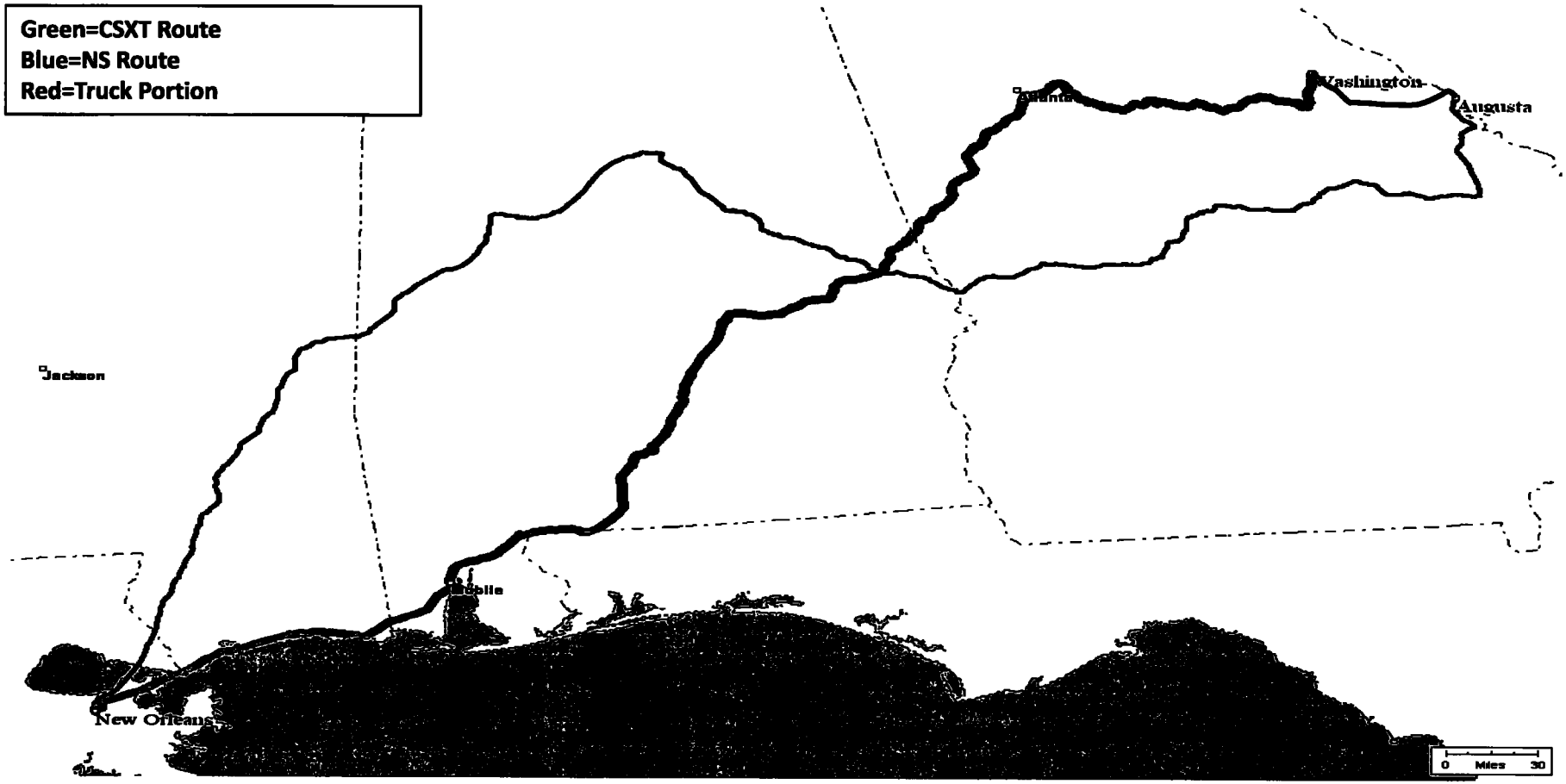
TPI Movement B-8: New Orleans, LA – Washington, GA

CSXT Direct: 623 Mi

Alternative:

NS Rail: New Orleans, LA – Augusta, GA (767 Mi)

Truck: Augusta, GA – Barnett, GA (56 Mi)



CSXT Tariff Rate: $7,082

Cost of Rail/Truck Alternative: {{ }}

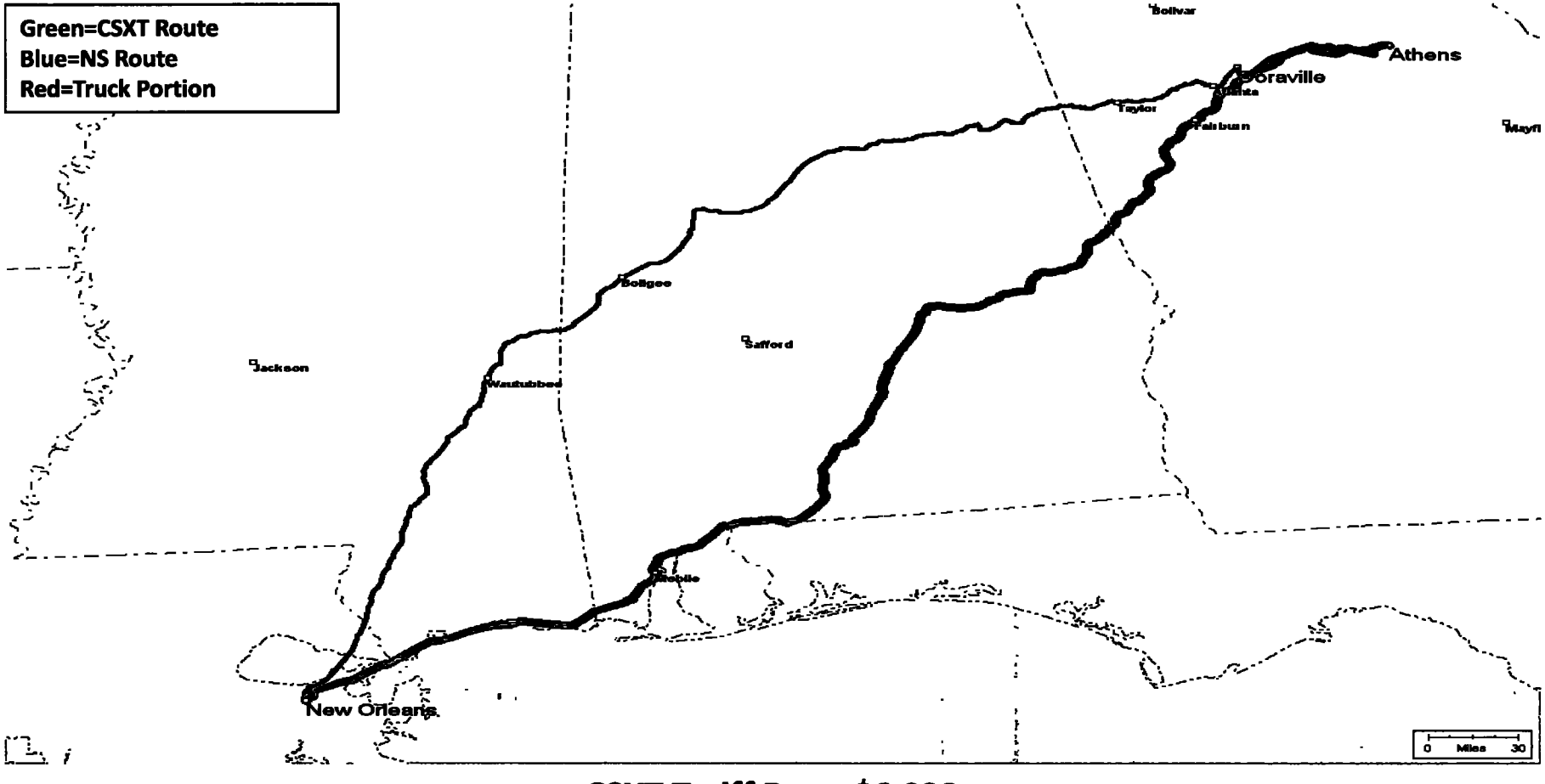
TPI Movement B-9: New Orleans, LA – Athens, GA

CSXT Direct: 565 Mi

Alternative:

NS Rail: New Orleans, LA – Doraville, GA (530 Mi)

Truck: Doraville, GA – Athens, GA (55 Mi)



CSXT Tariff Rate: $6,039

Cost of Rail/Truck Alternative: {{ }}

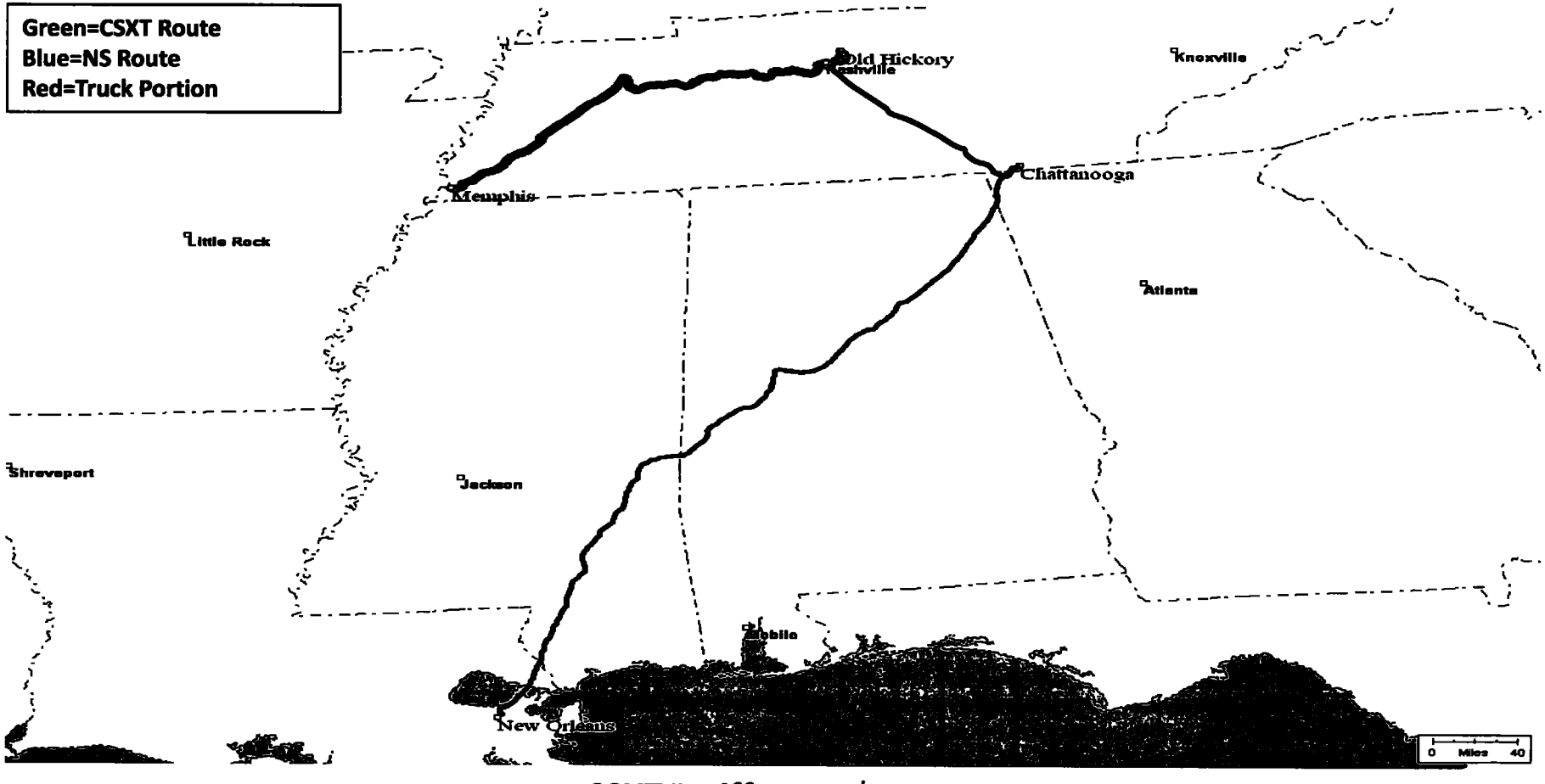
TPI Movement B-10: Memphis, TN – Old Hickory, TN

CSXT Direct: 253 Mi

Alternative:

NS Rail: New Orleans, LA – Chattanooga, TN (497 Mi)

Truck: Chattanooga, TN – Old Hickory, TN (126 Mi)



CSXT Tariff Rate: $5,681

Cost of Rail/Truck Alternative: {{ }}

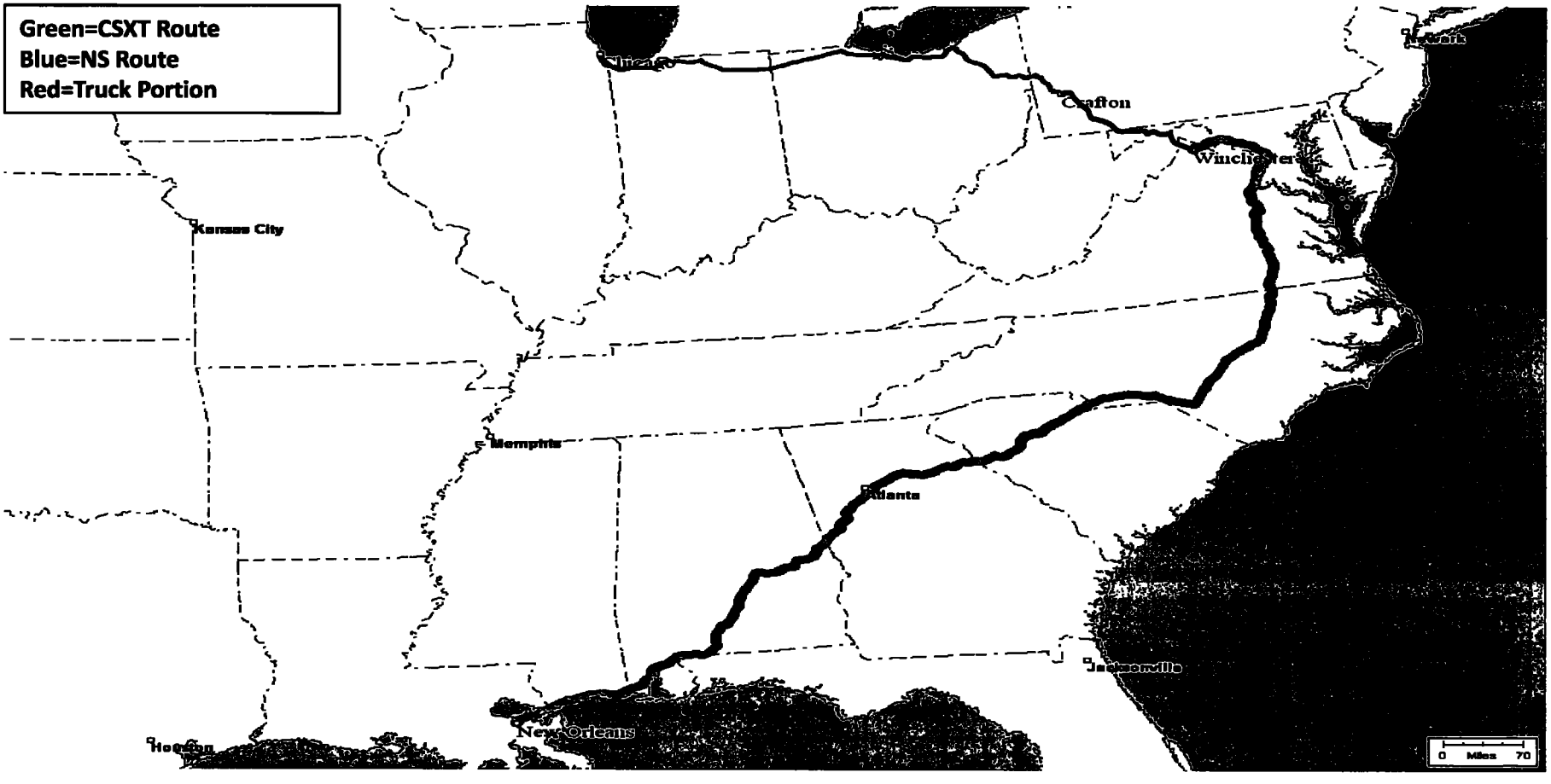
TPI Movement B-14: New Orleans, LA – Winchester, VA

CSXT Direct: 1,293 Mi

Alternative:

NS Rail: Chicago, IL – Crafton, PA (480 Mi)

Truck: Crafton, PA – Winchester, VA (175 Mi)



CSXT Tariff Rate: $9,486

Cost of Rail/Truck Alternative: {{ }}

TPI Movement B-15: Chicago, IL – Orangeburg, NY

CSXT Direct: 928 Mi

Alternative:

NS Rail: Chicago, IL – Deans, NJ (913 Mi)

Truck: Deans, NJ – Orangeburg, NY (77 Mi)

CSXT Tariff Rate: $7,671

Cost of Rail/Truck Alternative: {{ }}

TPI Movement B-17: Chicago, IL – Anderson, IN

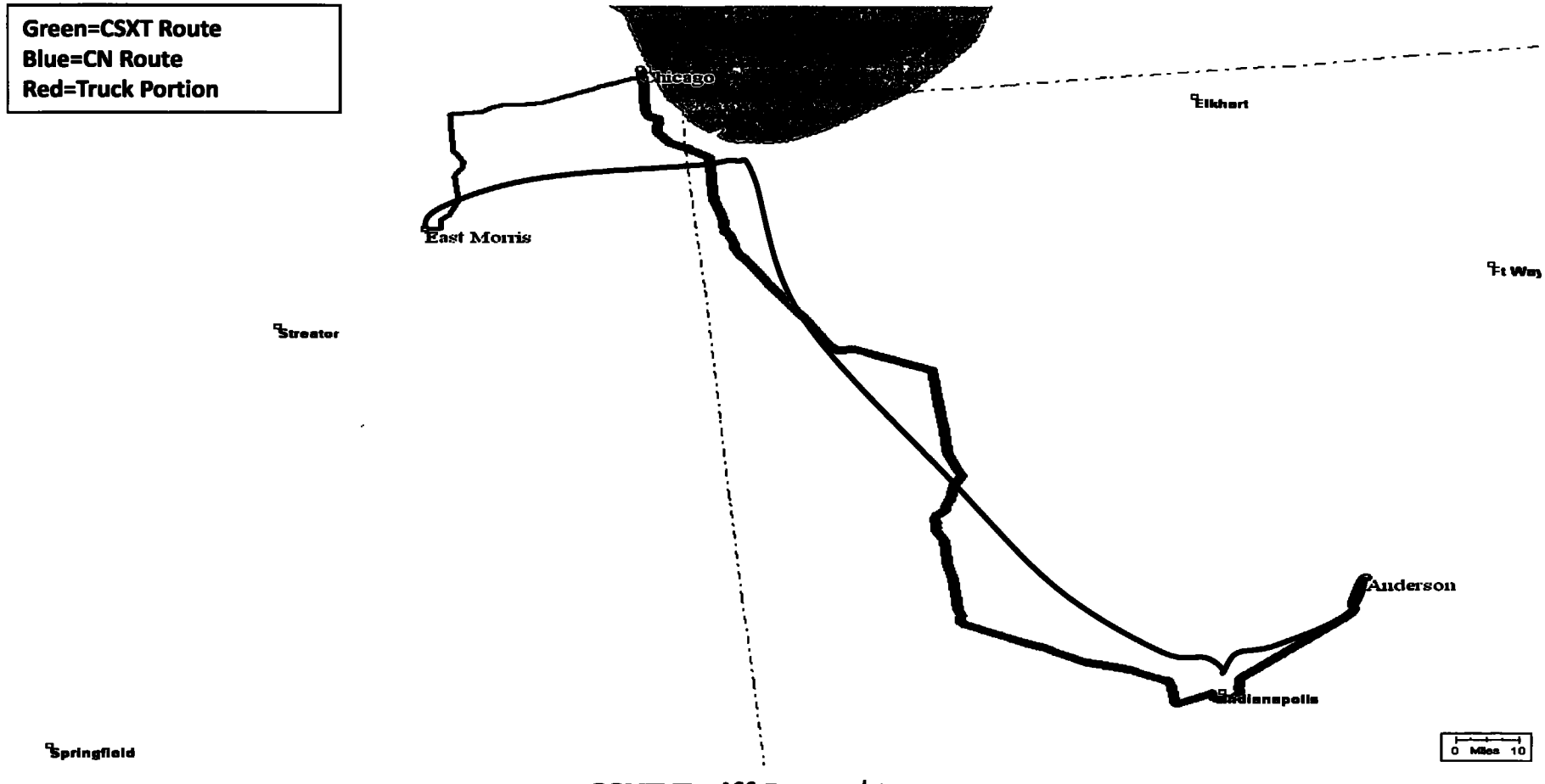
CSXT Direct: 232 Mi

Alternative:

CN Rail: Chicago, IL – East Morris, IL (64 Mi)

Truck: East Morris, IL – Anderson, IN (210 Mi)

Green=CSXT Route
Blue=CN Route
Red=Truck Portion



CSXT Tariff Rate: $3,918

Cost of Rail/Truck Alternative: {{ }}

TPI Movement B-18: Chicago, IL – Cincinnati, OH

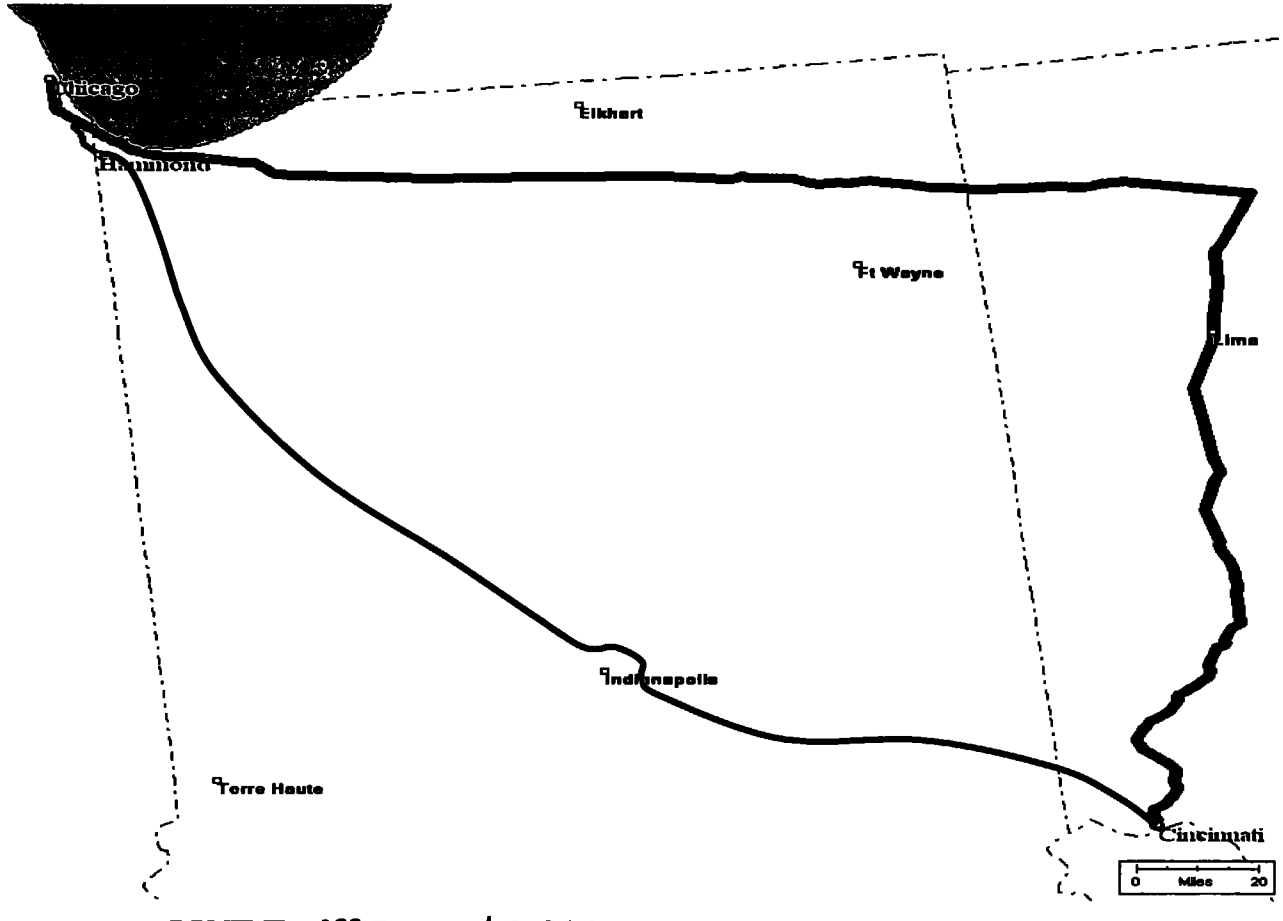
CSXT Direct: 320 Mi

Alternative:

NS Rail: Chicago, IL – Hammond, IN (42 Mi)

Truck: Hammond, IN – Cincinnati, OH (270 Mi)

Green=CSXT Route
Blue=NS Route
Red=Truck Portion



CSXT Tariff Rate: $4,601

Cost of Rail/Truck Alternative: {{ }}

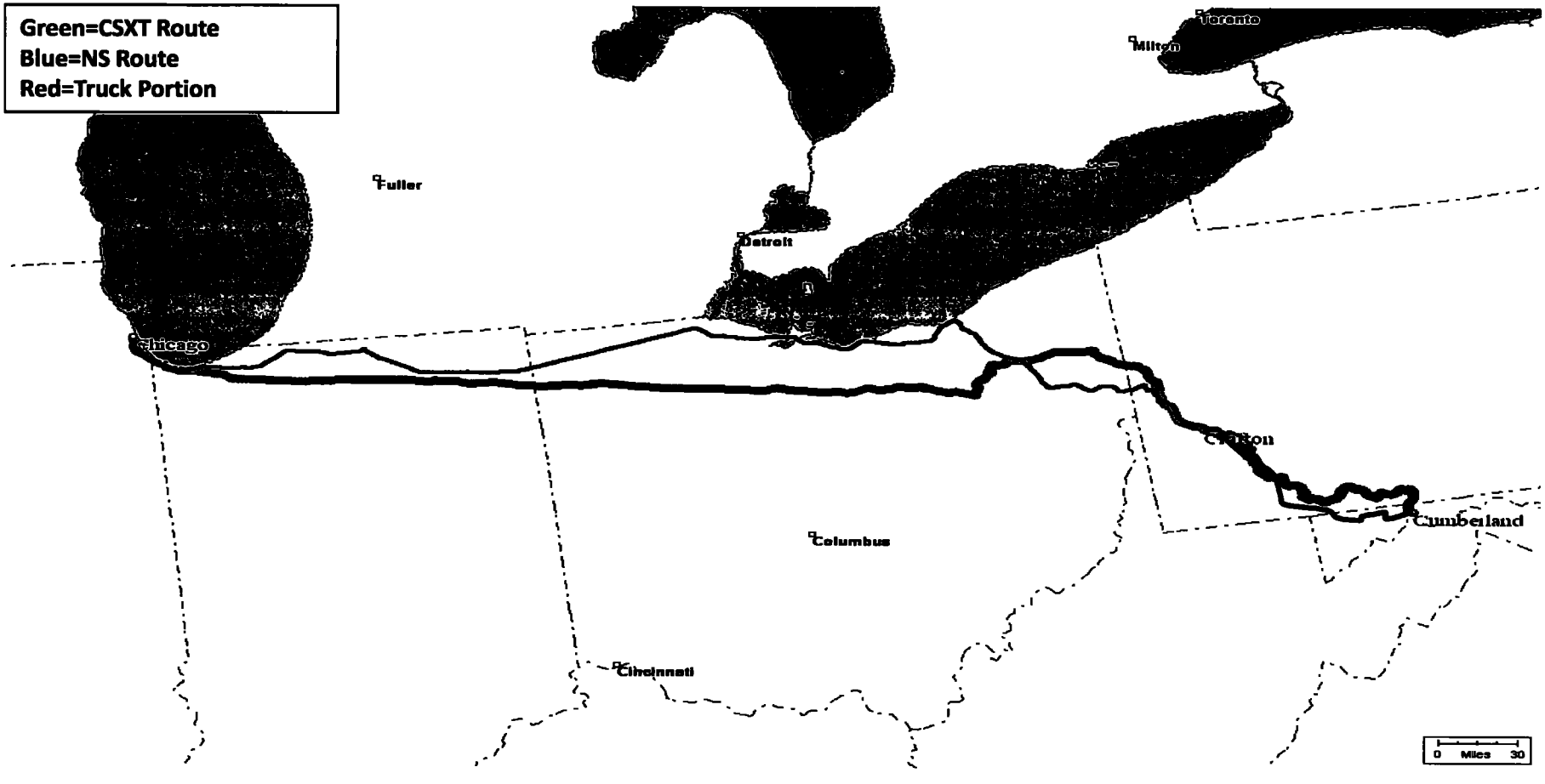
TPI Movement B-20: Chicago, IL – Cumberland, MD

CSXT Direct: 617 Mi

Alternative:

NS Rail: Chicago, IL – Crafton, PA (480 Mi)

Truck: Crafton, PA – Cumberland, MD (117 Mi)



CSXT Tariff Rate: $6,578

Cost of Rail/Truck Alternative: {{ }}

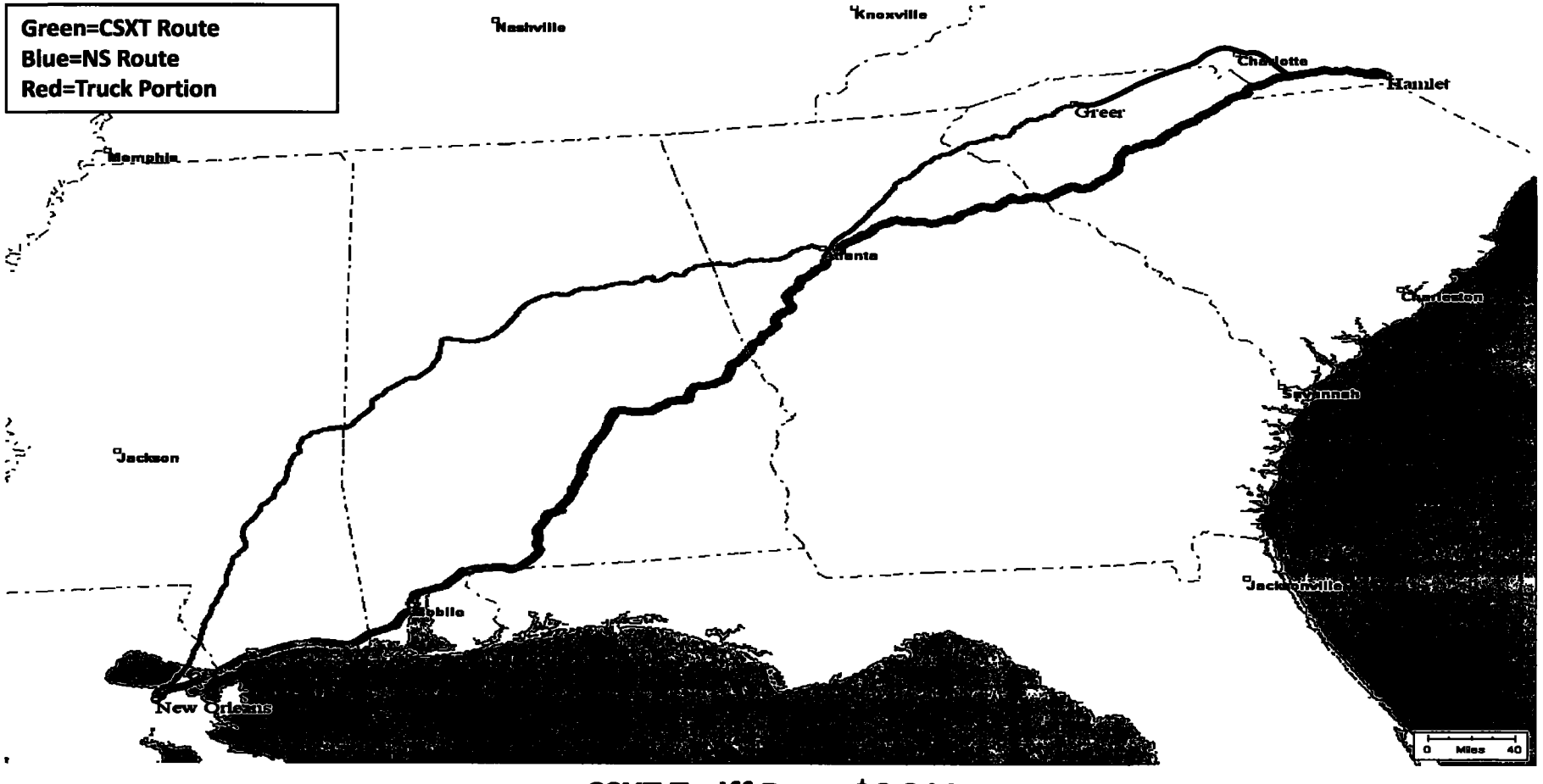
TPI Movement B-21: New Orleans, LA – Hamlet, NC

CSXT Direct: 816 Mi

Alternative:

NS Rail: New Orleans, LA – Greer, SC (682 Mi)

Truck: Greer, SC – Hamlet, NC (168 Mi)



CSXT Tariff Rate: $6,844

Cost of Rail/Truck Alternative: {{ }}

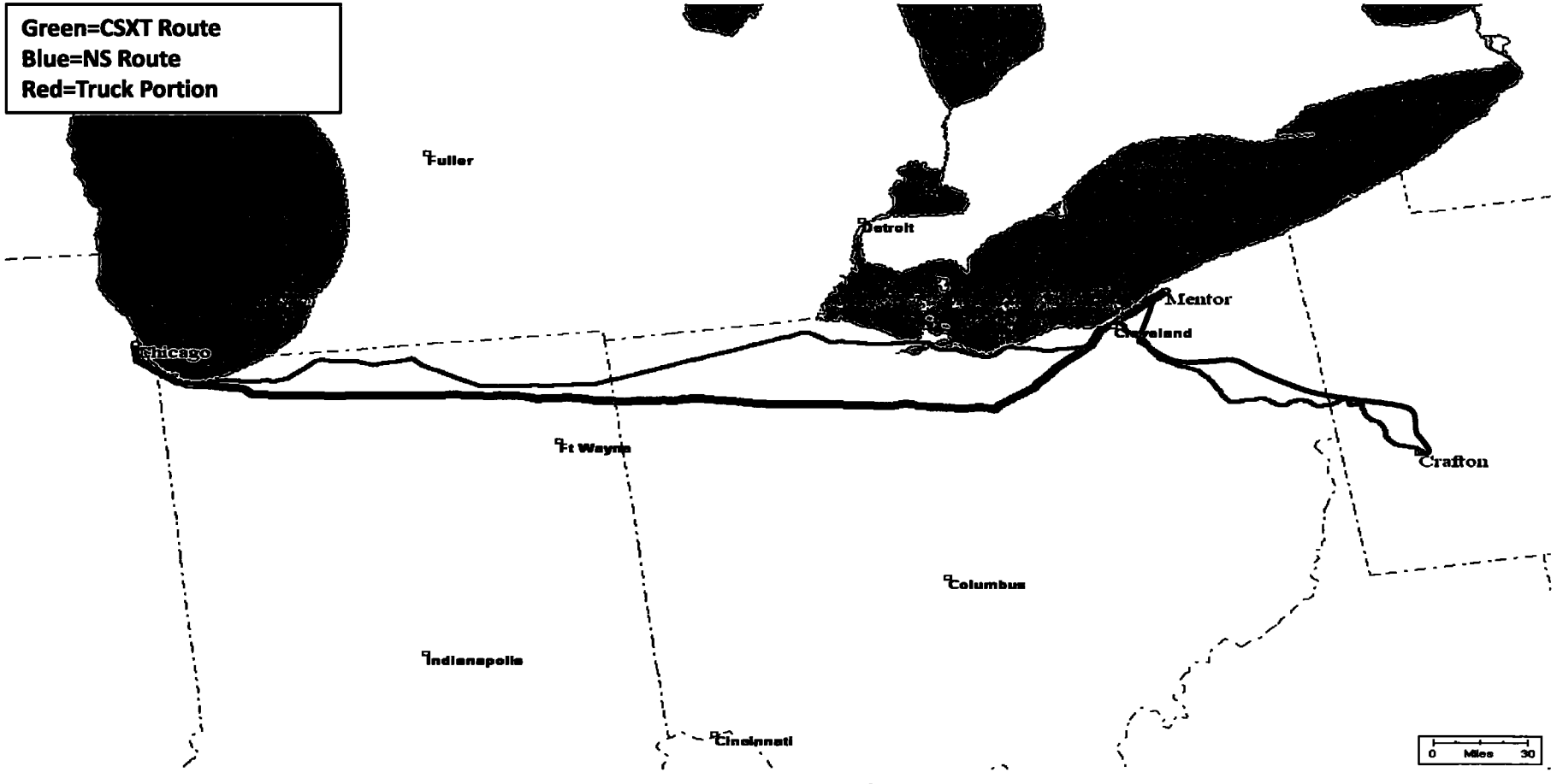
TPI Movement B-22: Chicago, IL – Mentor, OH

CSXT Direct: 358 Mi

Alternative:

NS Rail: Chicago, IL – Crafton, PA (480 Mi)

Truck: Crafton, PA – Mentor, OH (127 Mi)



CSXT Tariff Rate: $4,968

Cost of Rail/Truck Alternative: {{ }}

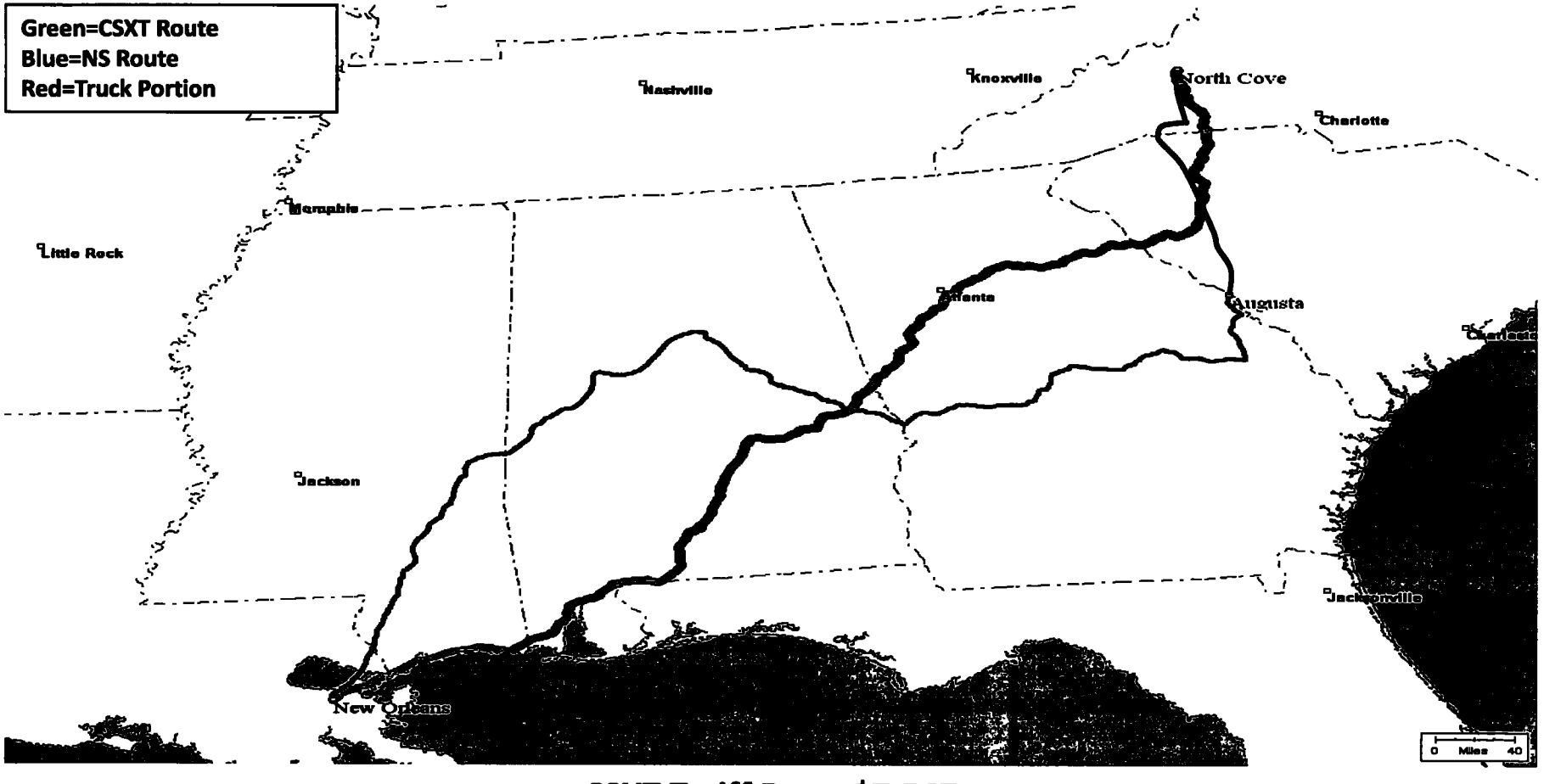
TPI Movement B-23: New Orleans, LA – North Cove, NC

CSXT Direct: 779 Mi

Alternative:

NS Rail: New Orleans, LA – Augusta, GA (767 Mi)

Truck: Augusta, GA – North Cove, NC (202 Mi)



CSXT Tariff Rate: $7,567

Cost of Rail/Truck Alternative: {{ }}

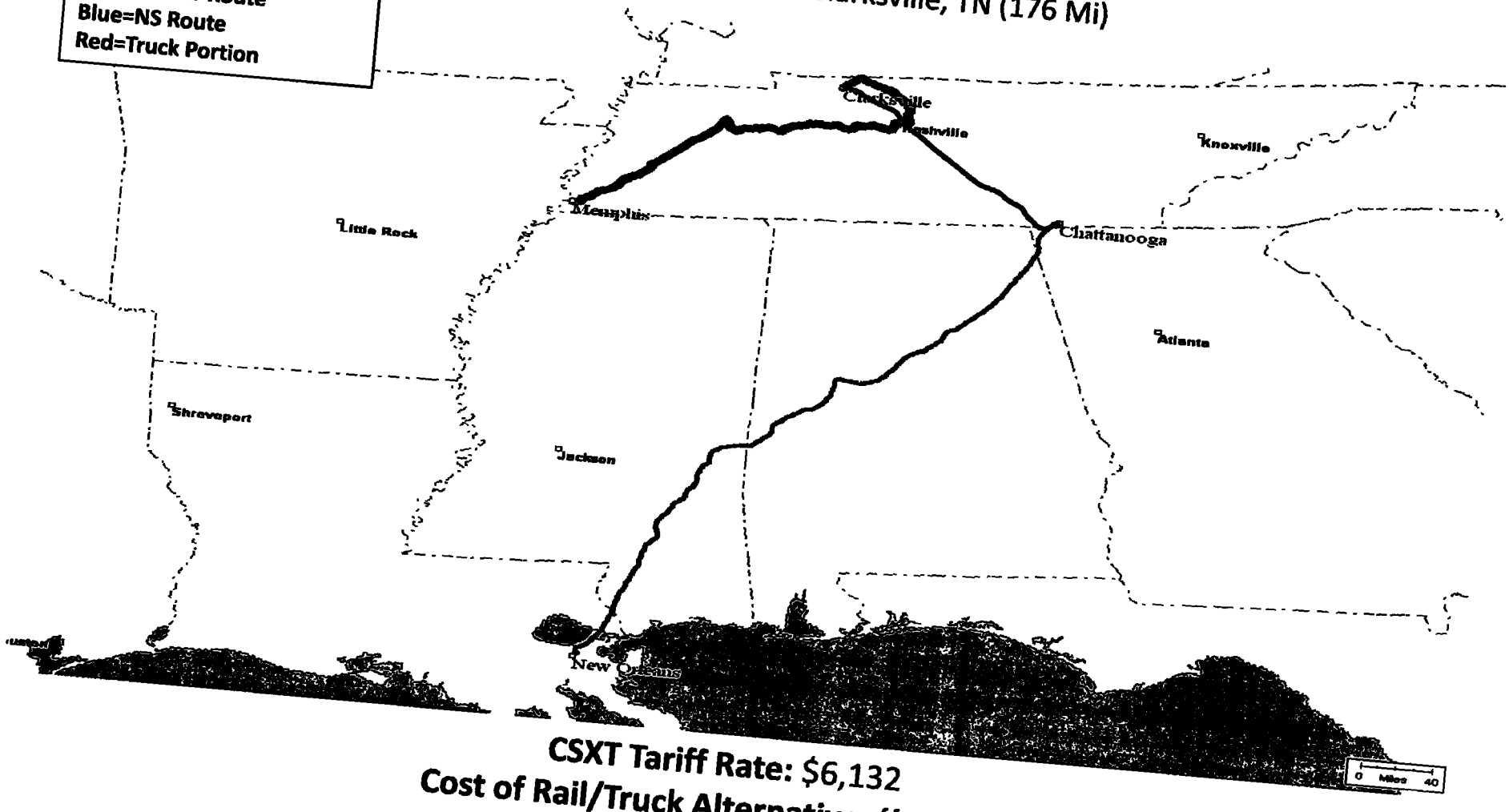
TPI Movement B-25: Memphis, TN – Clarksville, TN

CSXT Direct: 285 Mi

Alternative:

NS Rail: New Orleans, LA – Chattanooga, TN (497 Mi)

Truck: Chattanooga, TN – Clarksville, TN (176 Mi)



CSXT Tariff Rate: $6,132

Cost of Rail/Truck Alternative: {{ }}

Exhibit II-B-6

PUBLIC VERSION

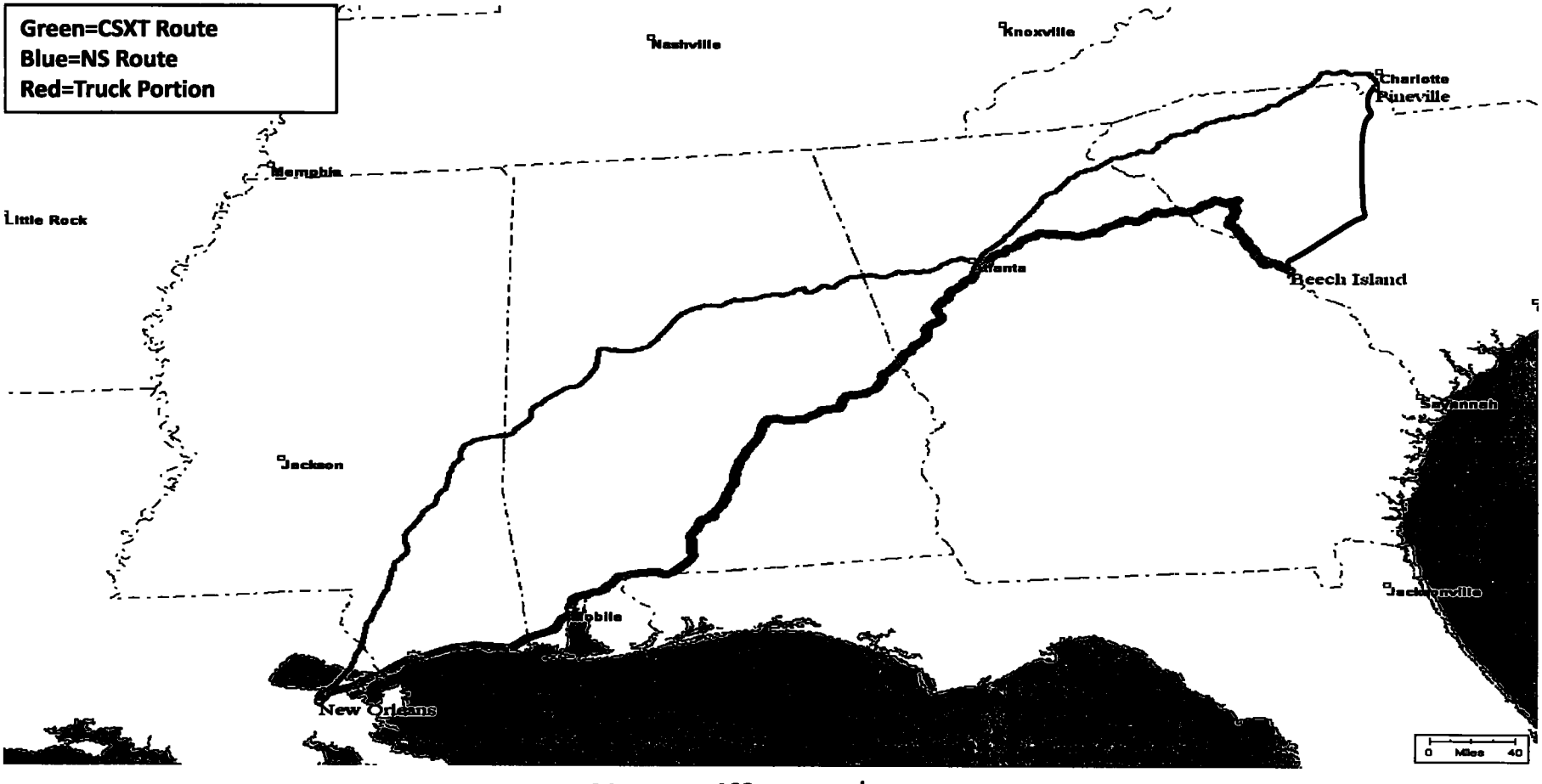
TPI Movement B-26: New Orleans, LA – Beech Island, SC

CSXT Direct: 669 Mi

Alternative:

NS Rail: New Orleans, LA – Pineville, NC (783 Mi)

Truck: Pineville, NC – Beech Island, SC (160 Mi)



CSXT Tariff Rate: $7,098

Cost of Rail/Truck Alternative: {{ }}

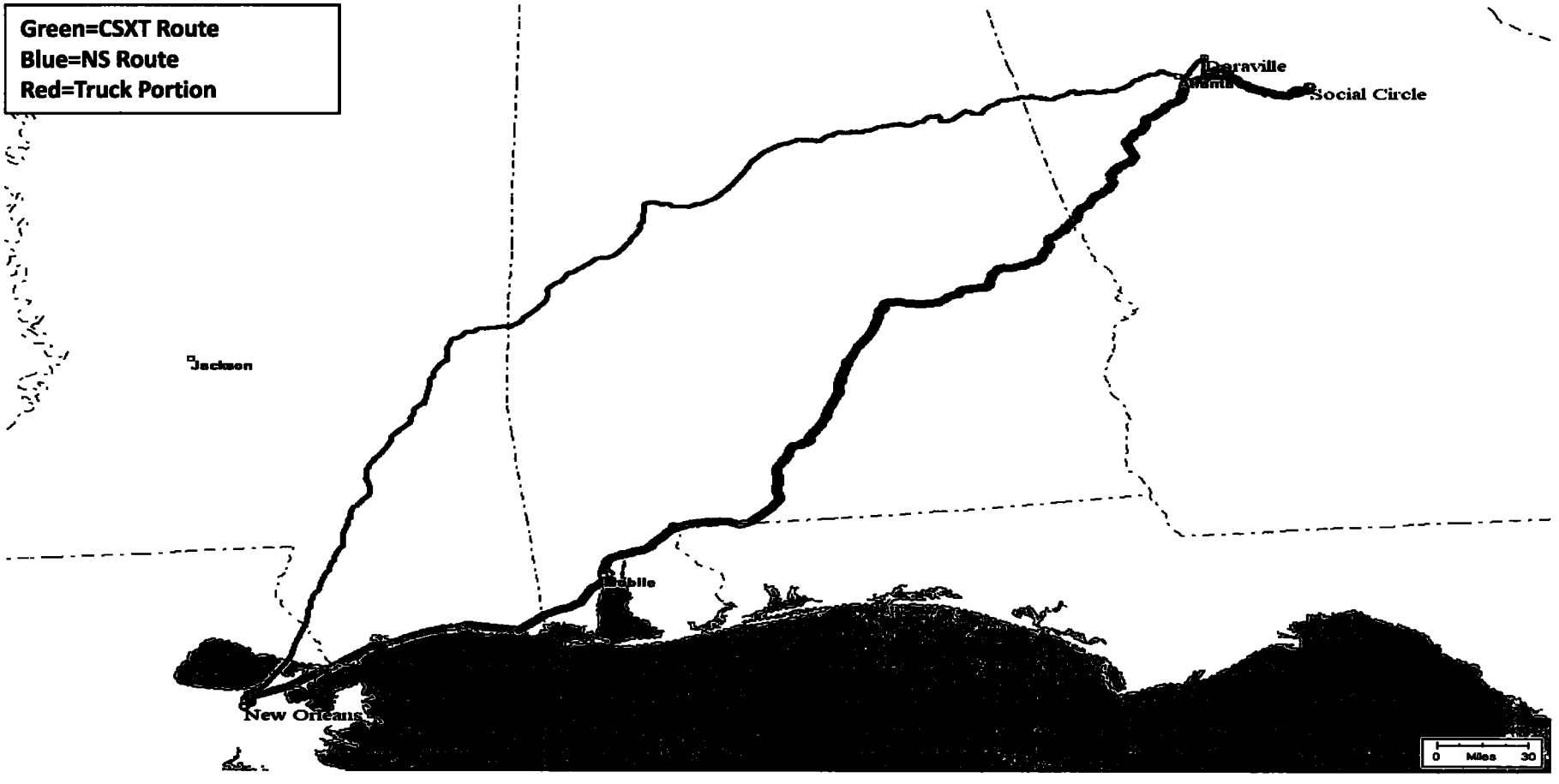
TPI Movement B-28: New Orleans, LA – Social Circle, GA

CSXT Direct: 544 Mi

Alternative:

NS Rail: New Orleans, LA – Doraville, GA (530 Mi)

Truck: Doraville, GA – Social Circle, GA (47 Mi)



CSXT Tariff Rate: $6,031

Cost of Rail/Truck Alternative: {{ }}

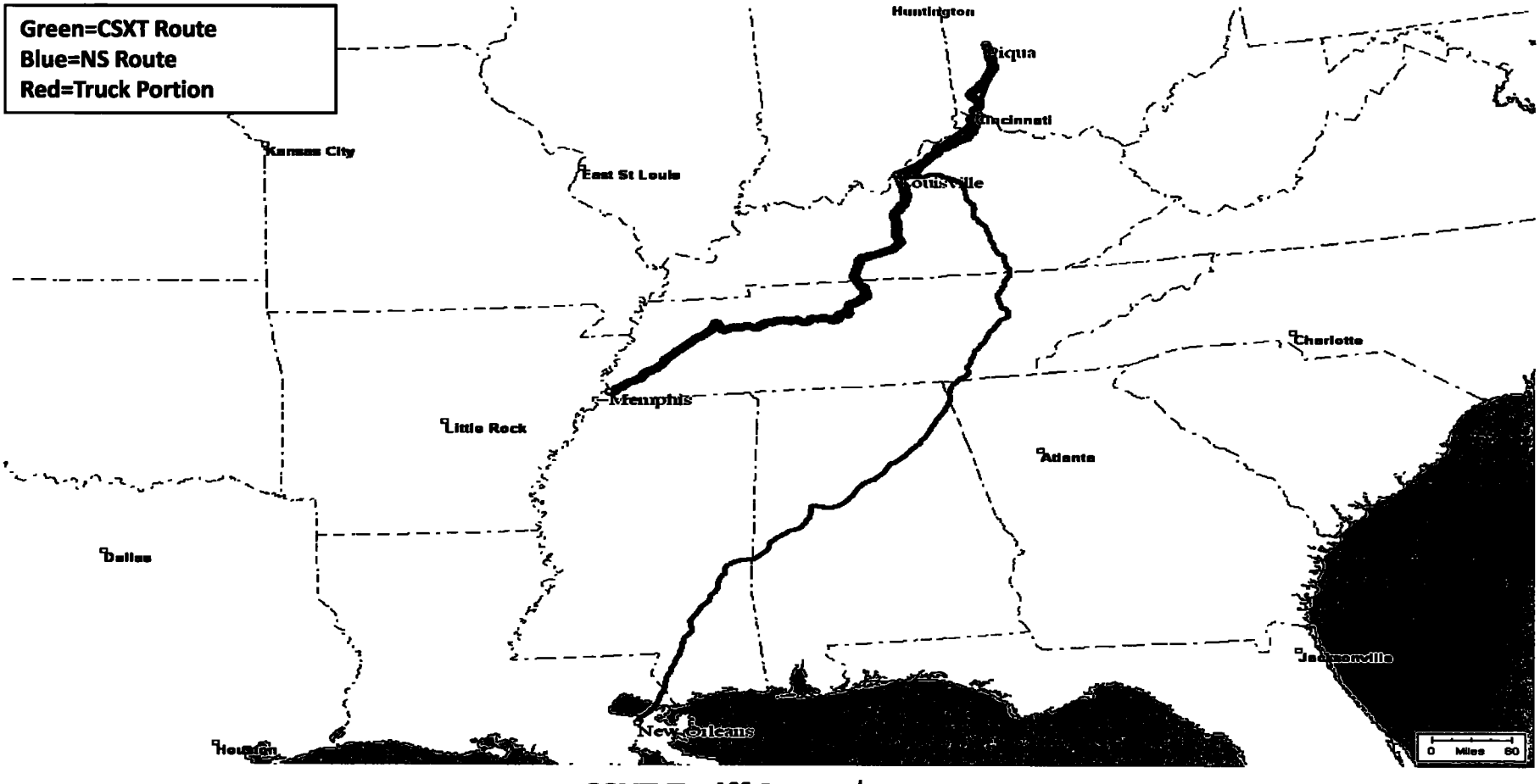
TPI Movement B-29: Memphis, TN – Piqua, OH

CSXT Direct: 612 Mi

Alternative:

NS Rail: New Orleans, LA – Louisville, KY (804 Mi)

Truck: Louisville, KY - Piqua, OH (180 Mi)



CSXT Tariff Rate: $6,469

Cost of Rail/Truck Alternative: {{ }}

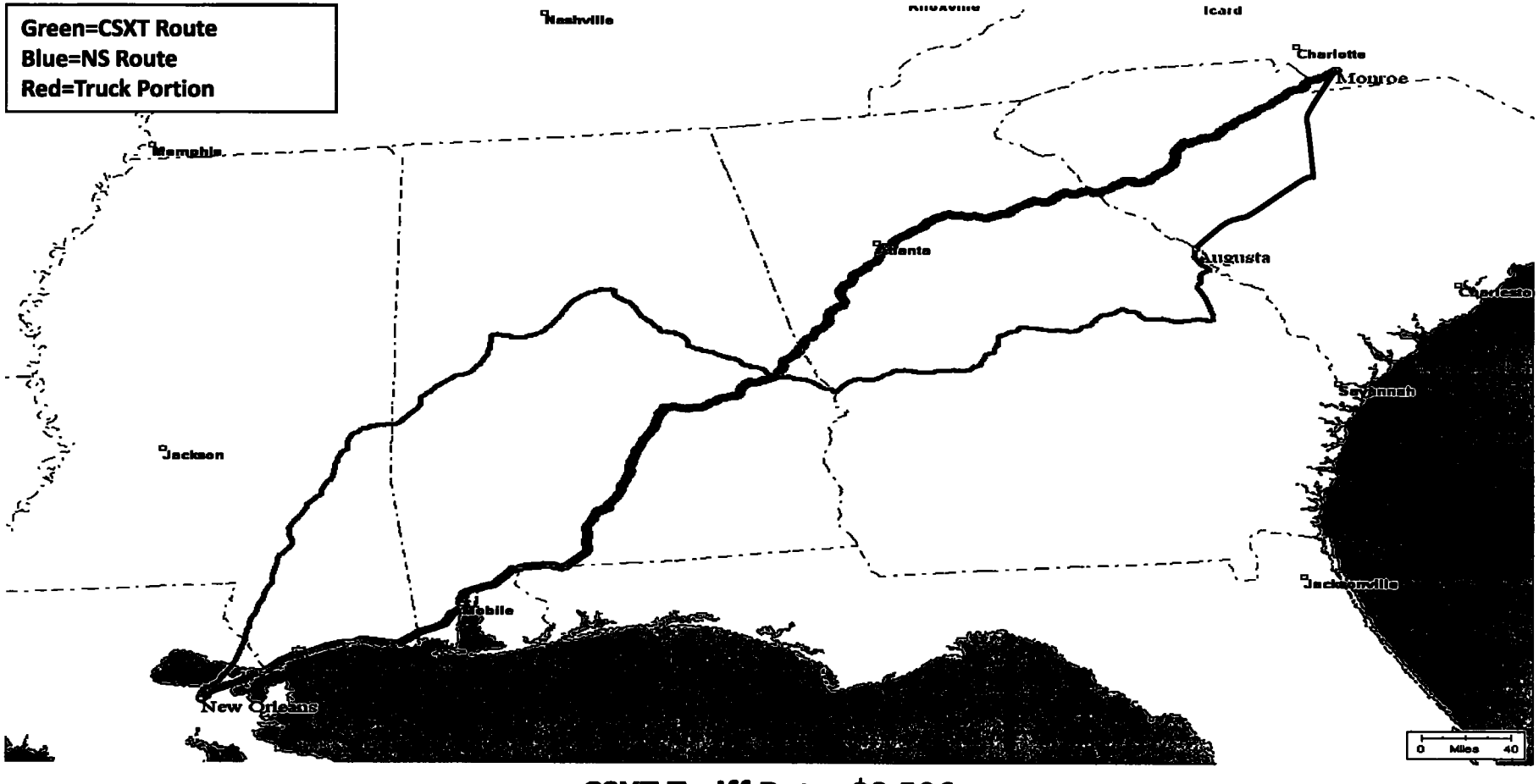
TPI Movement B-31: New Orleans, LA – Monroe, NC

CSXT Direct: 762 Mi

Alternative:

NS Rail: New Orleans, LA –Augusta, GA (767 Mi)

Truck: Augusta, GA – Monroe, NC (149 Mi)



CSXT Tariff Rate: $8,506

Cost of Rail/Truck Alternative: {{ }}

TPI Movement B-33: Chicago, IL – Terre Haute, IN

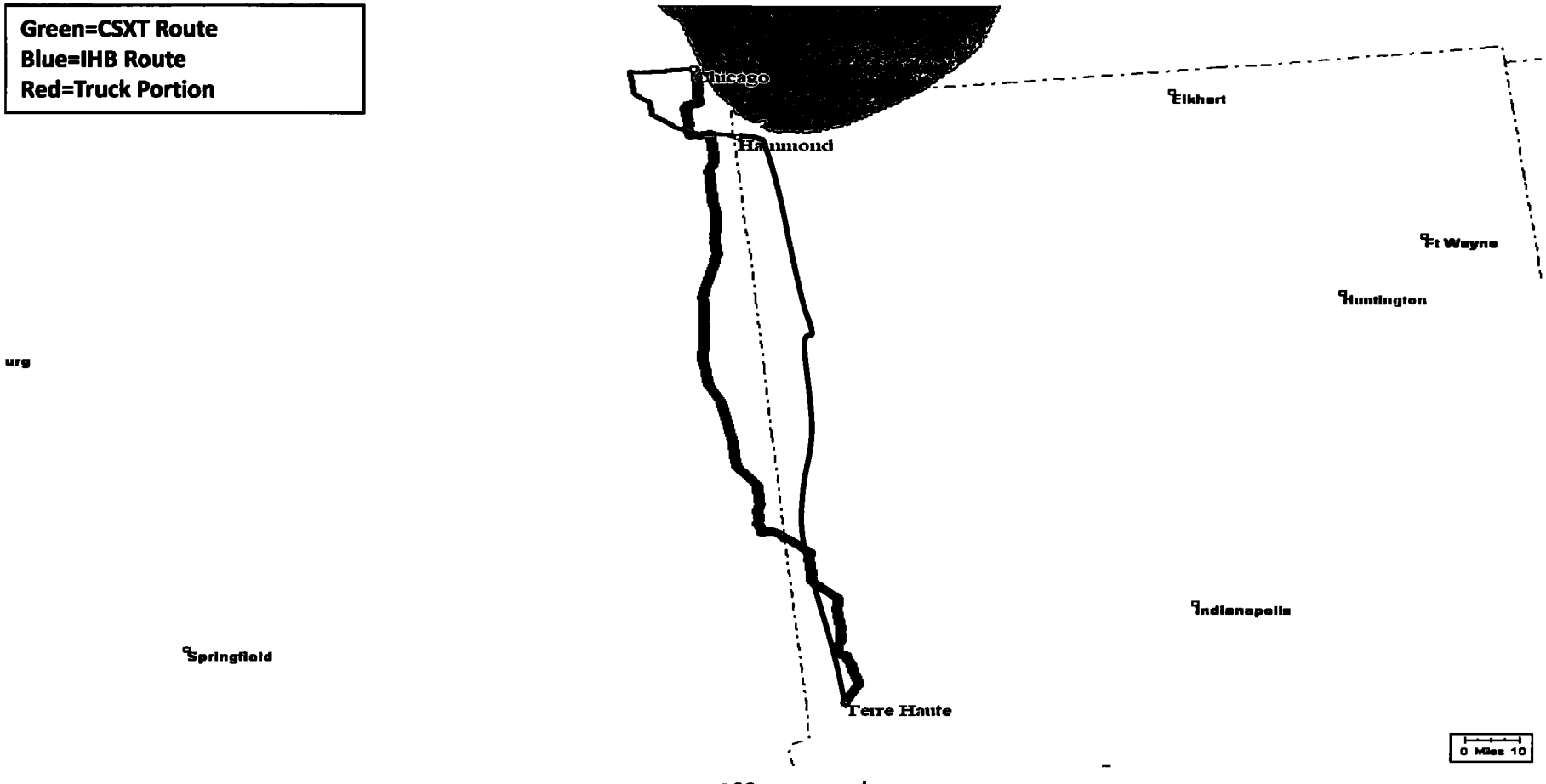
CSXT Direct: 181 Mi

Alternative:

IHB Rail: Chicago, IL – Hammond, IN (42 Mi)

Truck: Hammond, IN – Terre Haute, IN (156 Mi)

Green=CSXT Route
Blue=IHB Route
Red=Truck Portion



CSXT Tariff Rate: $3,745

Cost of Rail/Truck Alternative: {{ }}

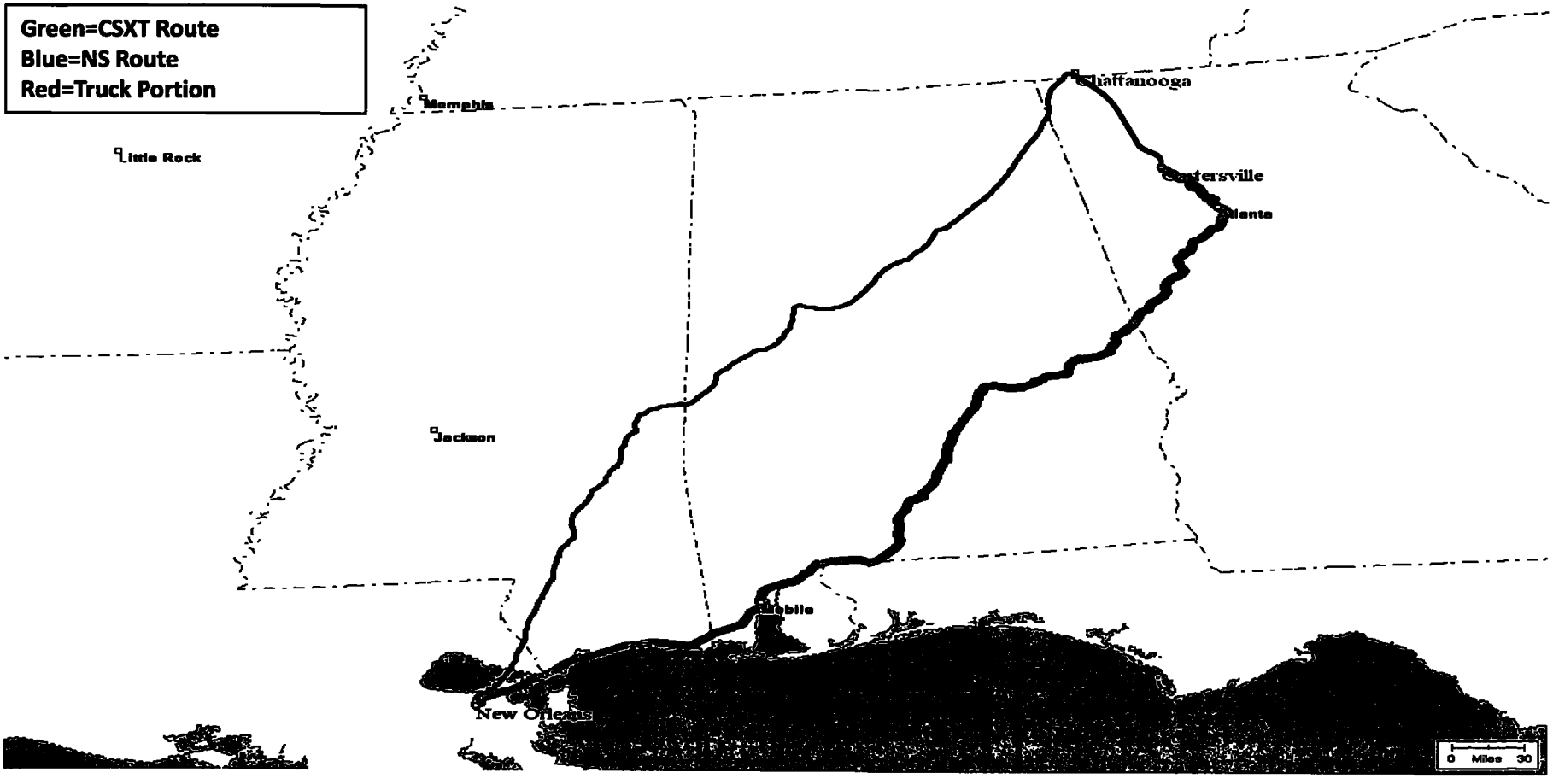
TPI Movement B-35: New Orleans, LA – Cartersville, GA

CSXT Direct: 542 Mi

Alternative:

NS Rail: New Orleans, LA – Chattanooga, TN (497 Mi)

Truck: Chattanooga, TN – Cartersville, GA (77 Mi)



CSXT Tariff Rate: $6,031

Cost of Rail/Truck Alternative: {{ }}

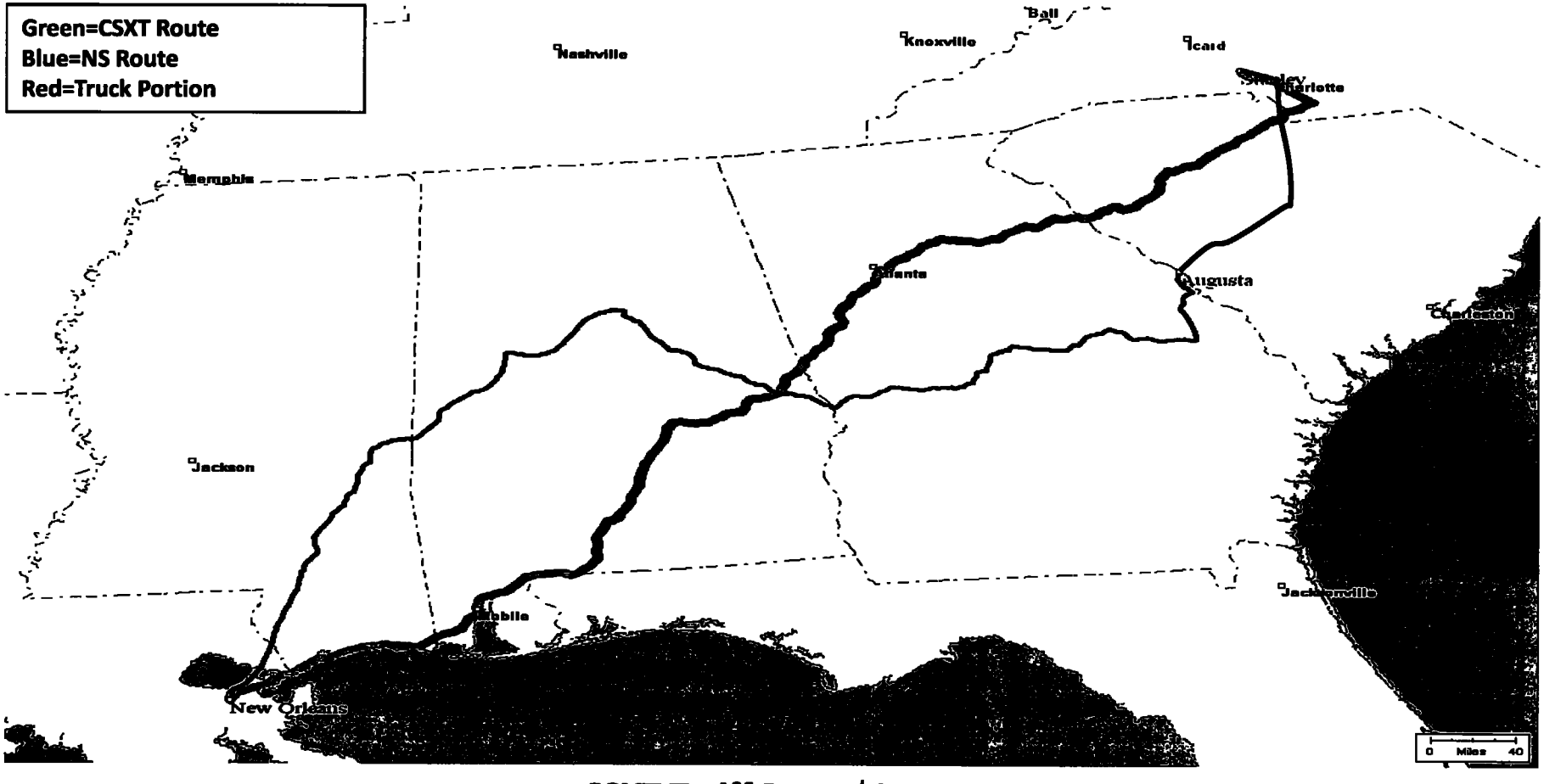
TPI Movement B-36: New Orleans, LA – Stanley, NC

CSXT Direct: 799 Mi

Alternative:

NS Rail: New Orleans, LA – Augusta, GA (767 Mi)

Truck: Augusta, GA – Stanley, NC (181 Mi)



CSXT Tariff Rate: $8,519

Cost of Rail/Truck Alternative: {{ }}

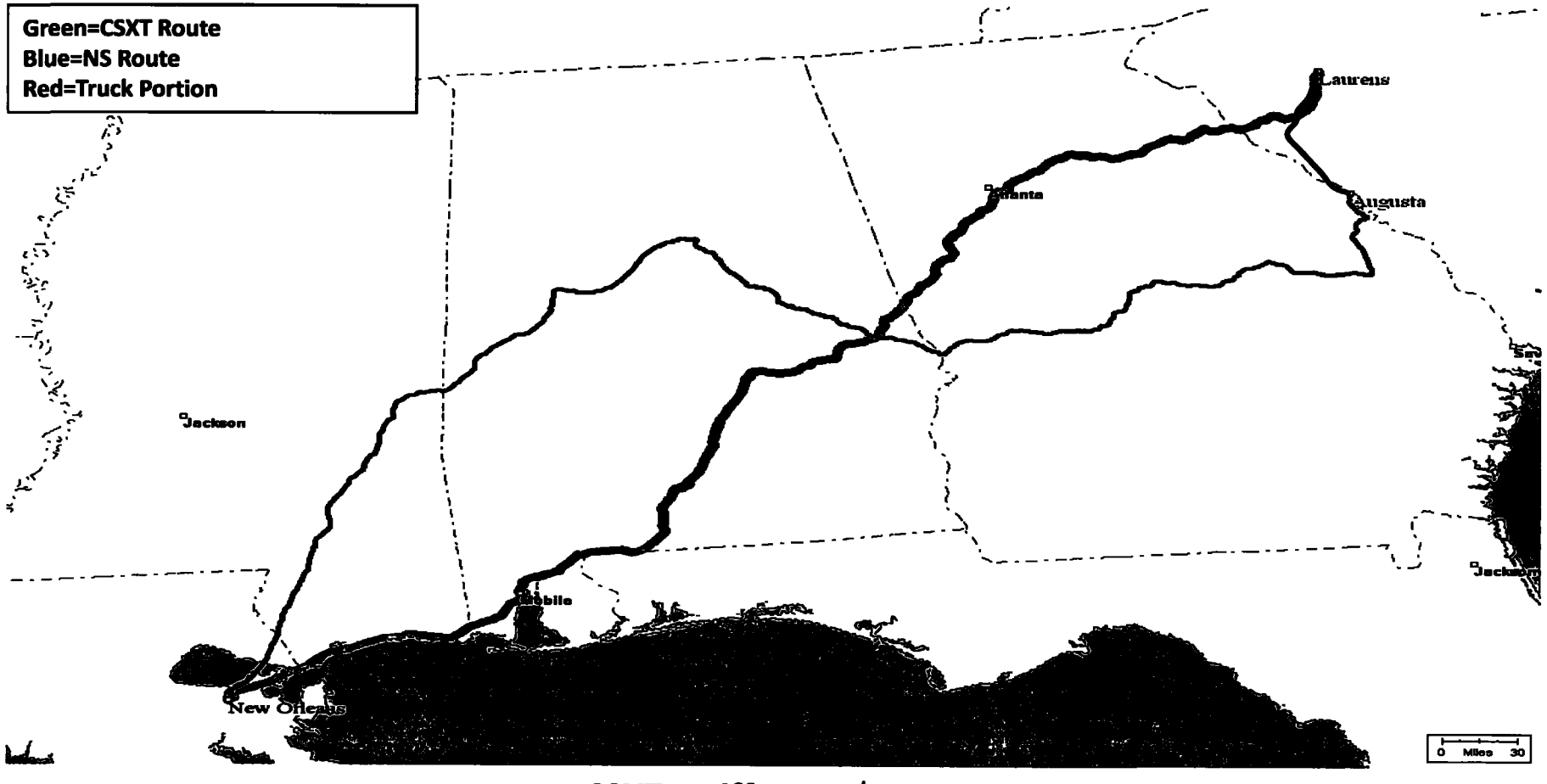
TPI Movement B-37: New Orleans, LA – Laurens, SC

CSXT Direct: 671 Mi

Alternative:

NS Rail: New Orleans, LA – Augusta, GA (767 Mi)

Truck: Augusta, GA – Laurens, SC (89 Mi)



CSXT Tariff Rate: $7,315

Cost of Rail/Truck Alternative: {{ }}

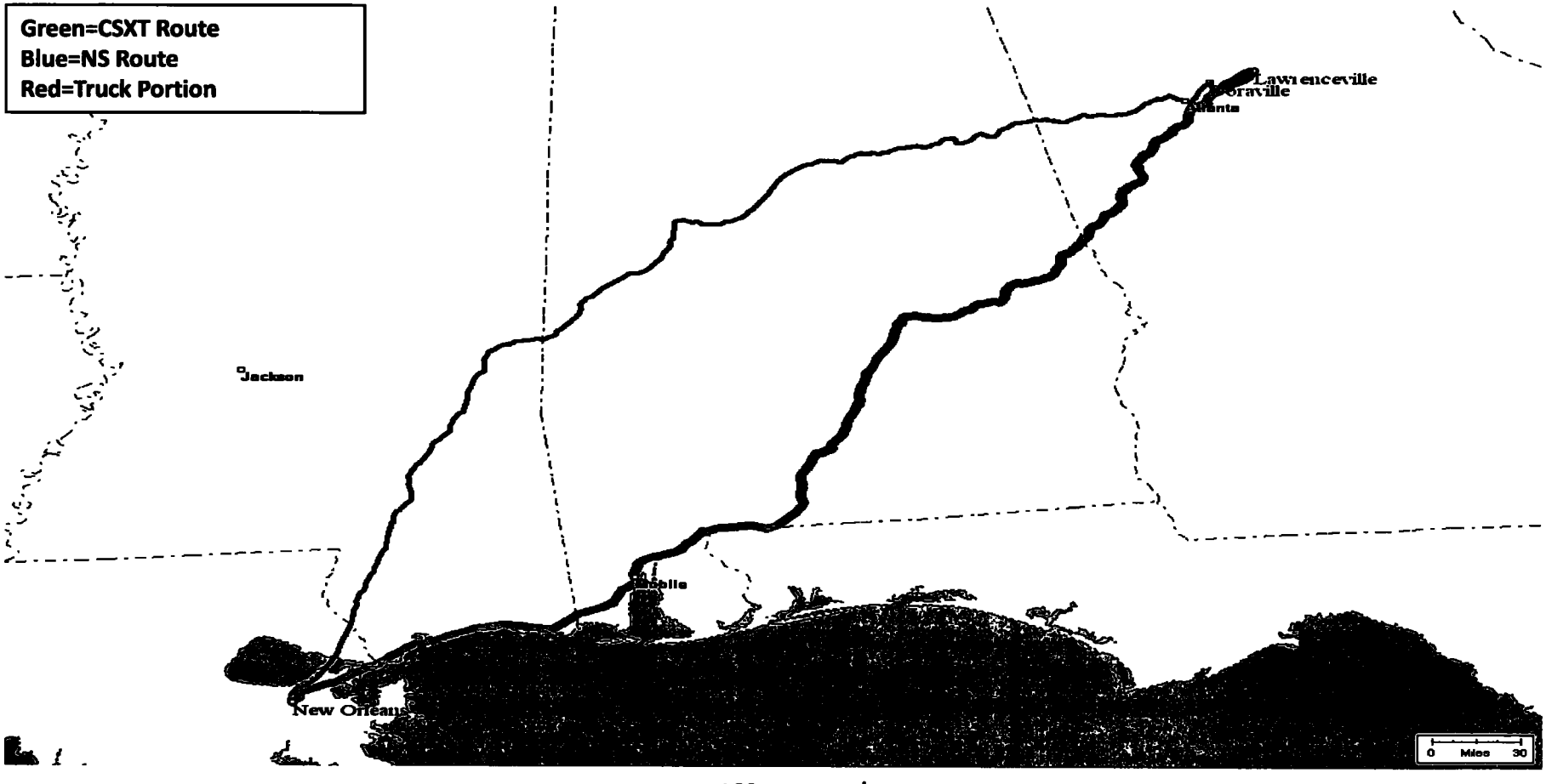
TPI Movement B-39: New Orleans, LA – Lawrenceville, GA

CSXT Direct: 526 Mi

Alternative:

NS Rail: New Orleans, LA – Doraville, GA (530 Mi)

Truck: Doraville, GA – Lawrenceville, GA (19 Mi)



CSXT Tariff Rate: $6,025

Cost of Rail/Truck Alternative: {{ }}

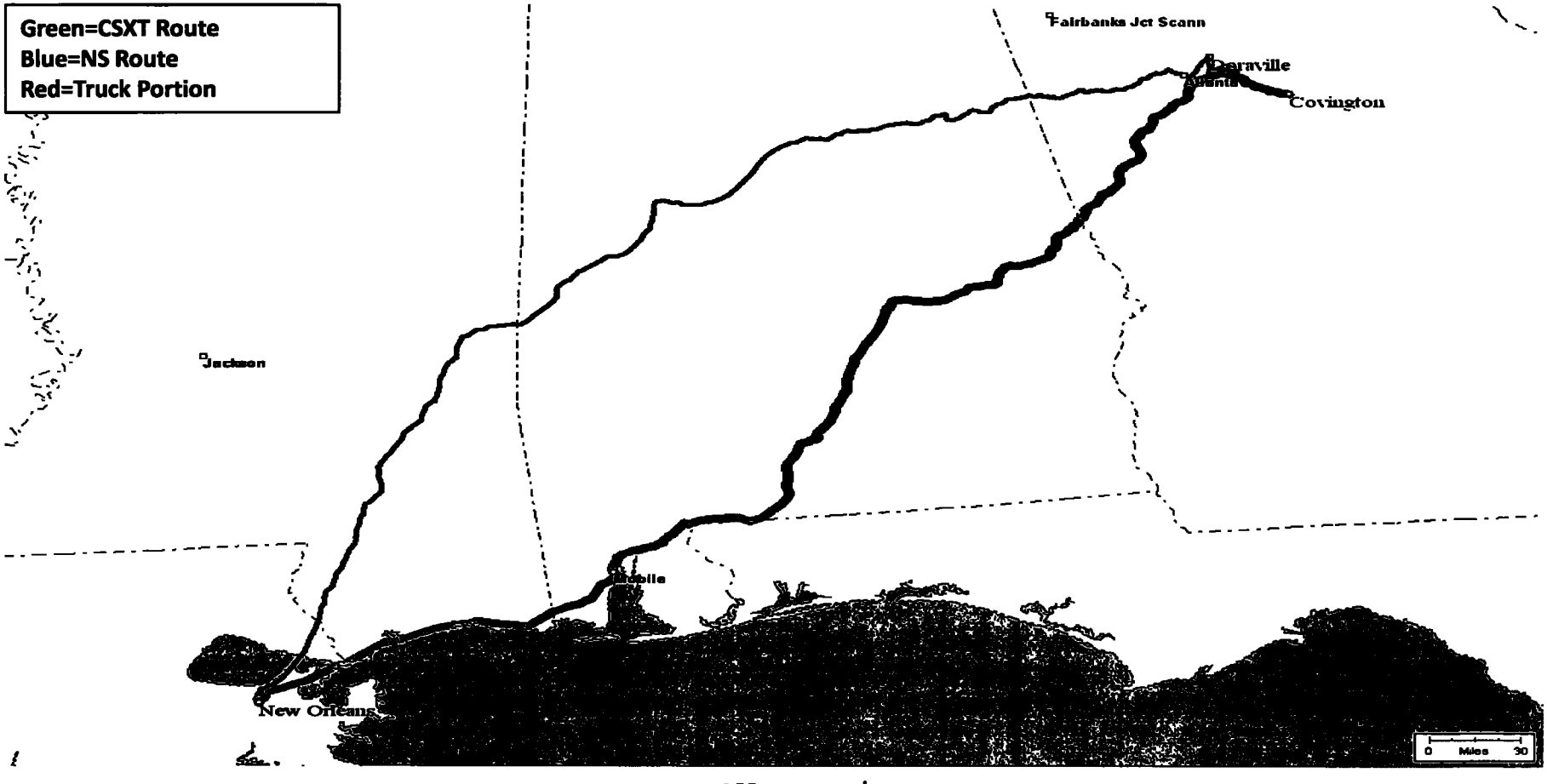
TPI Movement B-43: New Orleans, LA – Covington, GA

CSXT Direct: 534 Mi

Alternative:

NS Rail: New Orleans, LA – Doraville, GA (530 Mi)

Truck: Doraville, GA – Covington, GA (39 Mi)



CSXT Tariff Rate: $6,028

Cost of Rail/Truck Alternative: {{ }}

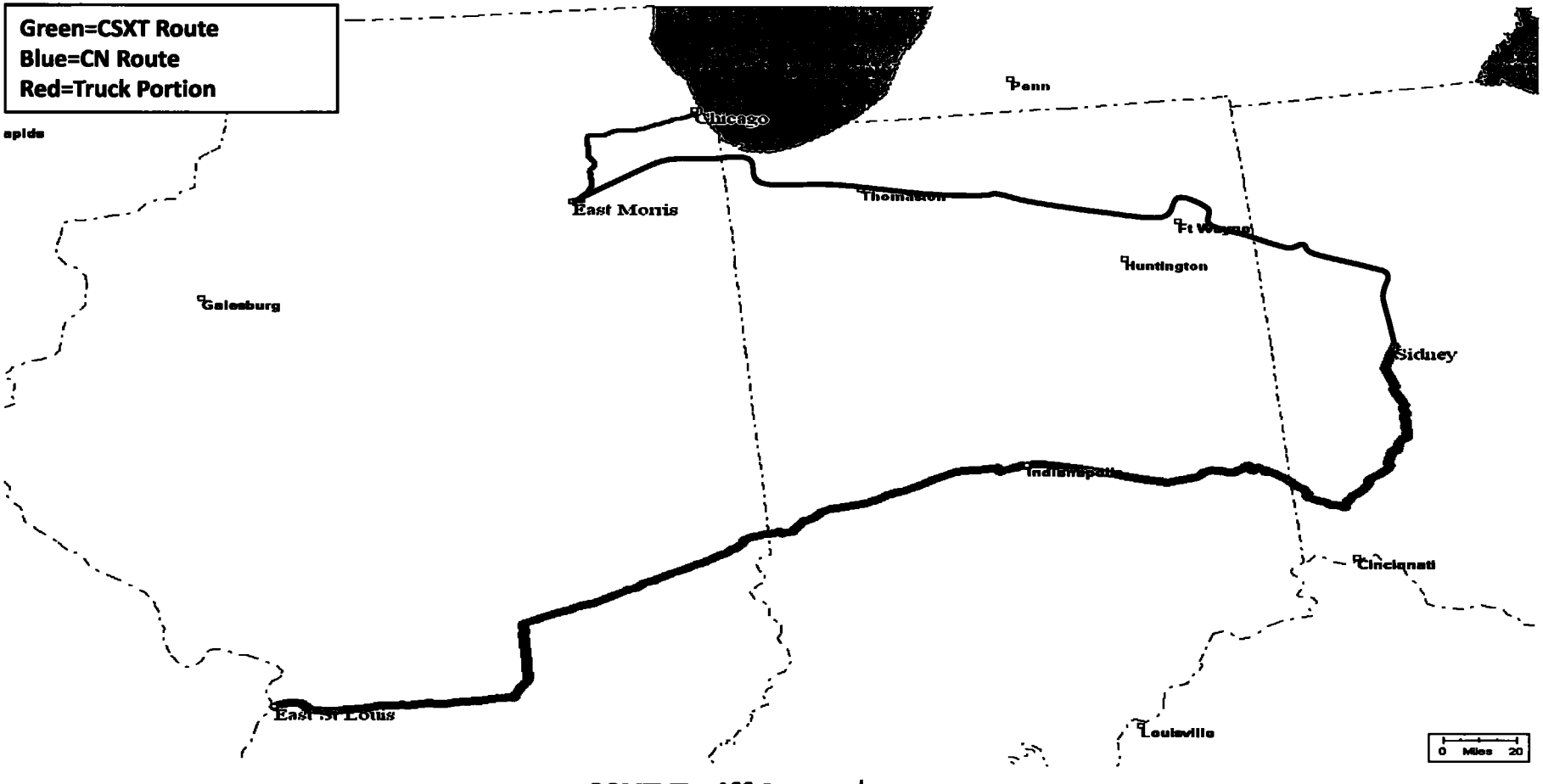
TPI Movement B-44: East St. Louis, IL – Sidney, OH

CSXT Direct: 408 Mi

Alternative:

CN Rail: Chicago, IL – East Morris, IL (64 Mi)

Truck: East Morris, IL – Sidney, OH (262 Mi)



CSXT Tariff Rate: $5,167

Cost of Rail/Truck Alternative: {{ }}

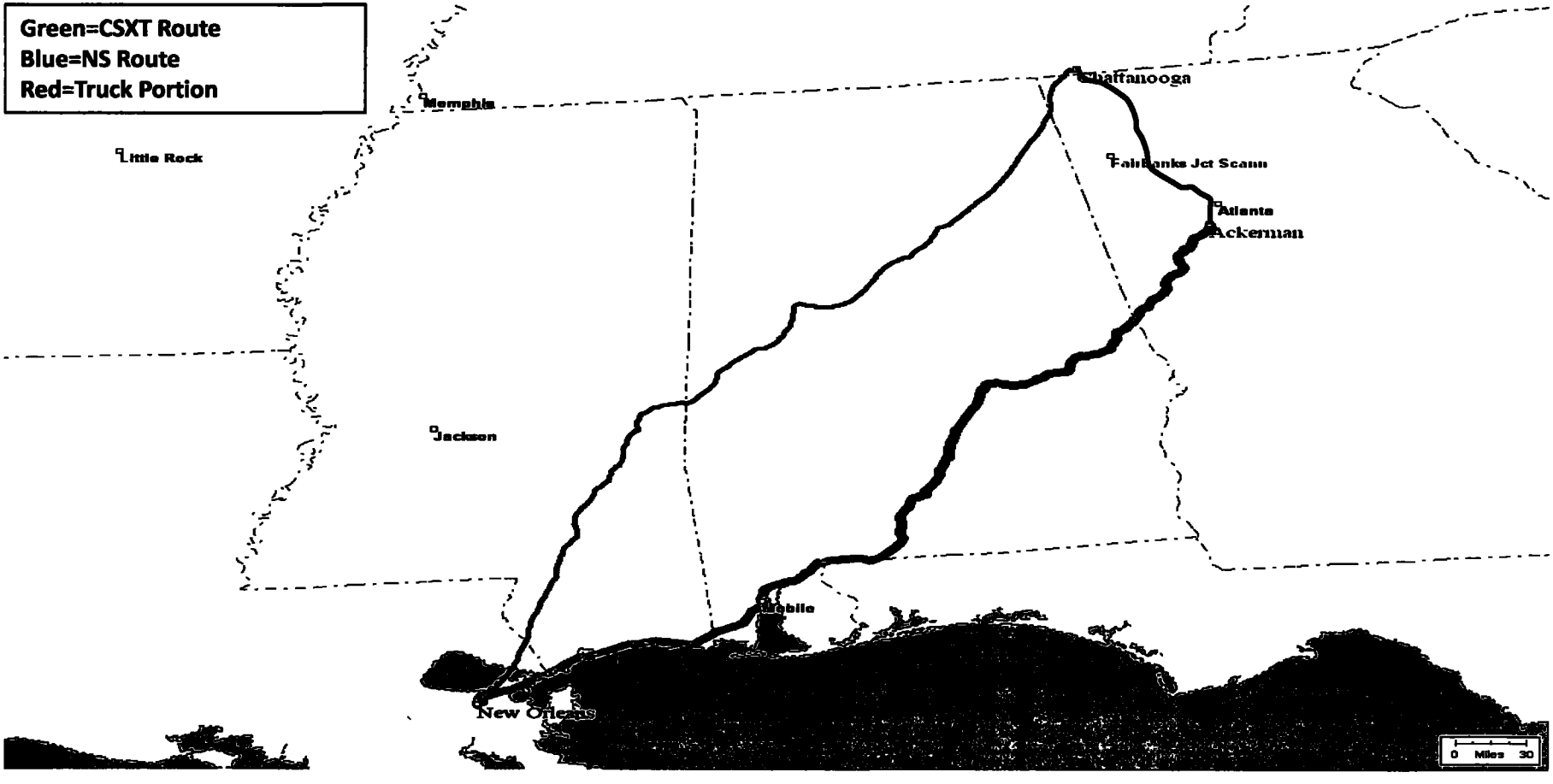
TPI Movement B-48: New Orleans, LA – Ackerman, GA

CSXT Direct: 483 Mi

Alternative:

NS Rail: New Orleans, LA – Chattanooga, TN (497 Mi)

Truck: Chattanooga, TN – Ackerman, GA (130 Mi)



CSXT Tariff Rate: $6,010

Cost of Rail/Truck Alternative: {{ }}

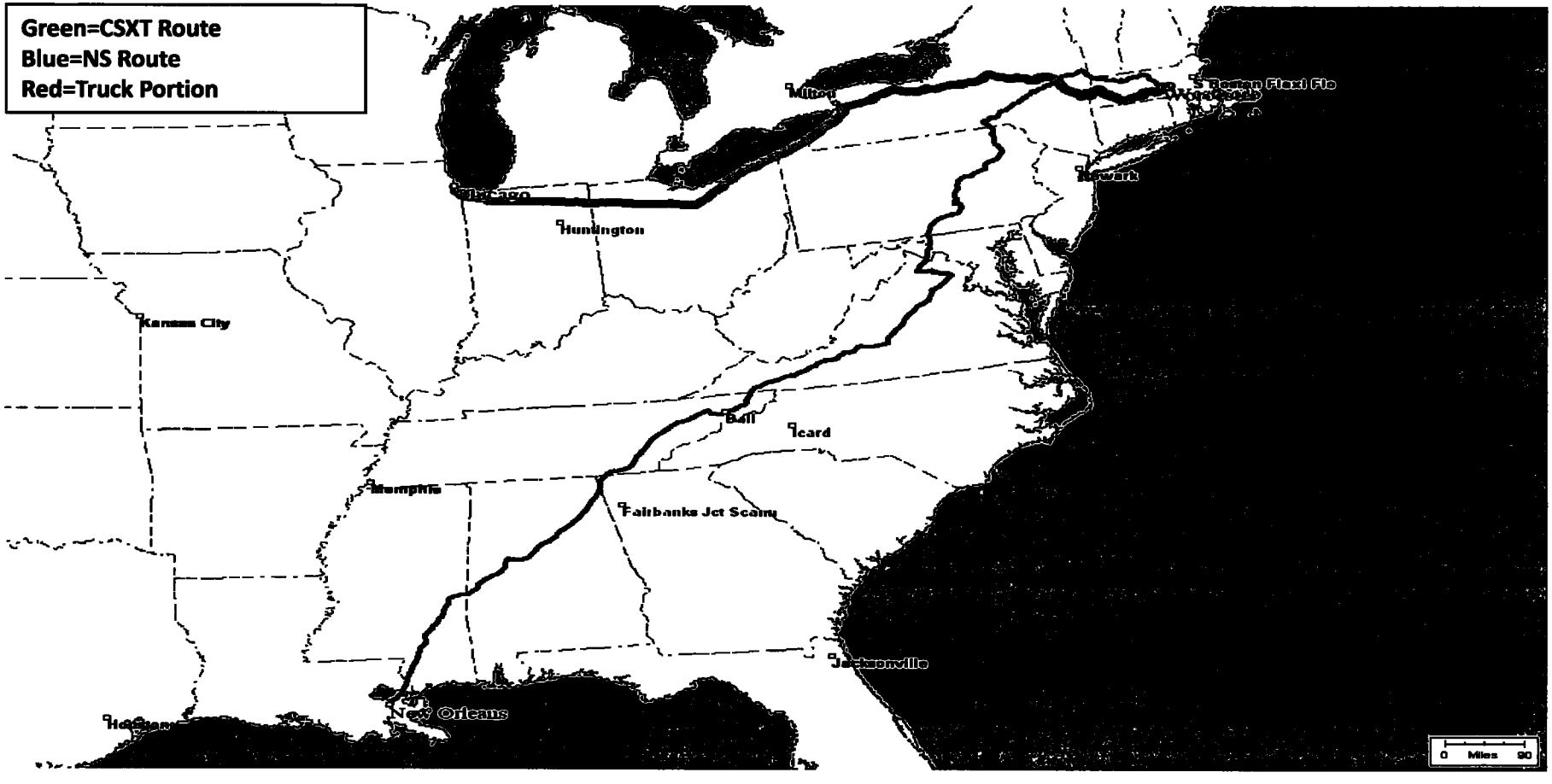
TPI Movement B-49: Chicago, IL – Westboro, MA

CSXT Direct: 983 Mi

Alternative:

NS Rail: New Orleans, LA – Worcester, MA (1,753 Mi)

Truck: Worcester, MA – Westboro, MA (10 Mi)



CSXT Tariff Rate: $9,001

Cost of Rail/Truck Alternative: {{ }}

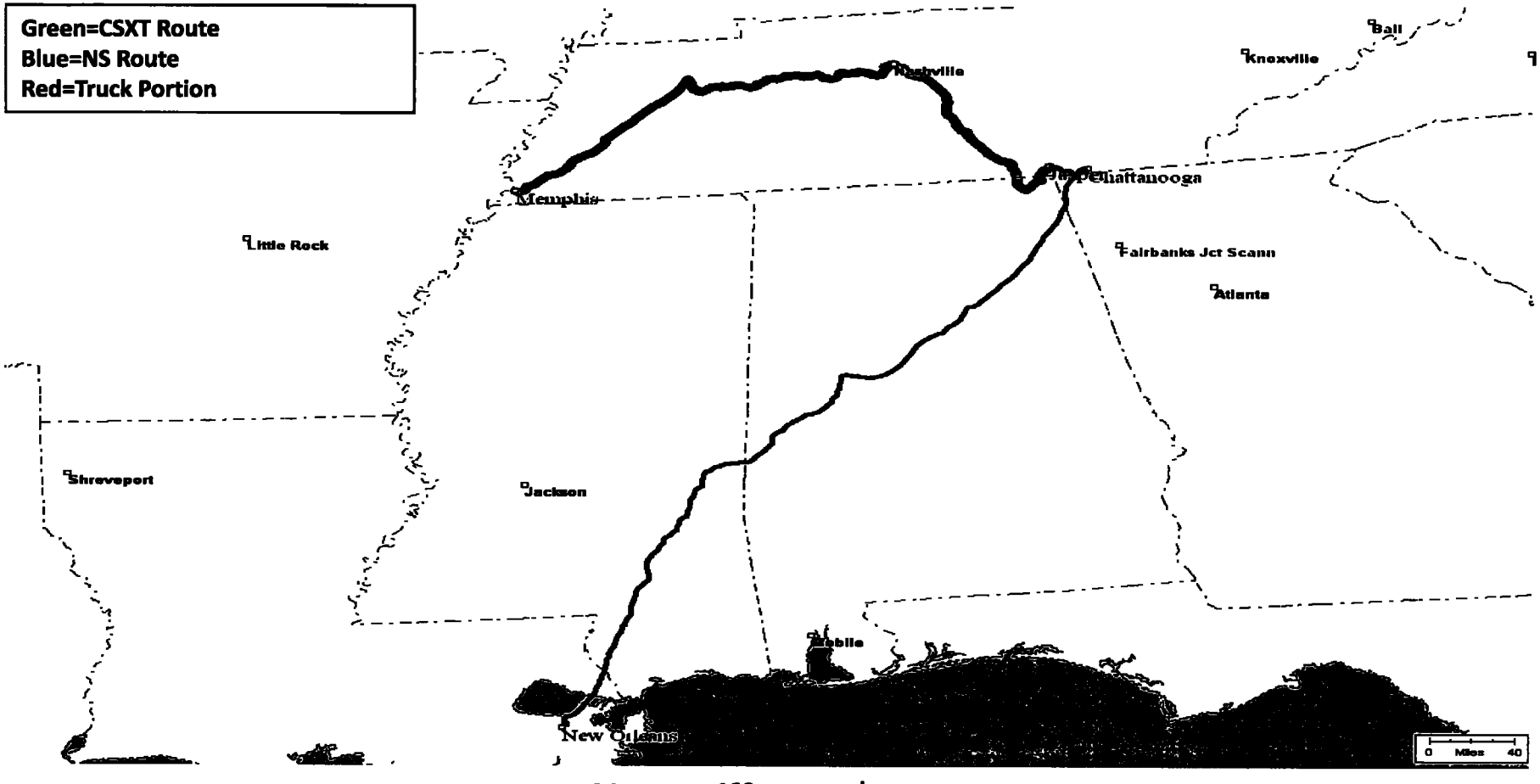
TPI Movement B-52: Memphis, TN – Jasper, TN

CSXT Direct: 367 Mi

Alternative:

NS Rail: New Orleans, LA – Chattanooga, TN (497 Mi)

Truck: Chattanooga, TN – Jasper, TN (25 Mi)



CSXT Tariff Rate: $5,528

Cost of Rail/Truck Alternative: {{ }}

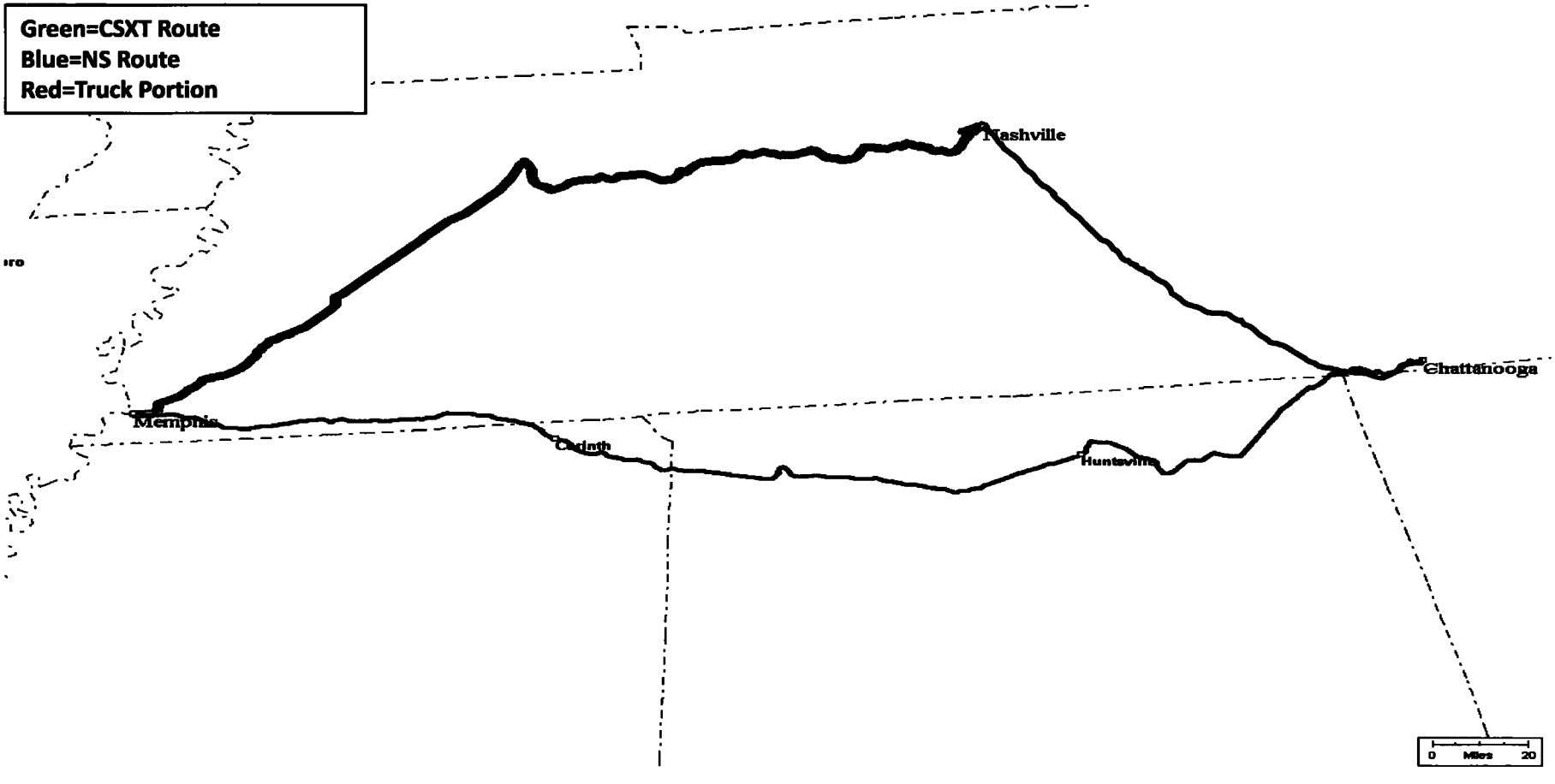
TPI Movement Number B-53: Memphis, TN – Nashville, TN

CSXT Direct: 232 Mi

Alternative:

NS Rail: Memphis, TN – Chattanooga, TN (309 Mi)

Truck: Chattanooga, TN – Nashville, TN (135 Mi)



CSXT Tariff Rate: $5,651

Cost of Rail/Truck Alternative: {{ }}

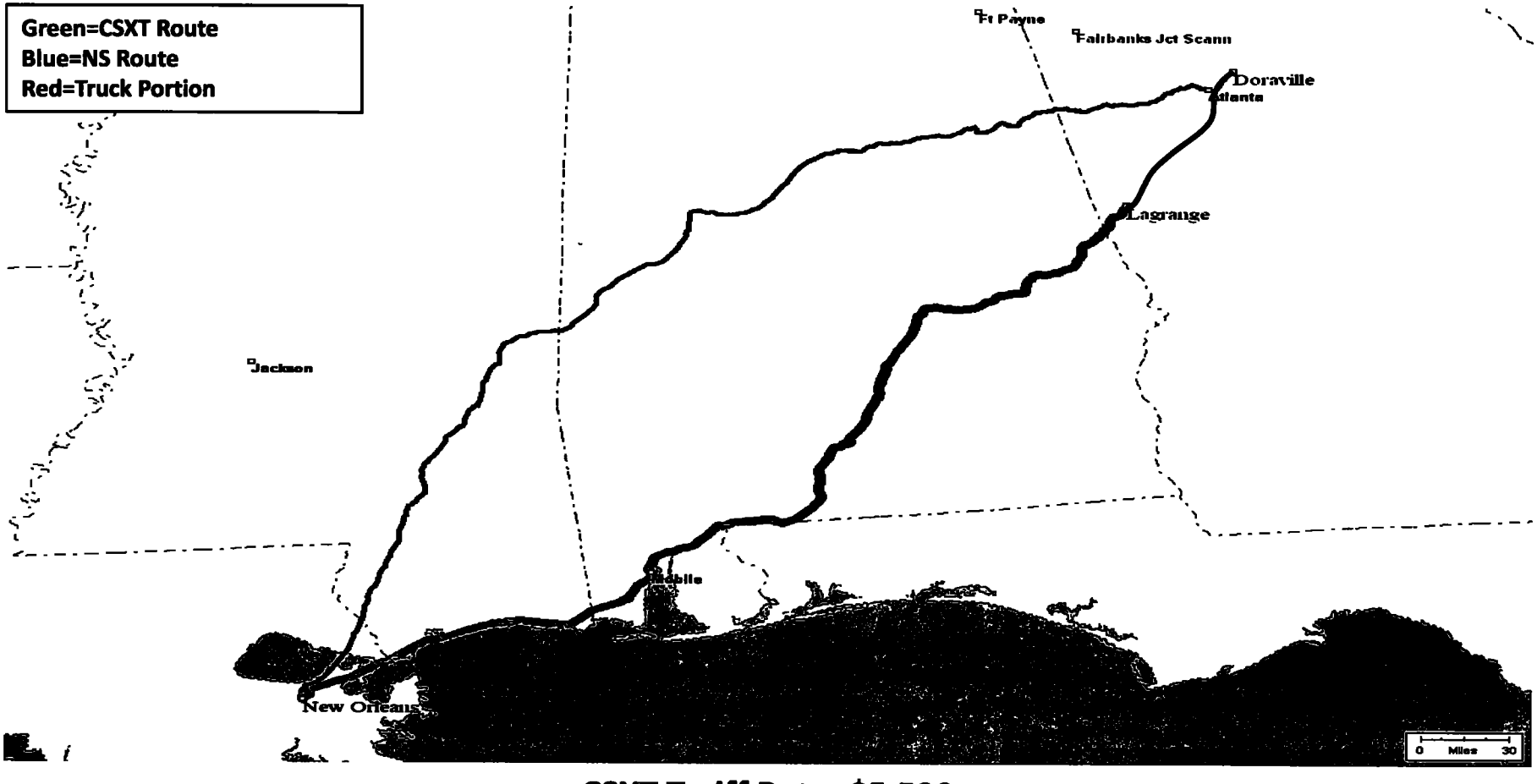
TPI Movement B-54: New Orleans, LA – Lagrange, GA

CSXT Direct: 424 Mi

Alternative:

NS Rail: New Orleans, LA – Doraville, GA (530 Mi)

Truck: Doraville, GA – Lagrange, GA (86 Mi)



CSXT Tariff Rate: $5,539

Cost of Rail/Truck Alternative: {{ }}

TPI Movement B-56: Chicago, IL – Terre Haute, IN

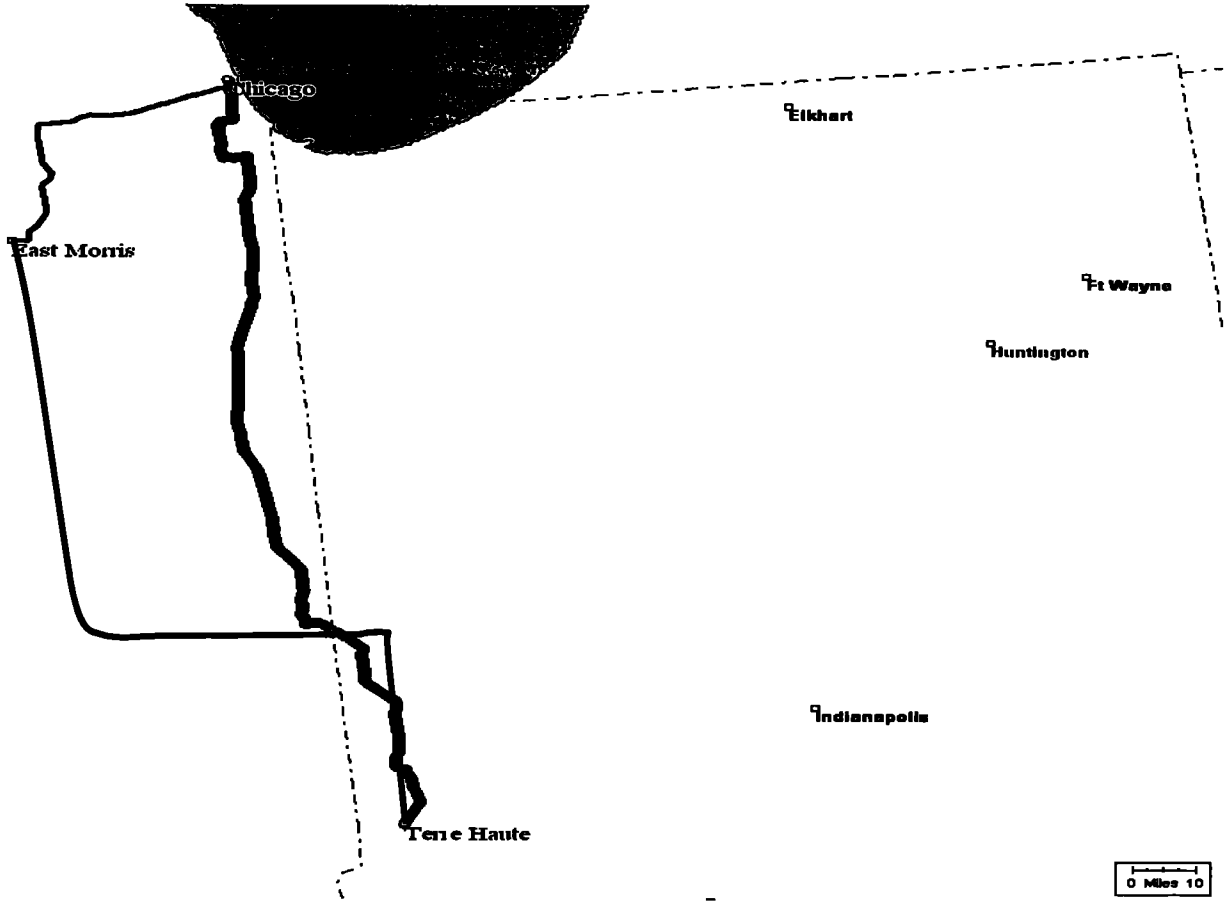
CSXT Direct: 181 Mi

Alternative:

CN Rail: Chicago, IL – East Morris, IL (64 Mi)

Truck: East Morris, IL – Terre Haute, IN (189 Mi)

Green=CSXT Route
Blue=CN Route
Red=Truck Portion



urg

Springfield

CSXT Tariff Rate: $3,745

Cost of Rail/Truck Alternative: {{ }}

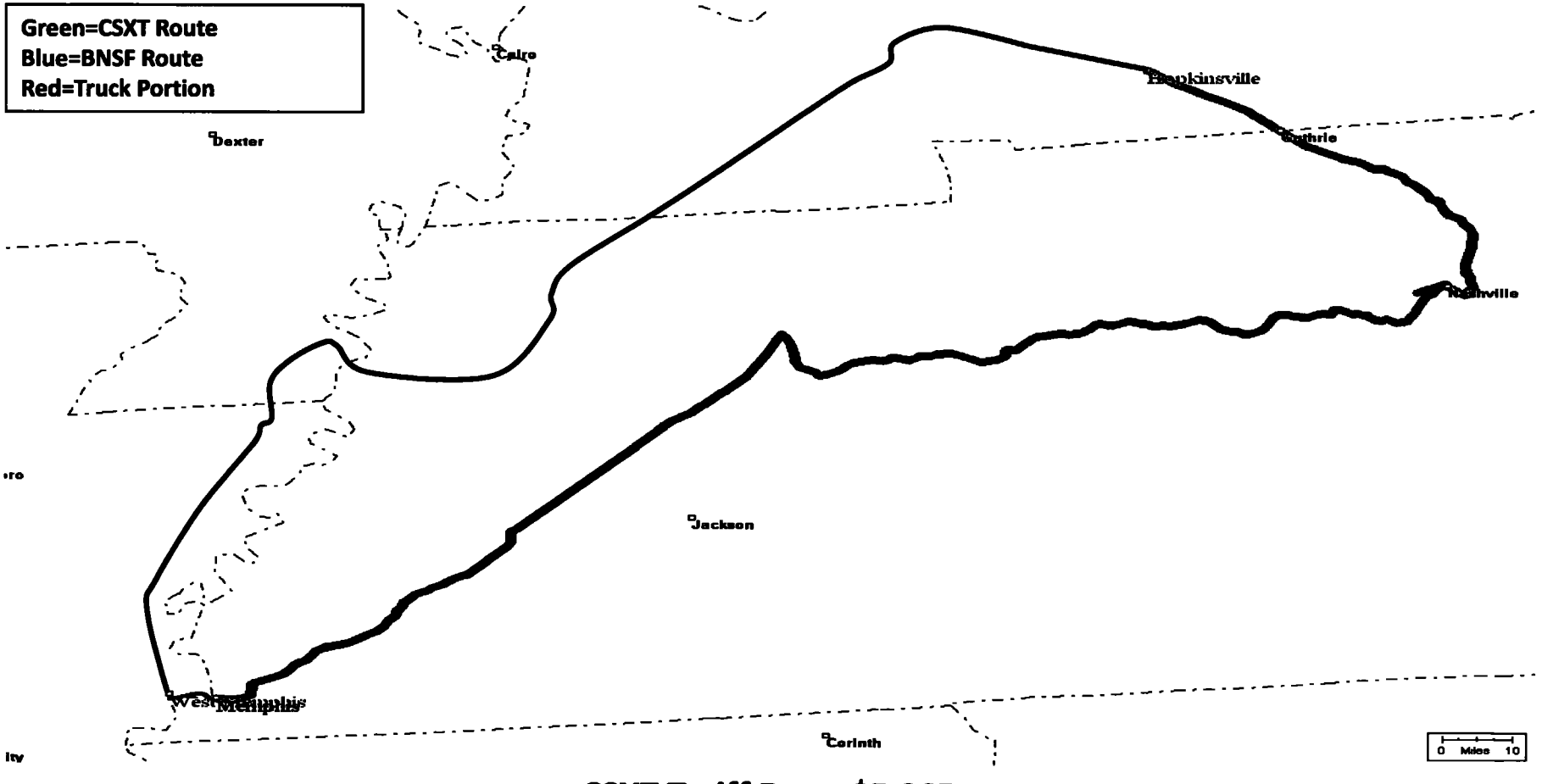
TPI Movement B-57: Memphis, TN – Hopkinsville, KY

CSXT Direct: 303 Mi

Alternative:

BNSF Rail: Memphis, TN – West Memphis, AR (10 Mi)

Truck: West Memphis, AR – Hopkinsville, KY (236 Mi)



CSXT Tariff Rate: $5,065

Cost of Rail/Truck Alternative: {{ }}

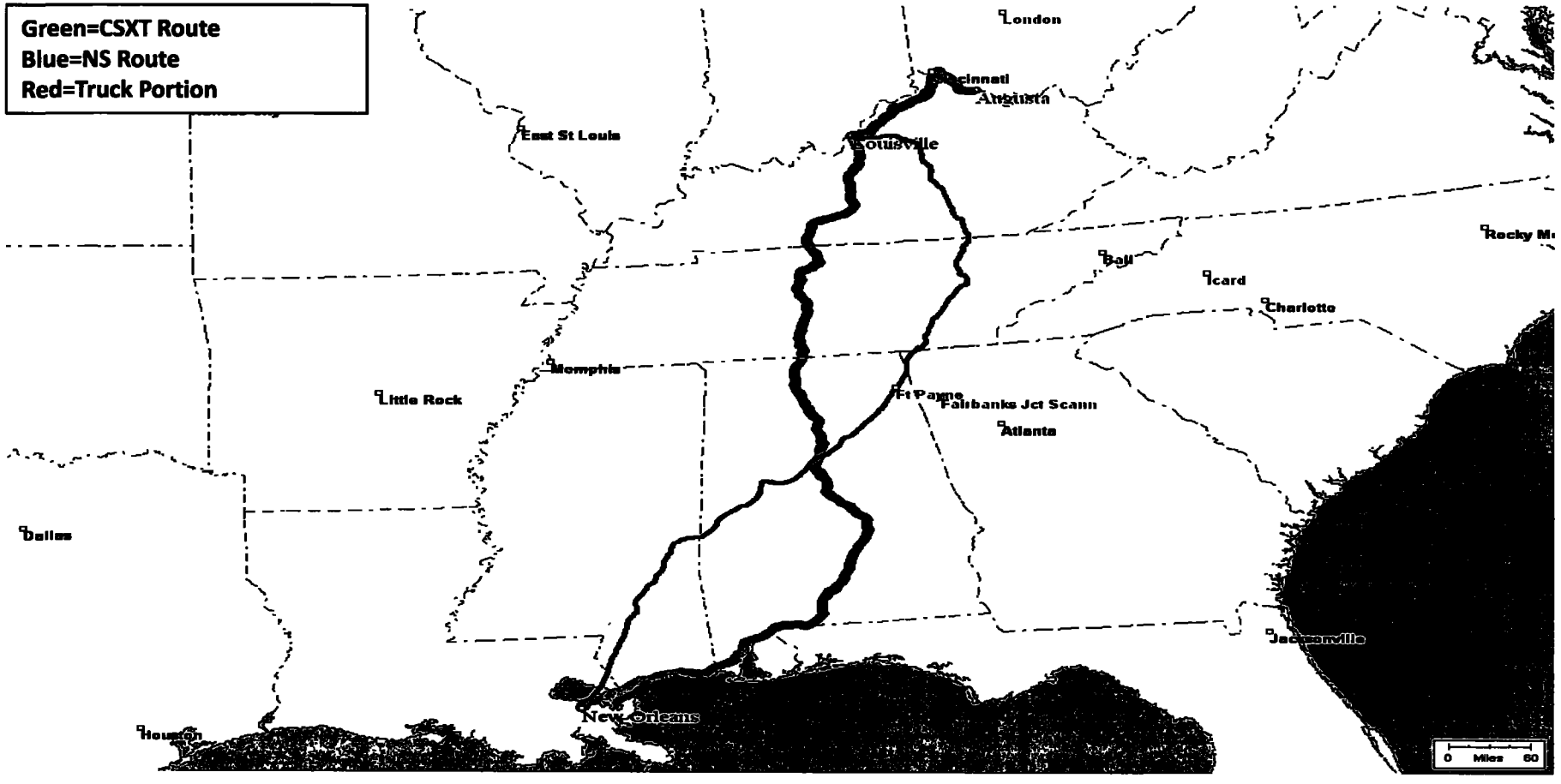
TPI Movement B-59: New Orleans, LA – Augusta, KY

CSXT Direct: 956 Mi

Alternative:

NS Rail: New Orleans, LA – Louisville, KY (804 Mi)

Truck: Louisville, KY – Augusta, KY (134 Mi)



CSXT Tariff Rate: $7,947

Cost of Rail/Truck Alternative: {{ }}

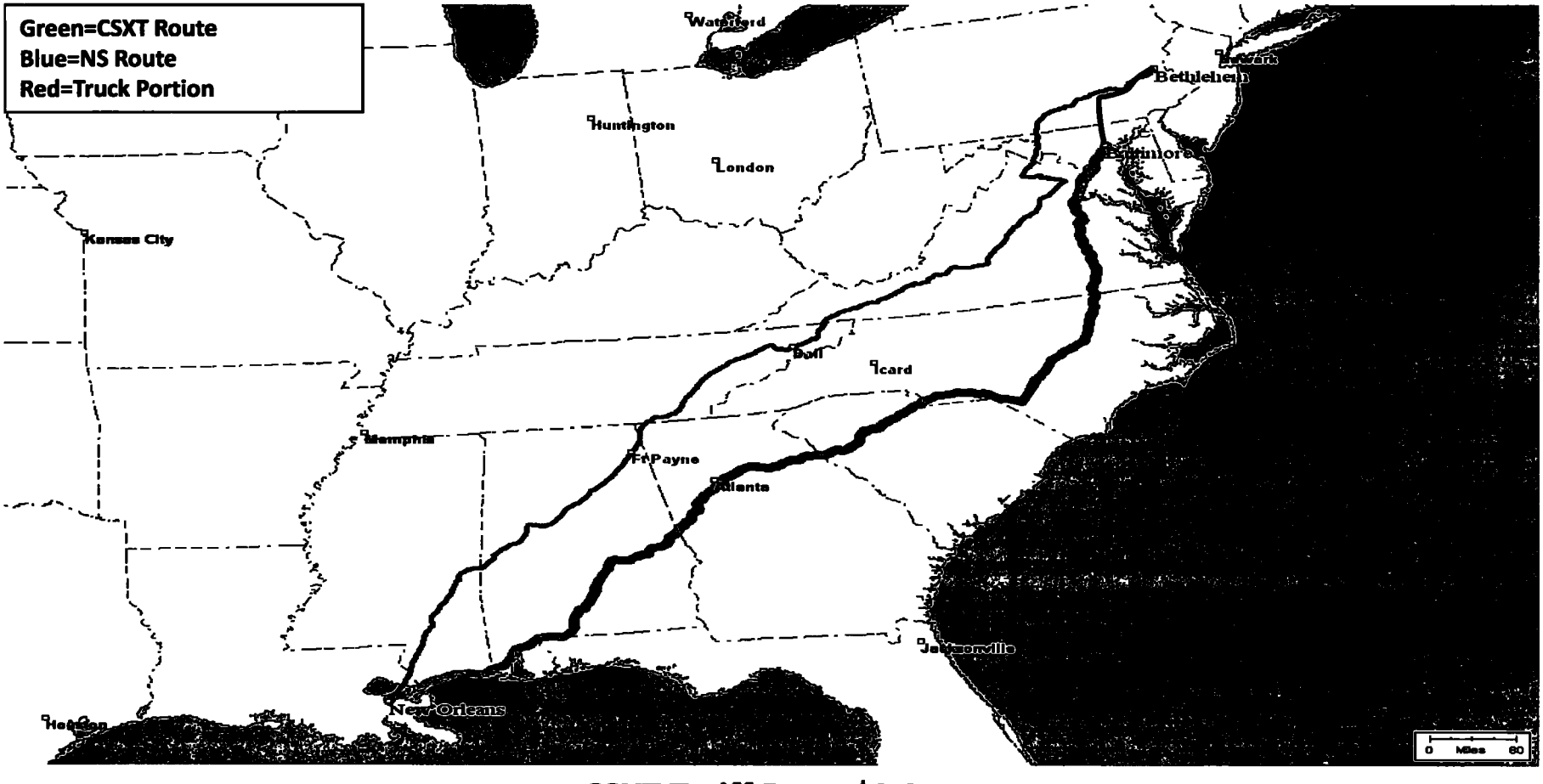
TPI Movement B-60: New Orleans, LA – Baltimore, MD

CSXT Direct: 1,245 Mi

Alternative:

NS Rail: New Orleans, LA – Bethlehem, PA (1,298 Mi)

Truck: Bethlehem, PA – Baltimore, MD (215 Mi)



CSXT Tariff Rate: $9,855

Cost of Rail/Truck Alternative: {{ }}

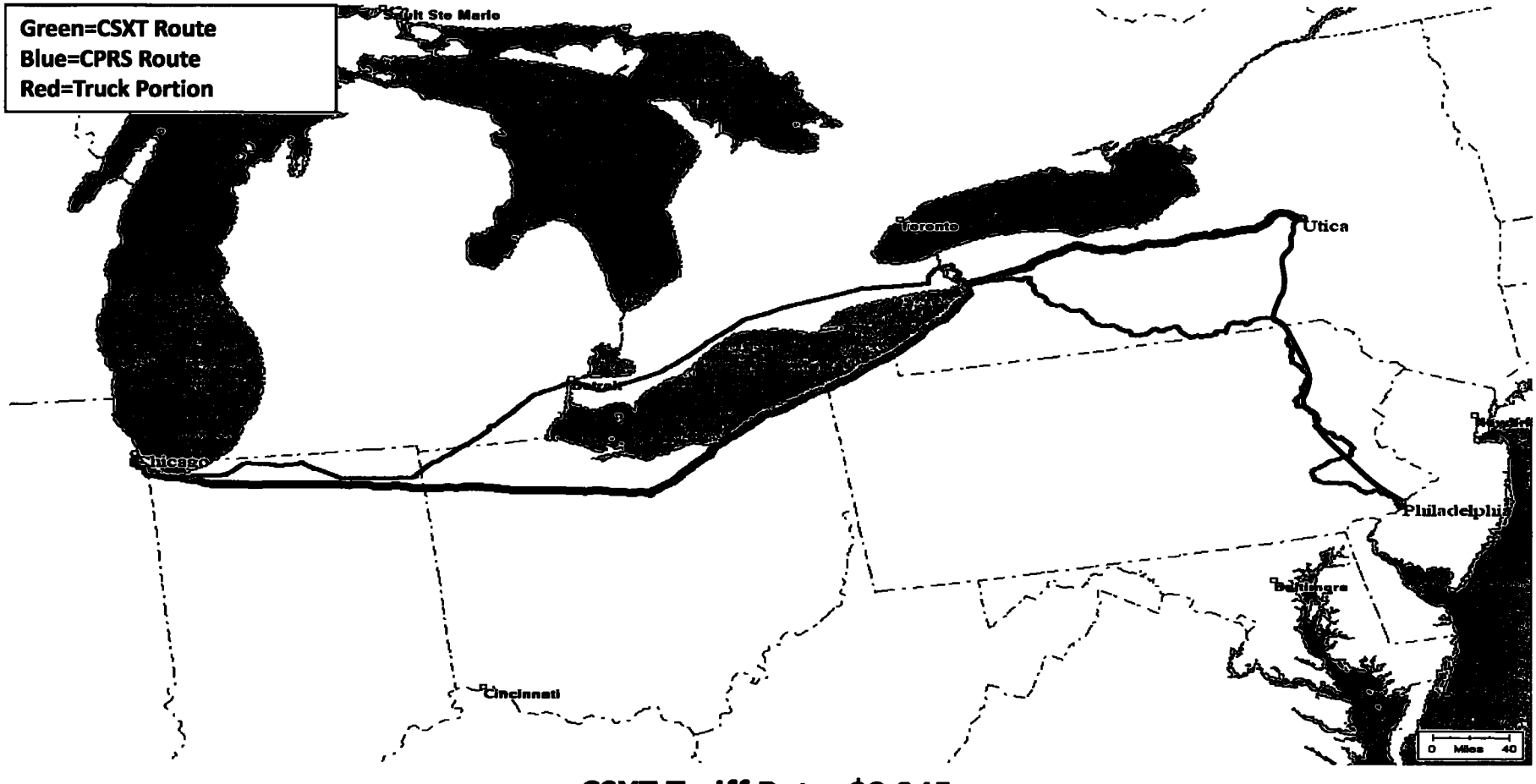
TPI Movement B-61: Chicago, IL – Utica, NY

CSXT Direct: 718 Mi

Alternative:

CPRS Rail: Chicago, IL – Philadelphia, PA (1,005 Mi)

Truck: Philadelphia, PA – Utica, NY (276 Mi)



CSXT Tariff Rate: $8,345

Cost of Rail/Truck Alternative: {{ }}

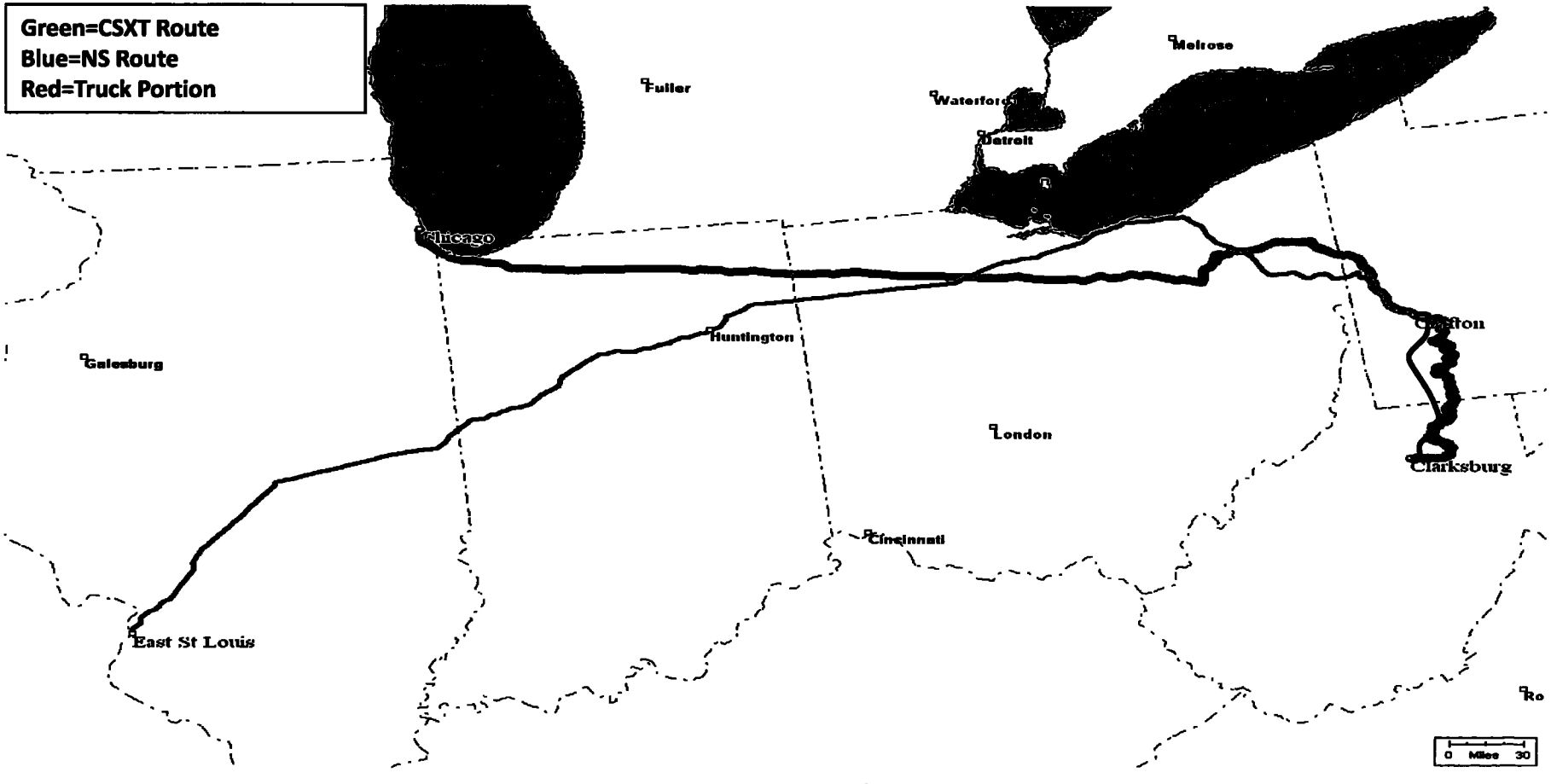
TPI Movement B-62: Chicago, IL – Clarksburg, WV

CSXT Direct: 635 Mi

Alternative:

NS Rail: East St. Louis, IL – Crafton, PA (664 Mi)

Truck: Crafton, PA – Clarksburg, WV (106 Mi)



CSXT Tariff Rate: $6,418

Cost of Rail/Truck Alternative: {{ }}

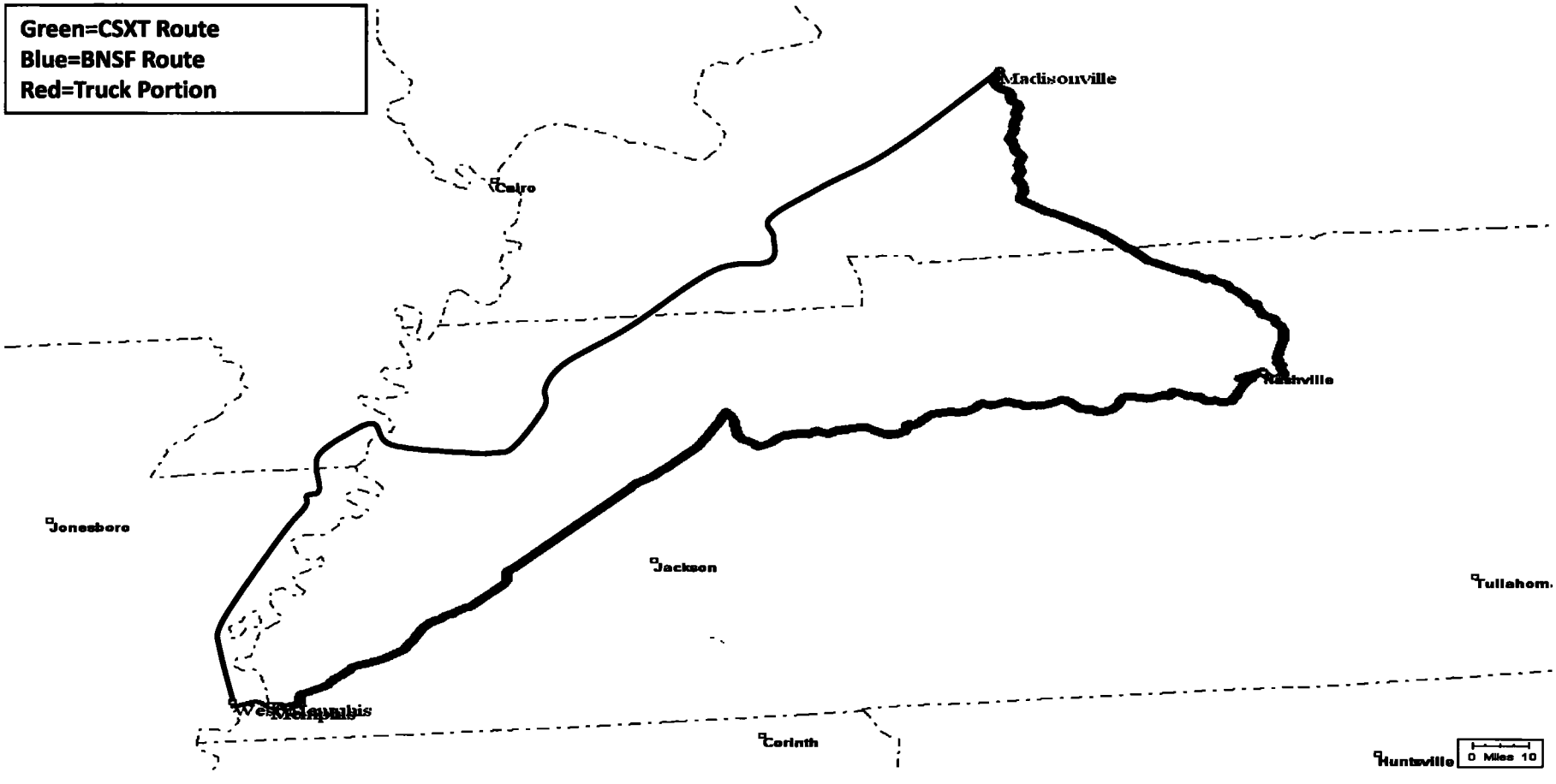
TPI Movement B-63: Memphis, TN – Madisonville, KY

CSXT Direct: 339 Mi

Alternative:

BNSF Rail: Memphis, TN – West Memphis, AR (10 Mi)

Truck: West Memphis, AR – Madisonville, KY (245 Mi)



CSXT Tariff Rate: $4,905

Cost of Rail/Truck Alternative: {{ }}

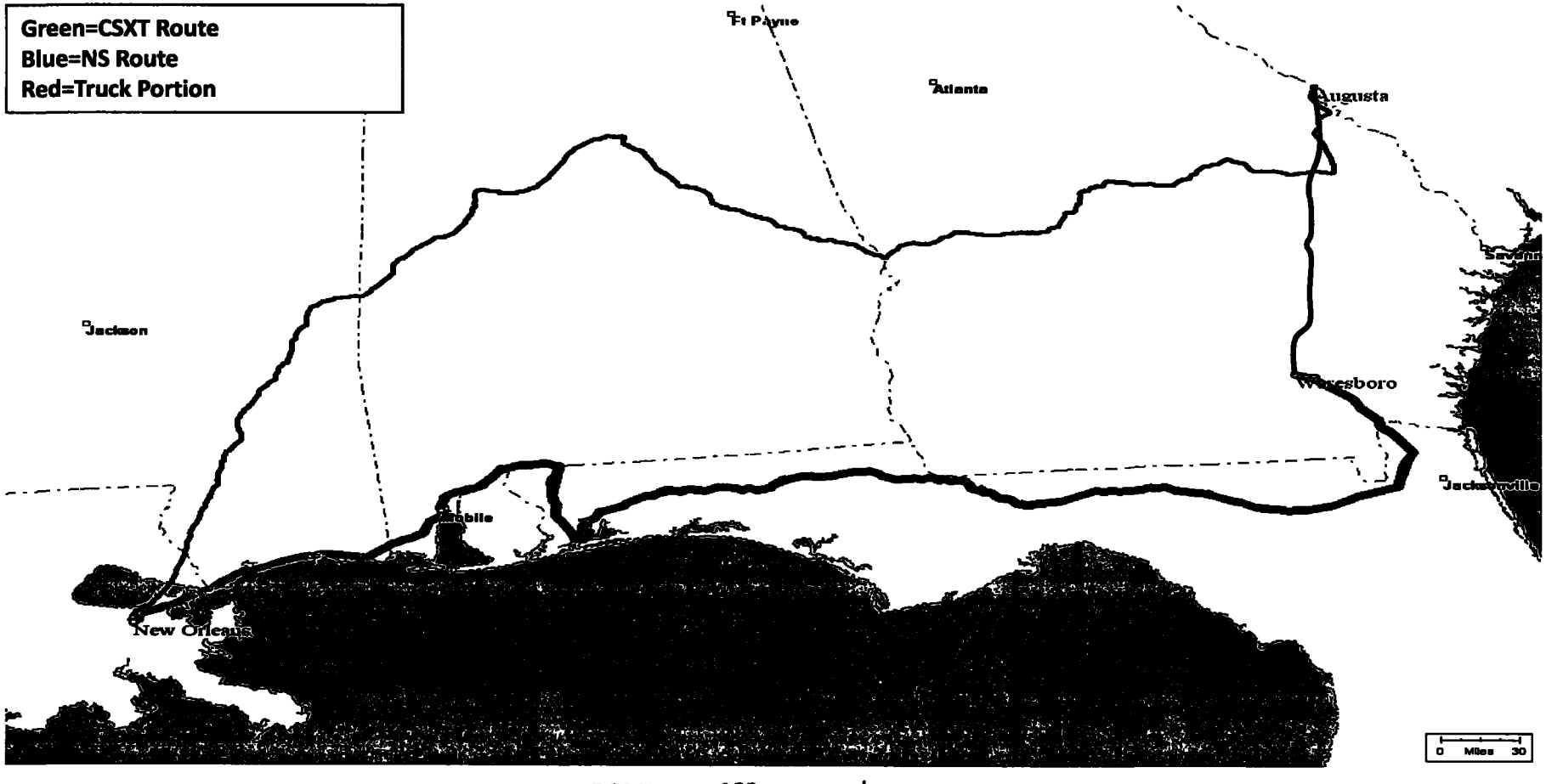
TPI Movement B-66: New Orleans, LA – Waresboro, GA

CSXT Direct: 601 Mi

Alternative:

NS Rail: New Orleans, LA – Augusta, GA (767 Mi)

Truck: Augusta, GA – Waresboro, GA (183 Mi)



CSXT Tariff Rate: $7,050

Cost of Rail/Truck Alternative: {{ }}

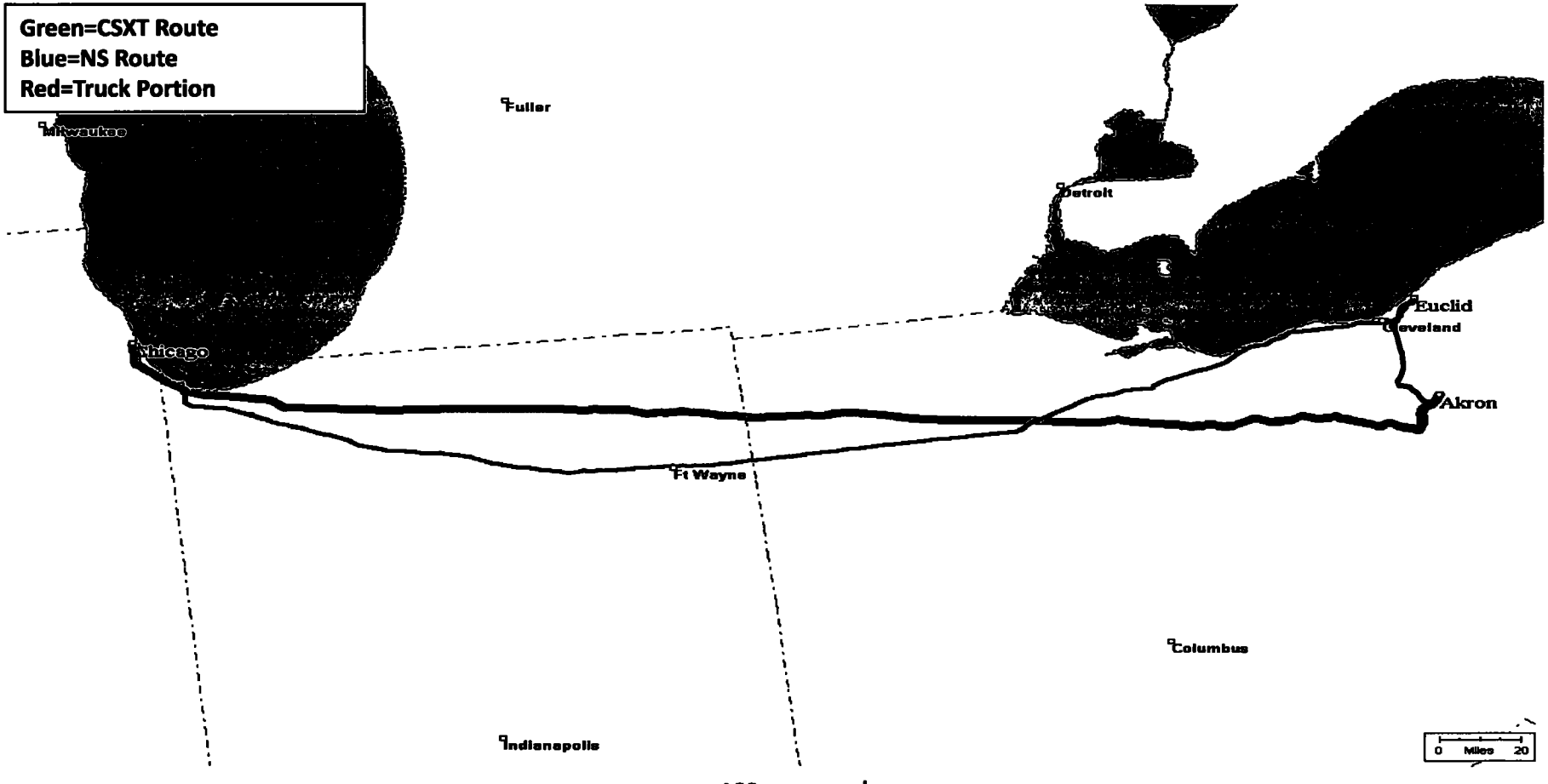
TPI Movement Number 67: Chicago, IL – Akron, OH

CSXT Direct: 345 Mi

Alternative:

NS Rail: Chicago, IL – Euclid, OH (352 Mi)

Truck: Euclid, OH – Akron, OH (44 Mi)



CSXT Tariff Rate: $4,964

Cost of Rail/Truck Alternative: {{ }}

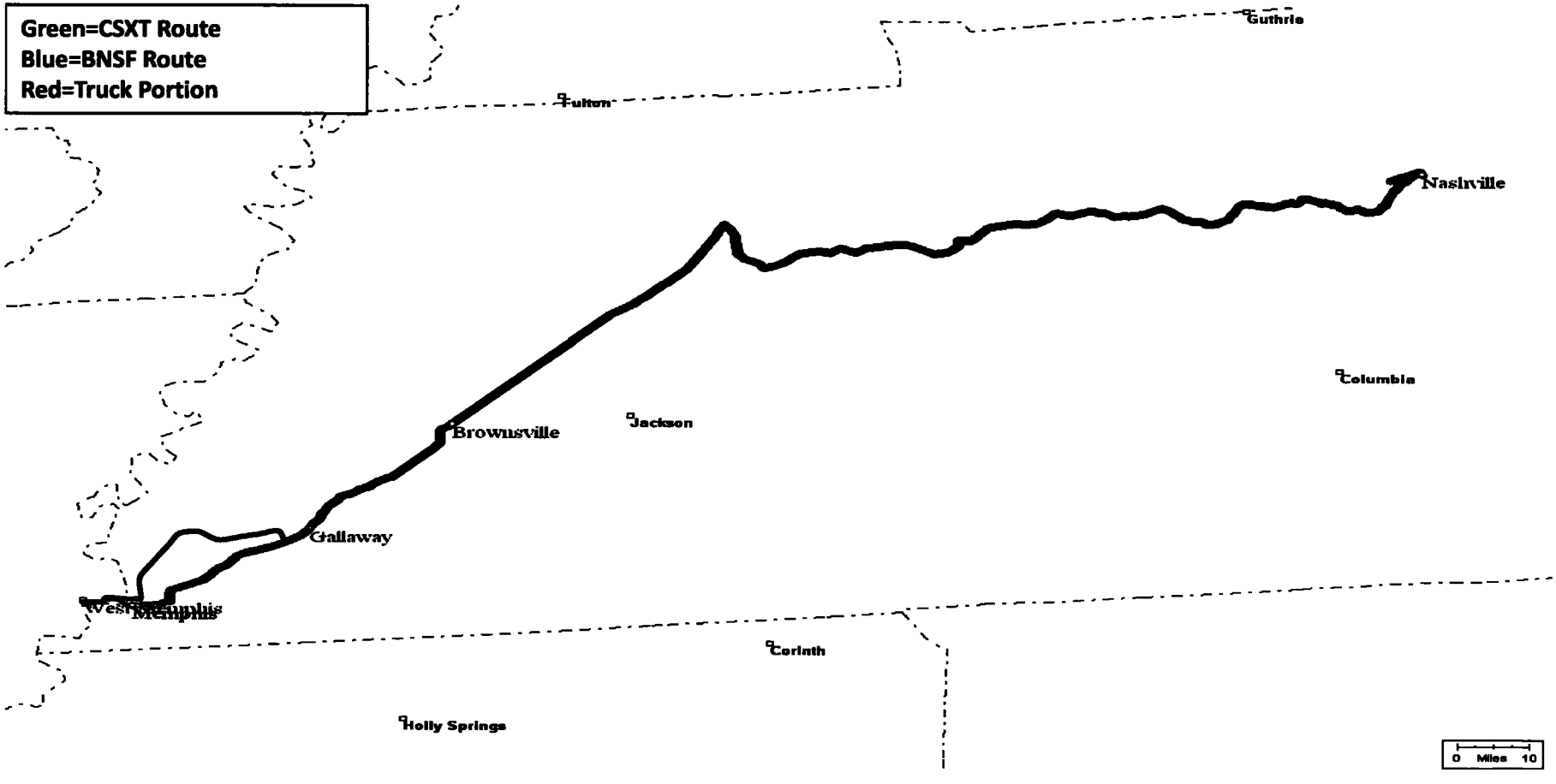
TPI Movement B-69: Memphis, TN – Gallaway, TN

CSXT Direct: 475 Mi

Alternative:

BNSF Rail: Memphis, TN – West Memphis, AR (10 Mi)

Truck: West Memphis, AR – Gallaway, TN (40 Mi)



CSXT Tariff Rate: $4,351

Cost of Rail/Truck Alternative: {{ }}

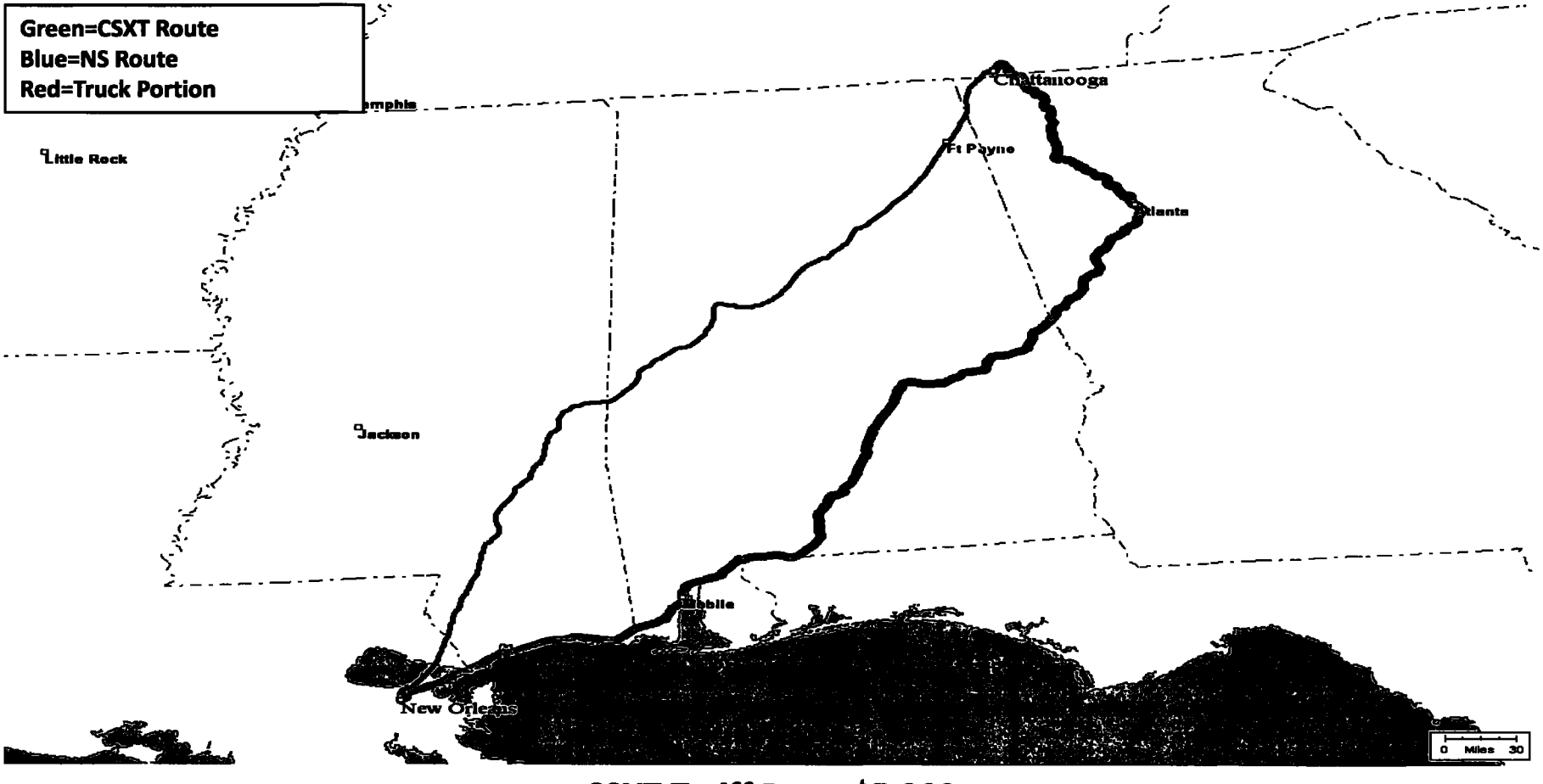
TPI Movement B-70: New Orleans, LA – Chattanooga, TN

CSXT Direct: 631 Mi

Alternative:

NS Rail: New Orleans, LA – Chattanooga, TN (497 Mi)

Truck: Chattanooga, TN – Chattanooga, TN (20 Mi)



CSXT Tariff Rate: $5,902

Cost of Rail/Truck Alternative: {{ }}

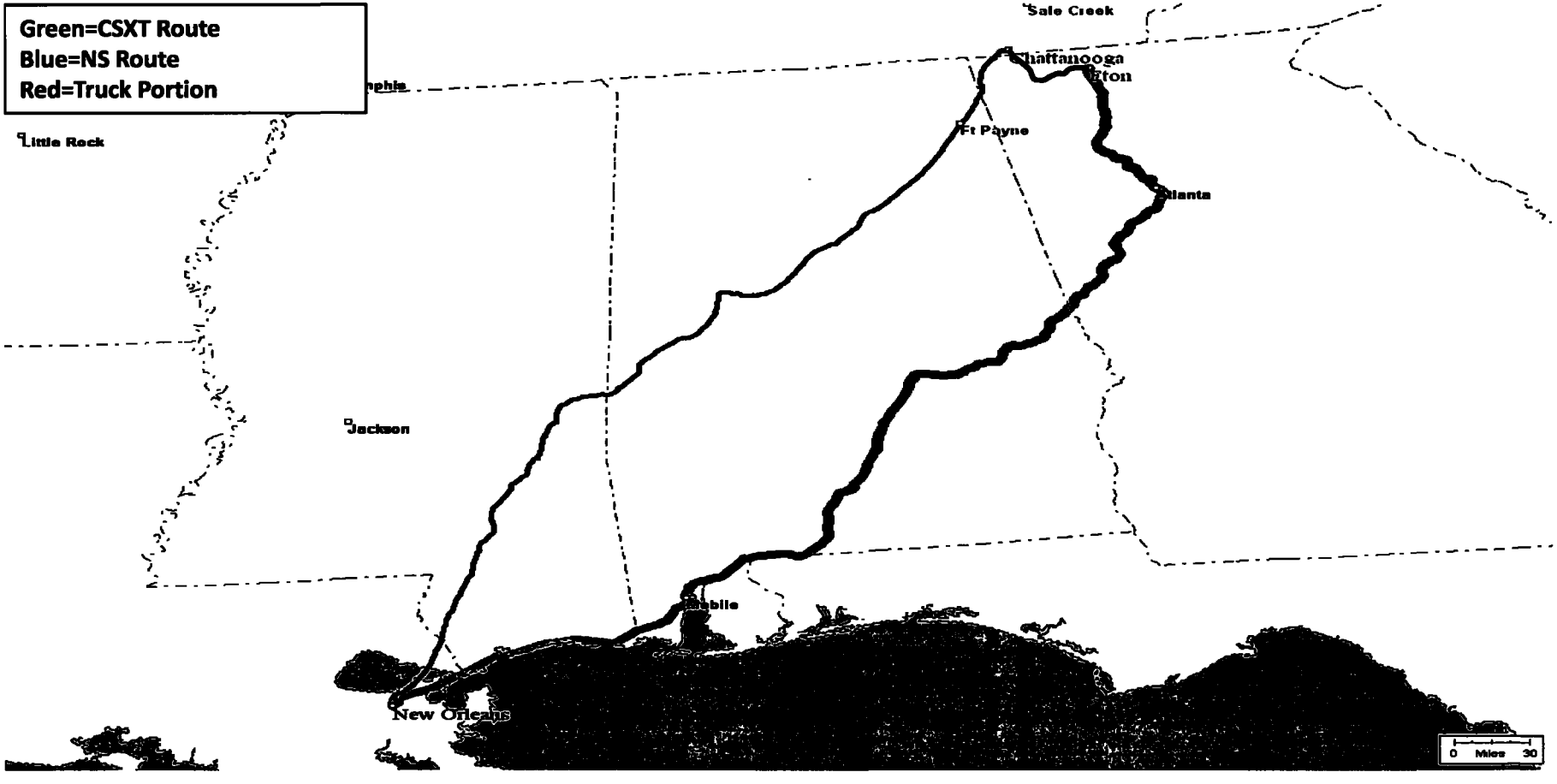
TPI Movement B-71: New Orleans, LA – Eton, GA

CSXT Direct: 590 Mi

Alternative:

NS Rail: New Orleans, LA – Chattanooga, TN (497 Mi)

Truck: Chattanooga, TN – Eton, GA (47 Mi)



CSXT Tariff Rate: $5,888

Cost of Rail/Truck Alternative: {{ }}

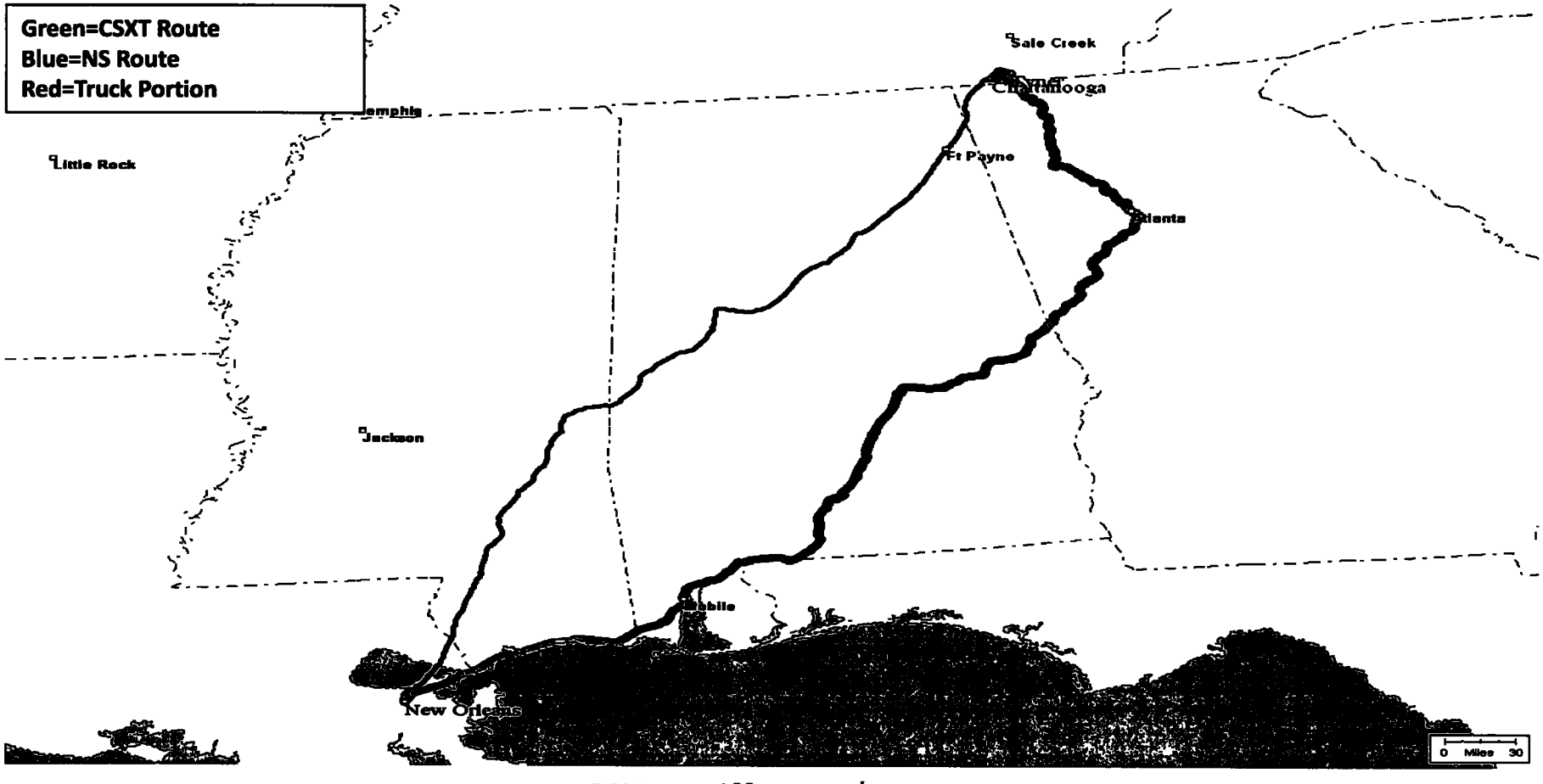
TPI Movement B-72: New Orleans, LA – Tyner, TN

CSXT Direct: 641 Mi

Alternative:

NS Rail: New Orleans, LA – Chattanooga, TN (497 Mi)

Truck: Chattanooga, TN – Tyner, TN (14 Mi)



CSXT Tariff Rate: $5,905

Cost of Rail/Truck Alternative: {{ }}

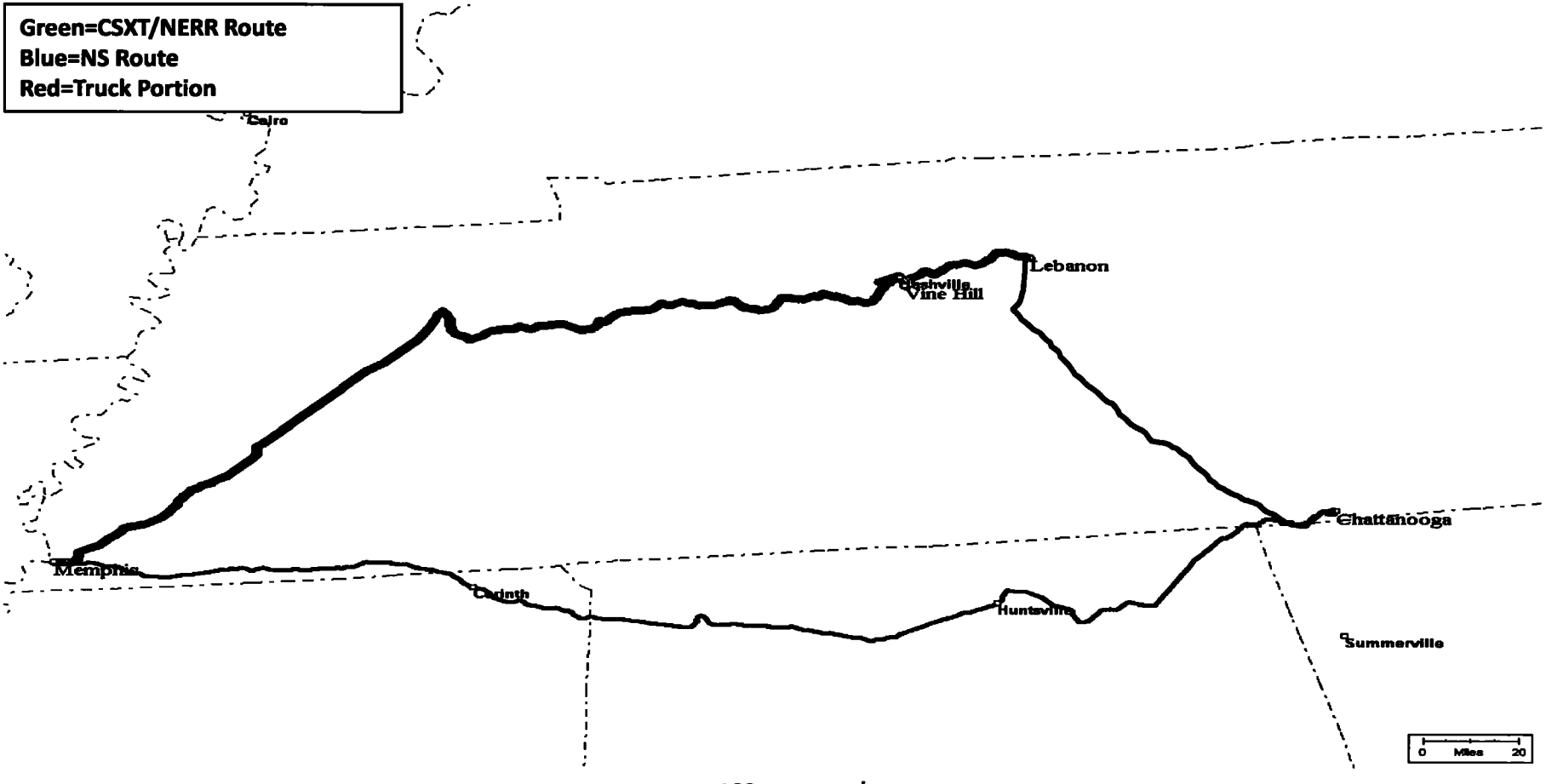
TPI Movement Number B-74: Memphis, TN – Lebanon, TN

Memphis-CSXT-Vine Hill, TN-NERR-Lebanon: 235 Mi

Alternative:

NS Rail: Memphis, TN – Chattanooga, TN (309 Mi)

Truck: Chattanooga, TN – Lebanon, TN (134 Mi)



CSXT Tariff Rate: $5,681

Cost of Rail/Truck Alternative: {{ }}

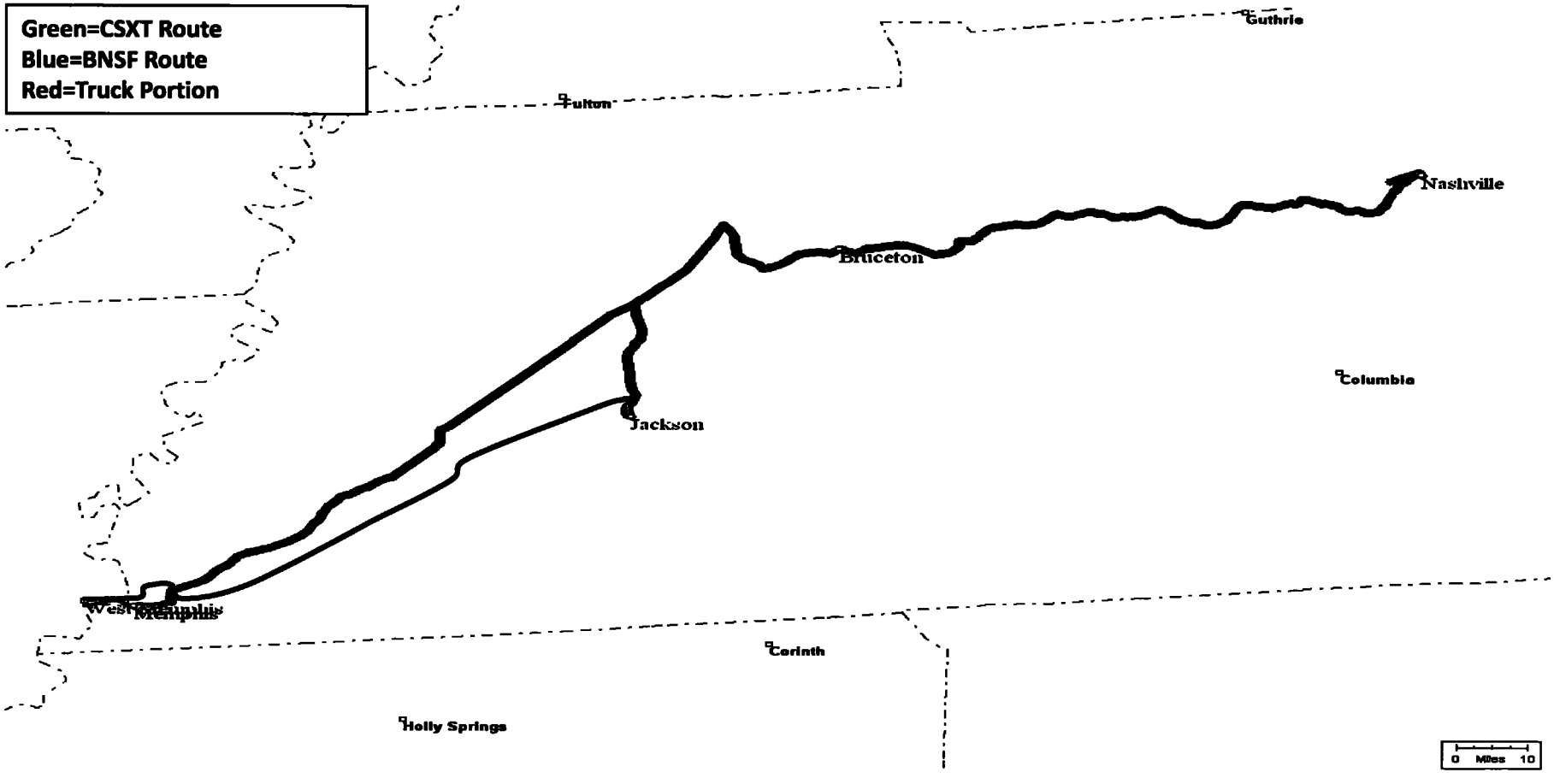
TPI Movement B-75: Memphis, TN – Jackson, TN

CSXT Direct: 382 Mi

Alternative:

BNSF Rail: Memphis, TN – West Memphis, AR (10 Mi)

Truck: West Memphis, AR – Jackson, TN (92 Mi)



CSXT Tariff Rate: $4,382

Cost of Rail/Truck Alternative: {{ }}

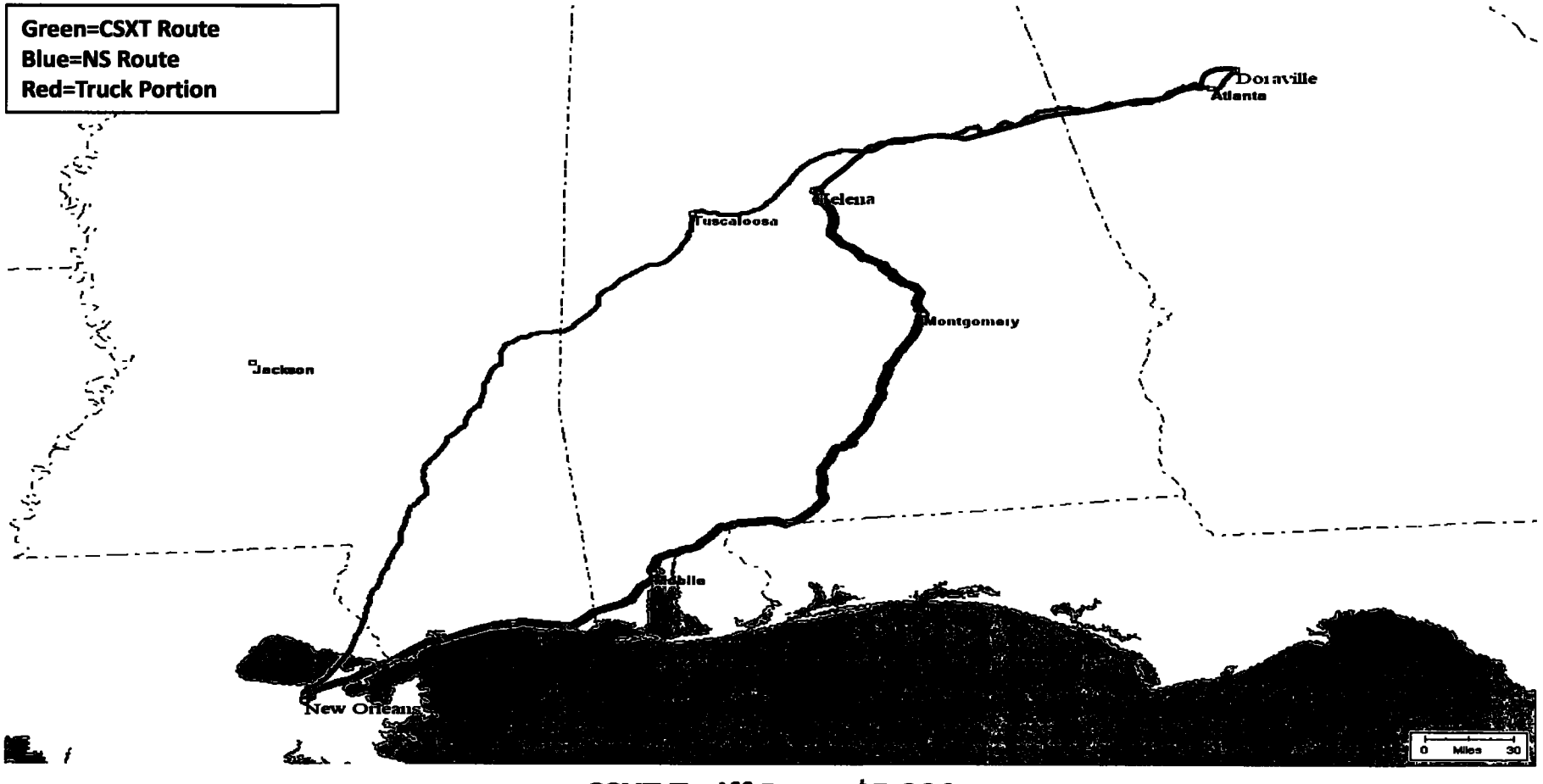
TPI Movement B-78: New Orleans, LA – Helena, AL

CSXT Direct: 400 Mi

Alternative:

NS Rail: New Orleans, LA – Doraville, GA (530 Mi)

Truck: Doraville, GA – Helena, AL (171 Mi)



CSXT Tariff Rate: $5,220

Cost of Rail/Truck Alternative: {{ }}

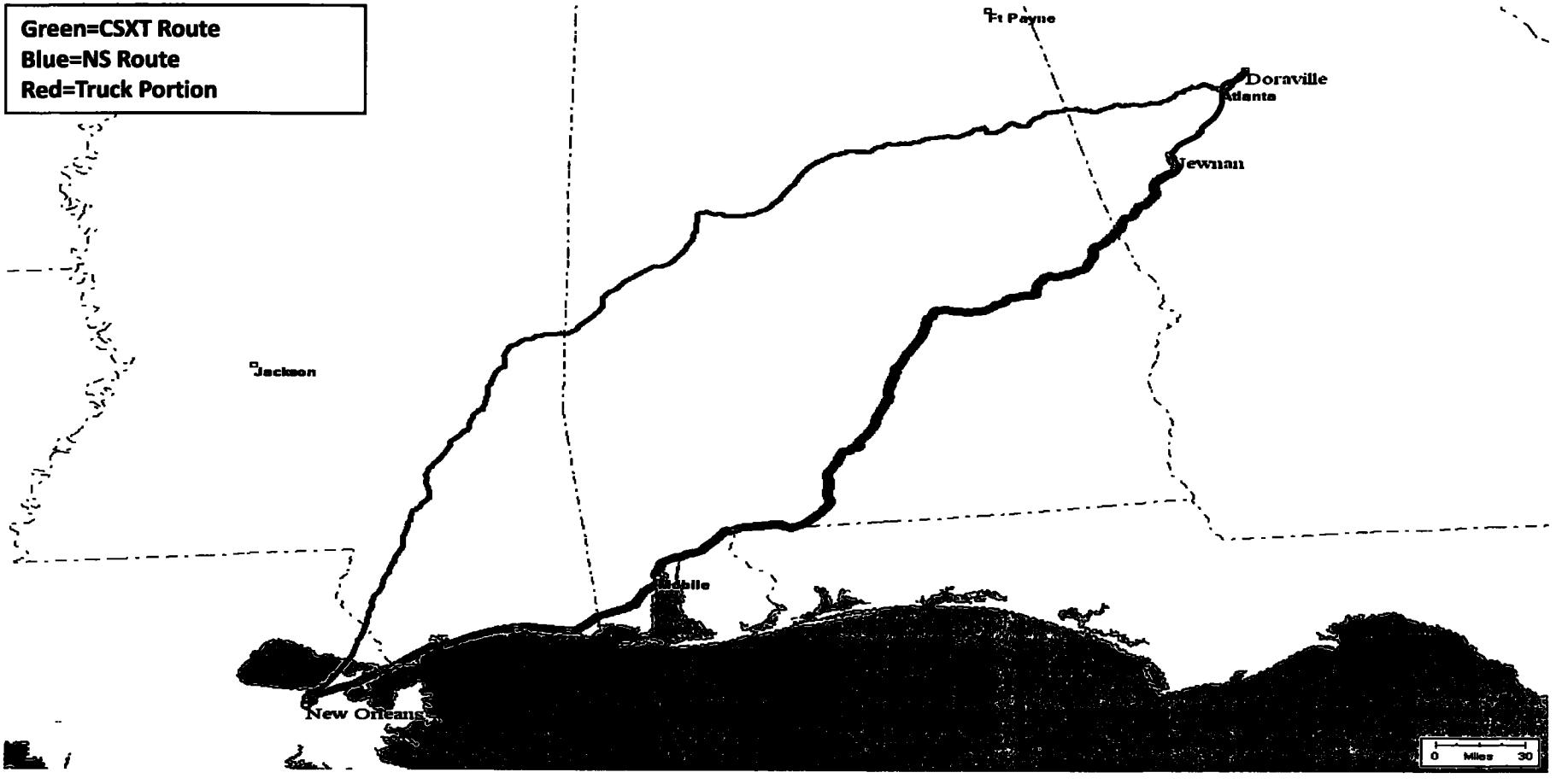
TPI Movement B-79: New Orleans, LA – Newnan, GA

CSXT Direct: 456 Mi

Alternative:

NS Rail: New Orleans, LA – Doraville, GA (530 Mi)

Truck: Doraville, GA – Newnan, GA (57 Mi)



CSXT Tariff Rate: $6,001

Cost of Rail/Truck Alternative: {{ }}

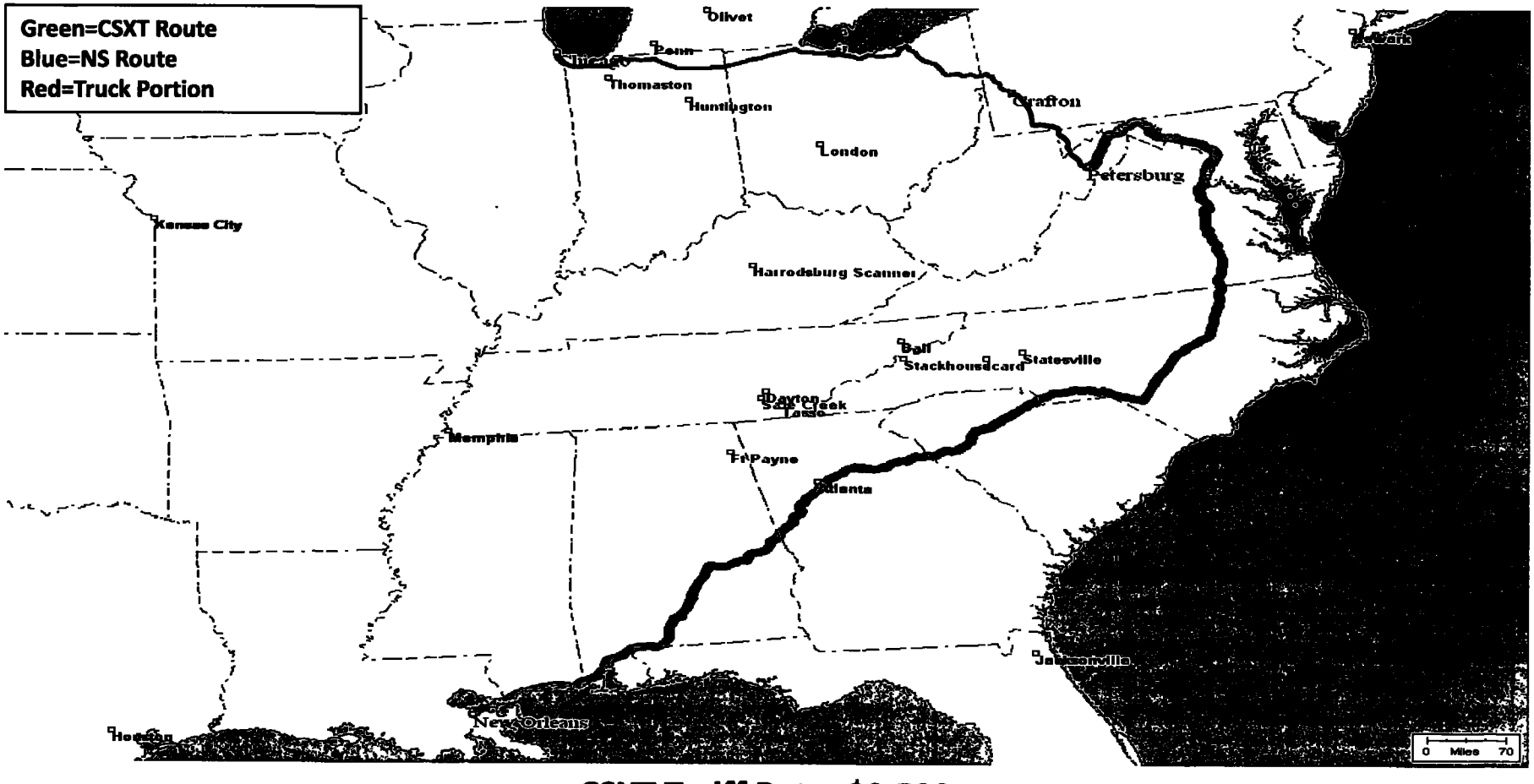
TPI Movement B-80: New Orleans, LA – Petersburg, WV

CSXT Direct: 1,396 Mi

Alternative:

NS Rail: Chicago, IL – Crafton, PA (480 Mi)

Truck: Crafton, PA – Petersburg, WV (149 Mi)



CSXT Tariff Rate: $9,522

Cost of Rail/Truck Alternative: {{ }}

TPI Movement B-81: Chicago, IL – Indianapolis, IN

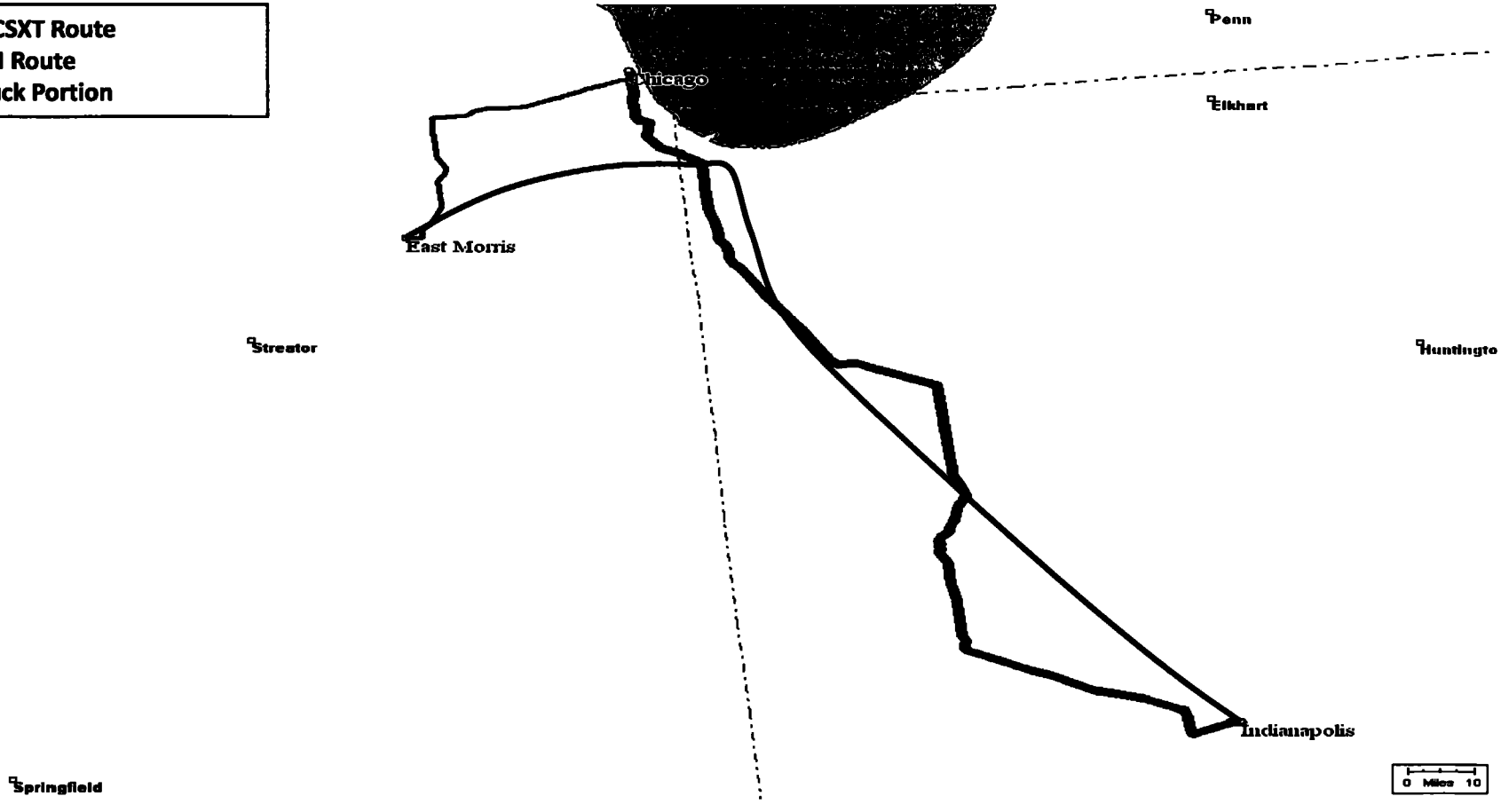
CSXT Direct: 196 Mi

Alternative:

CN Rail: Chicago, IL – East Morris, IL (64 Mi)

Truck: East Morris, IL – Indianapolis, IN (198 Mi)

Green=CSXT Route
Blue=CN Route
Red=Truck Portion



CSXT Tariff Rate: $4,008

Cost of Rail/Truck Alternative: {{ }}

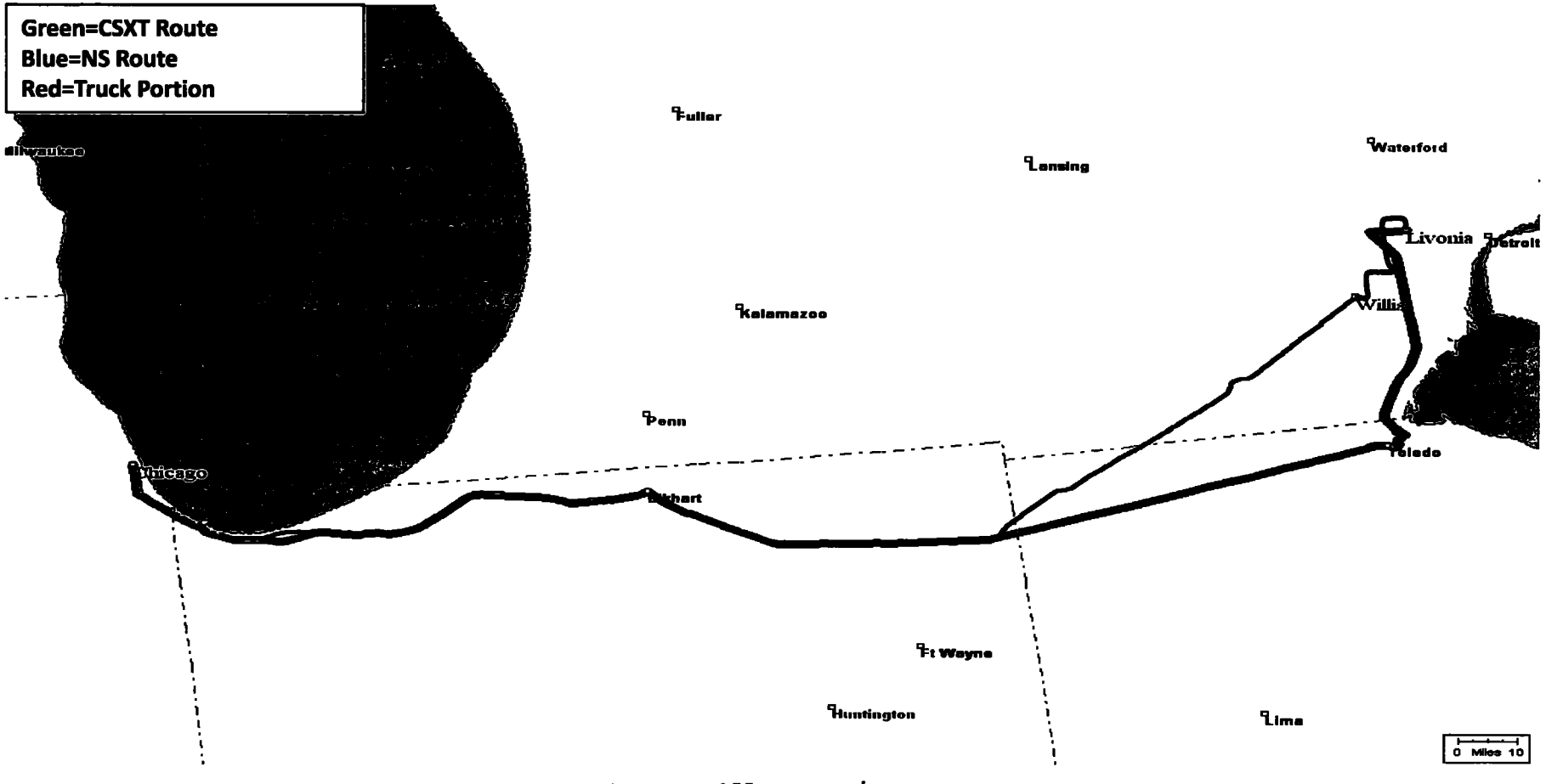
TPI Movement B-82: Chicago, IL – Livonia, MI

CSXT Direct: 298 Mi

Alternative:

NS Rail: Chicago, IL – Willis, MI (250 Mi)

Truck: Willis, MI – Livonia, MI (29 Mi)



CSXT Tariff Rate: $5,536

Cost of Rail/Truck Alternative: {{ }}

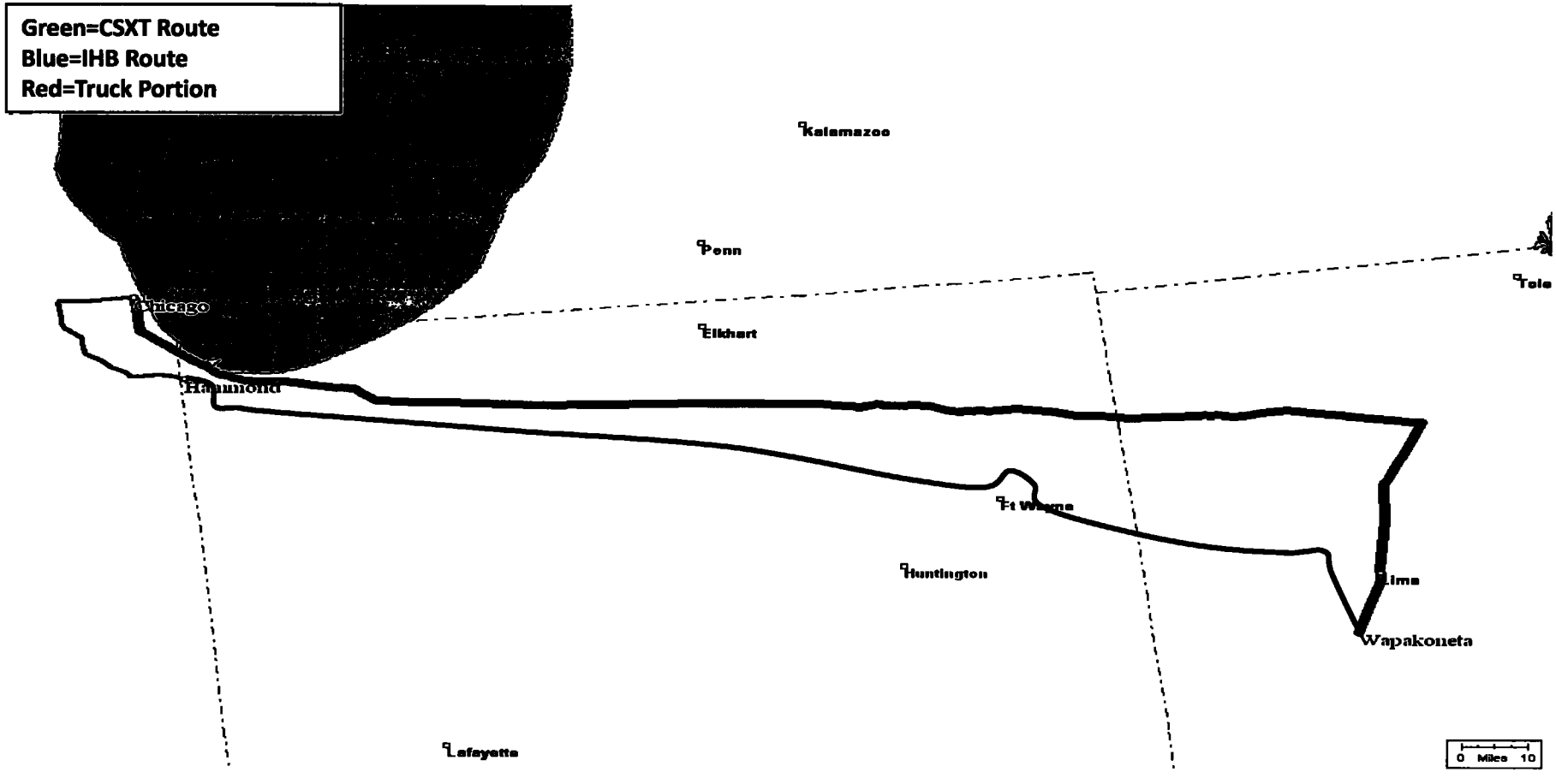
TPI Movement B-84: Chicago, IL – Wapakoneta, OH

CSXT Direct: 224 Mi

Alternative:

IHB Rail: Chicago, IL – Hammond, IN (42 Mi)

Truck: Hammond, IN – Wapakoneta, OH (208 Mi)



CSXT Tariff Rate: $4,048

Cost of Rail/Truck Alternative: {{ }}

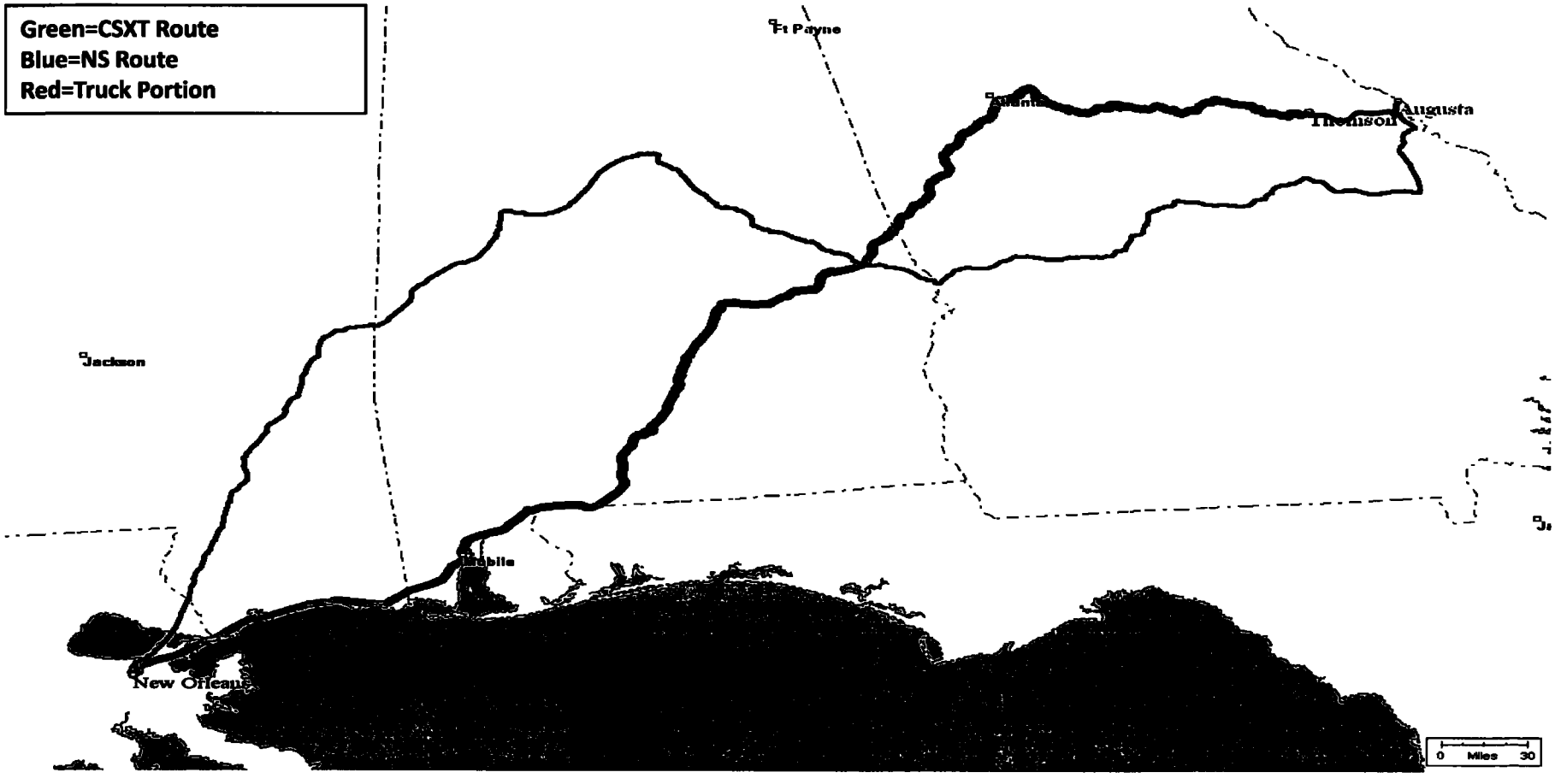
TPI Movement B-86: New Orleans, LA – Thomson, GA

CSXT Direct: 626 Mi

Alternative:

NS Rail: New Orleans, LA – Augusta, GA (767 Mi)

Truck: Augusta, GA – Thomson, GA (38 Mi)



CSXT Tariff Rate: $7,083

Cost of Rail/Truck Alternative: {{ }}

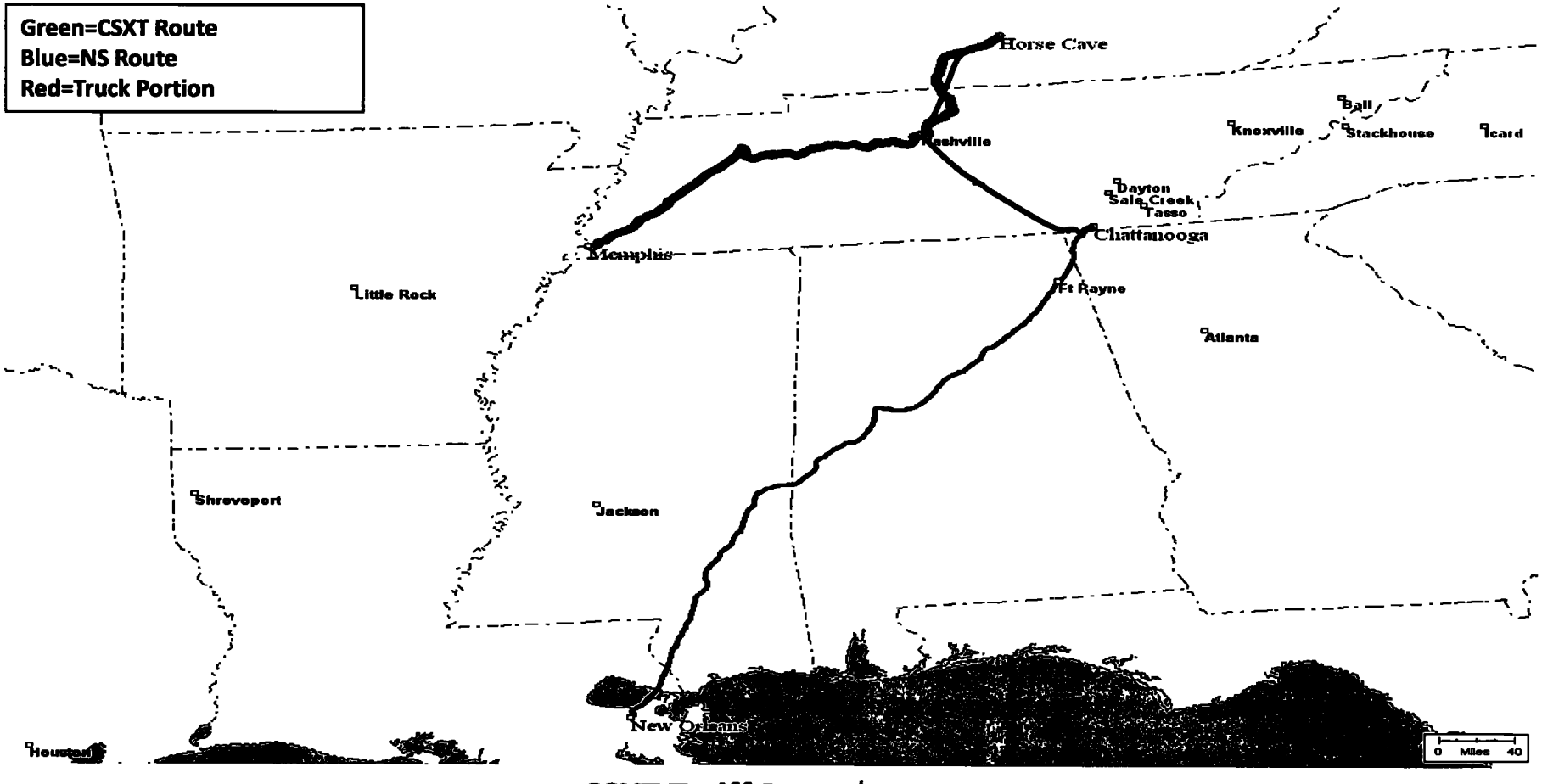
TPI Movement B-89: Memphis, TN – Horse Cave, KY

CSXT Direct: 340 Mi

Alternative:

NS Rail: New Orleans, LA – Chattanooga, TN (497 Mi)

Truck: Chattanooga, TN – Horse Cave, KY (206 Mi)



CSXT Tariff Rate: $7,822

Cost of Rail/Truck Alternative: {{ }}

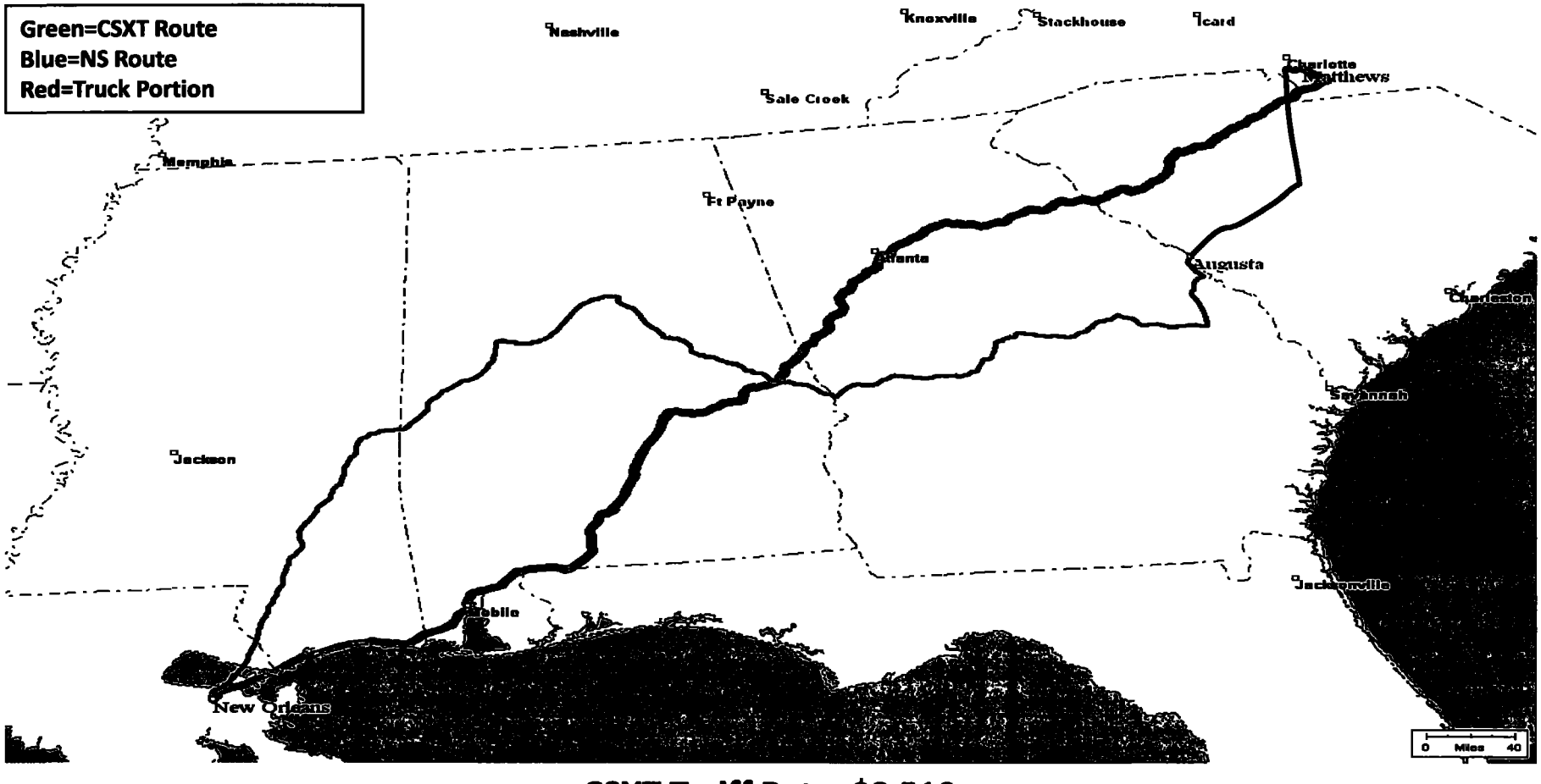
TPI Movement B-91: New Orleans, LA – Matthews, NC

CSXT Direct: 775 Mi

Alternative:

NS Rail: New Orleans, LA – Augusta, GA (767 Mi)

Truck: Augusta, GA – Matthews, NC (169 Mi)



CSXT Tariff Rate: $8,510

Cost of Rail/Truck Alternative: {{ }}

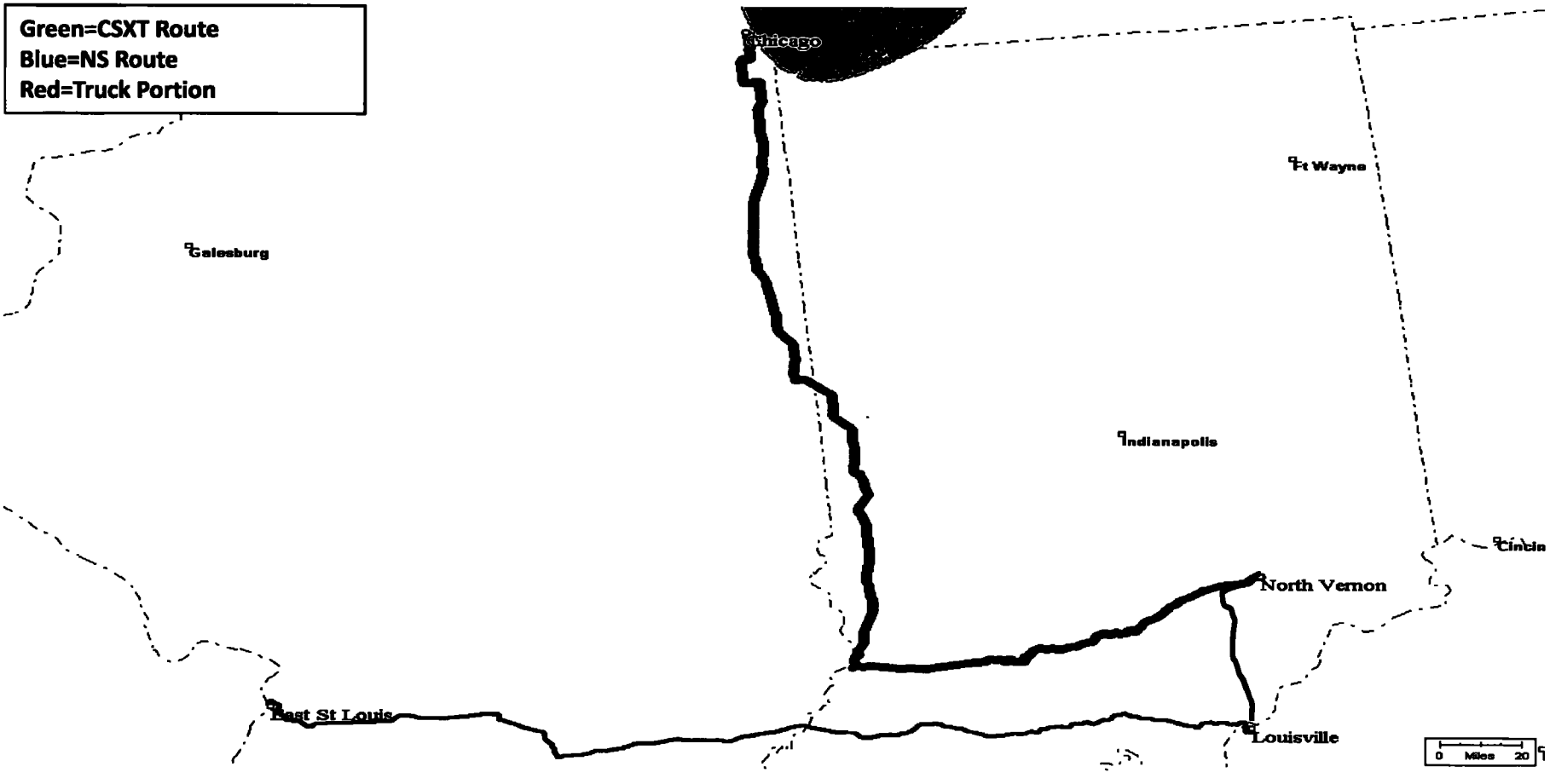
TPI Movement Number B-93: Chicago, IL – North Vernon, IN

CSXT Direct: 270 Mi

Alternative:

NS Rail: East St. Louis, IL – Louisville, KY (280 Mi)

Truck: Louisville, KY – North Vernon, IN (65 Mi)



CSXT Tariff Rate: $5,134

Cost of Rail/Truck Alternative: {{ }}

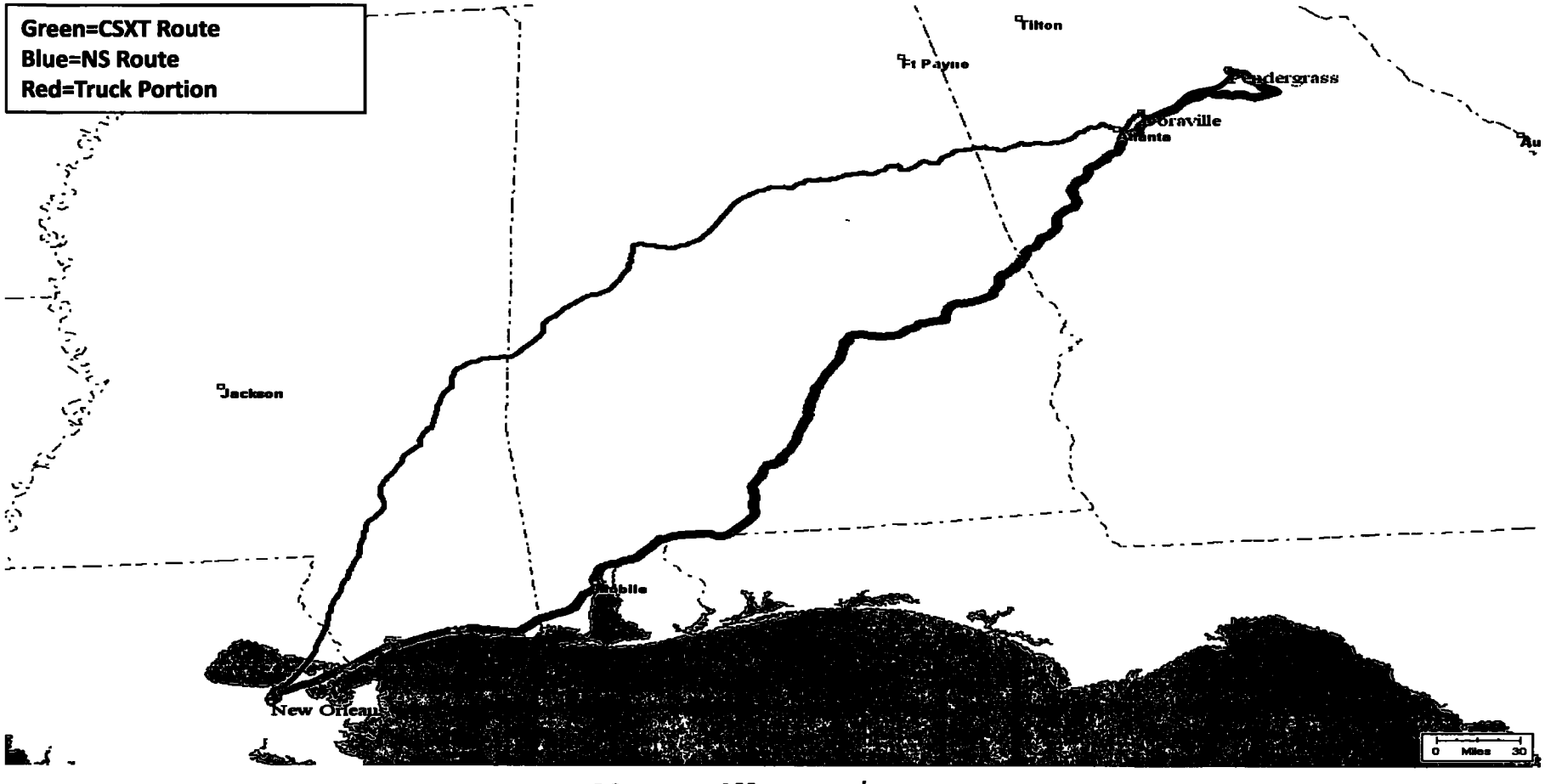
TPI Movement B-94: New Orleans, LA – Pendergrass, GA

CSXT Direct: 586 Mi

Alternative:

NS Rail: New Orleans, LA – Doraville, GA (530 Mi)

Truck: Doraville, GA – Pendergrass, GA (44 Mi)



CSXT Tariff Rate: $6,046

Cost of Rail/Truck Alternative: {{ }}

TPI Movement B-96: Chicago, IL, – Francesville, IN

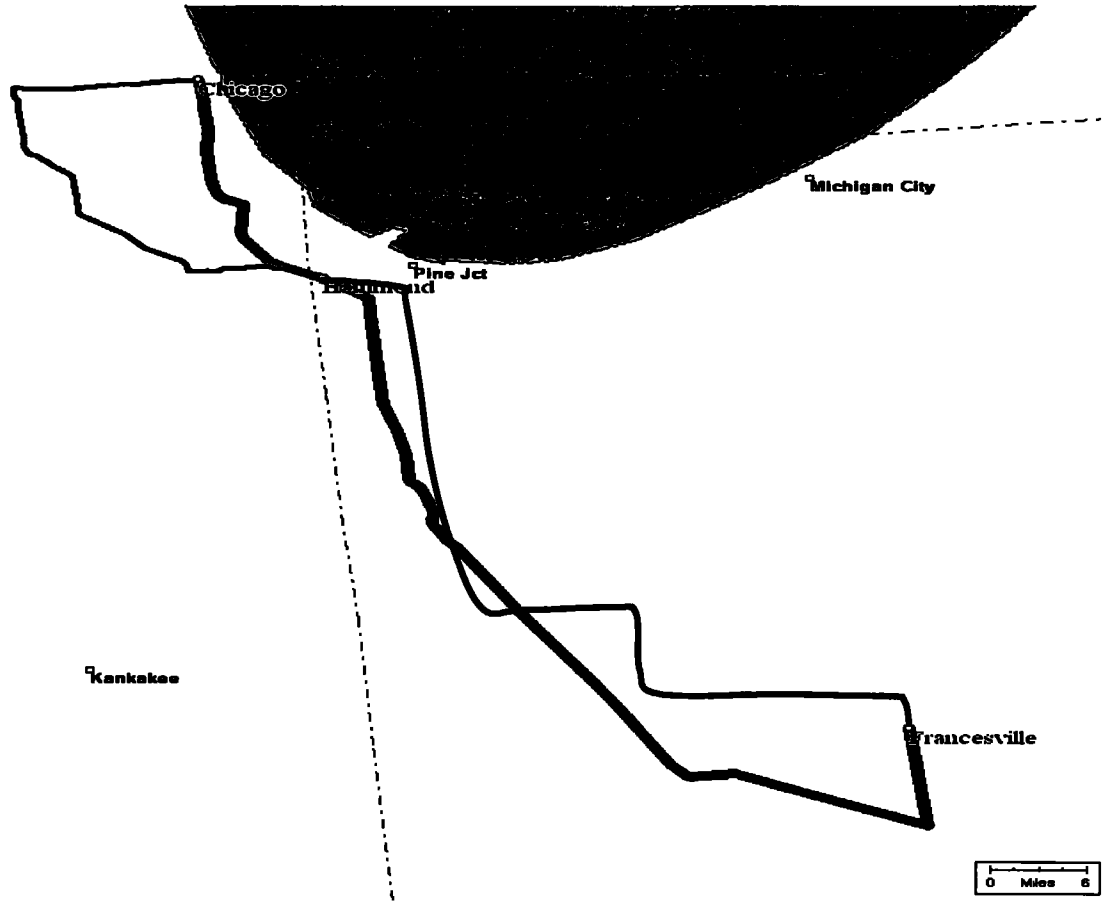
CSXT Direct: 98 Mi

Alternative:

IHB Rail: Chicago, IL – Hammond, IN (42 Mi)

Truck: Hammond, IN – Francesville, IN (70 Mi)

Green=CSXT Route
Blue=IHB Route
Red=Truck Portion



CSXT Tariff Rate: $4,157

Cost of Rail/Truck Alternative: {{ }}

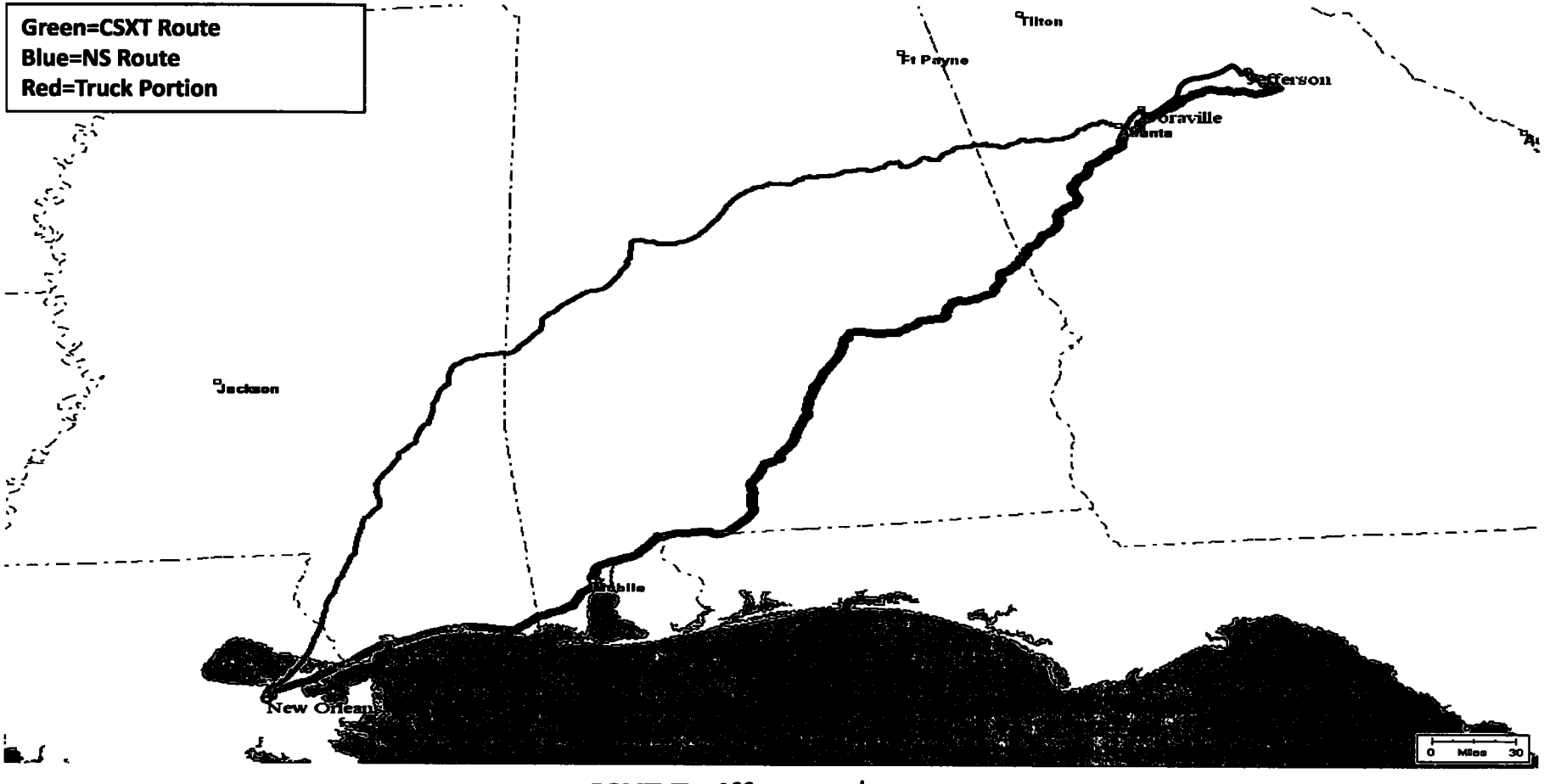
TPI Movement B-97: New Orleans, LA – Jefferson, GA

CSXT Direct: 579 Mi

Alternative:

NS Rail: New Orleans, LA – Doraville, GA (530 Mi)

Truck: Doraville, GA – Jefferson, GA (47 Mi)



CSXT Tariff Rate: $6,044

Cost of Rail/Truck Alternative: {{ }}

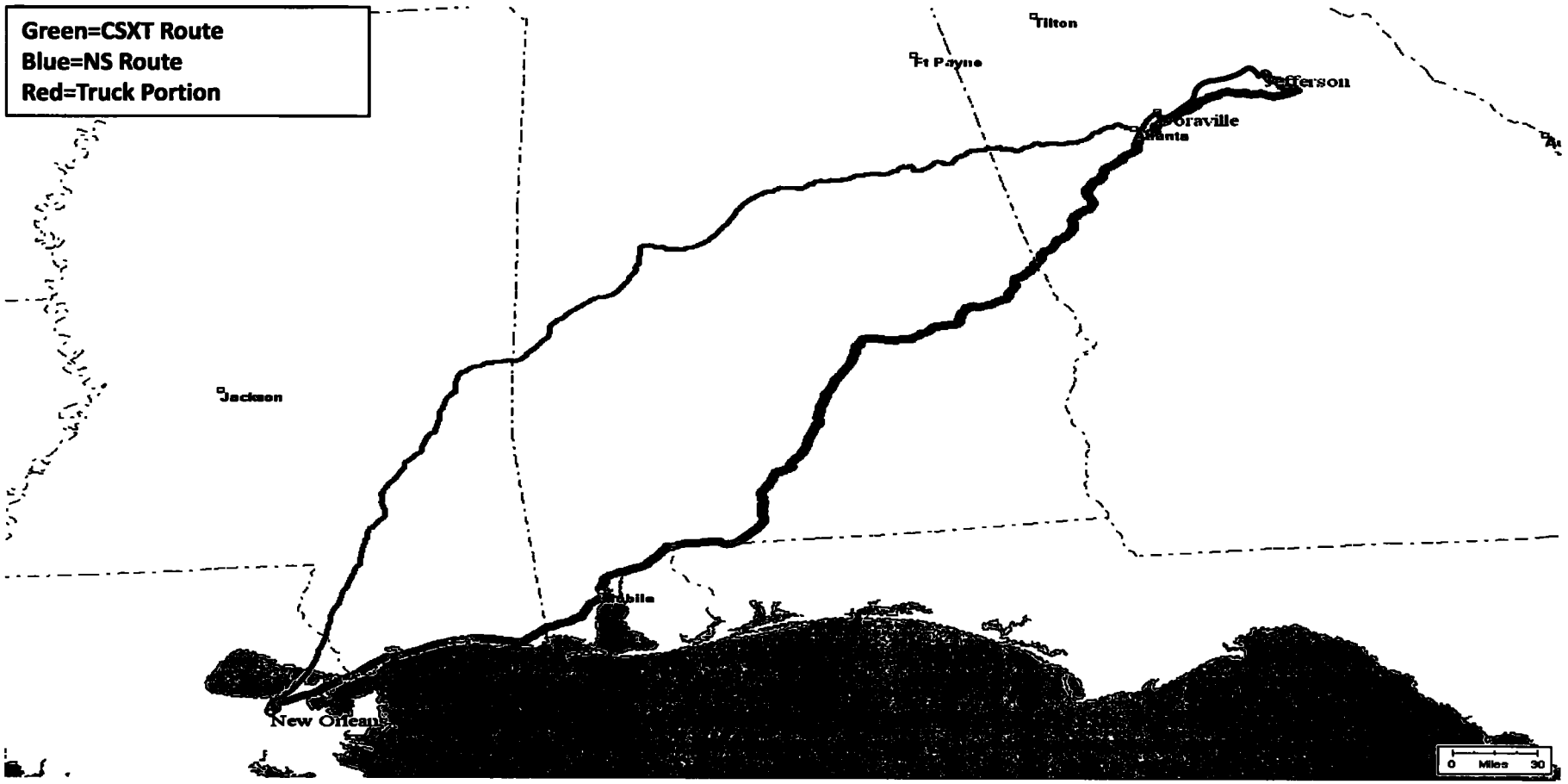
TPI Movement B-98: New Orleans, LA – Jefferson, GA

CSXT Direct: 579 Mi

Alternative:

NS Rail: New Orleans, LA – Doraville, GA (530 Mi)

Truck: Doraville, GA – Jefferson, GA (47 Mi)



CSXT Tariff Rate: $6,044

Cost of Rail/Truck Alternative: {{ }}

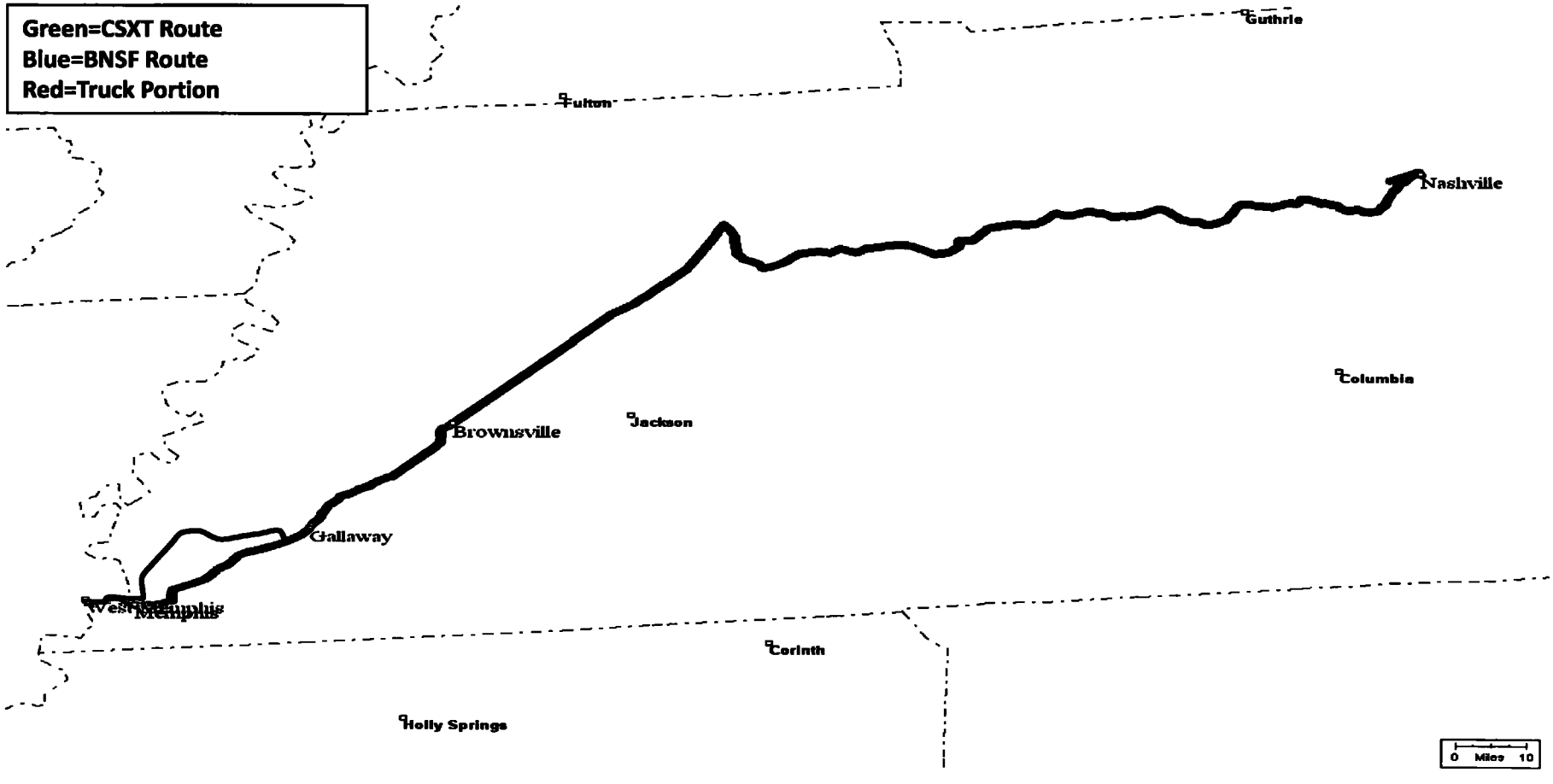
TPI Movement B-100: Memphis, TN – Gallaway, TN

CSXT Direct: 475 Mi

Alternative:

BNSF Rail: Memphis, TN – West Memphis, AR (10 Mi)

Truck: West Memphis, AR – Gallaway, TN (40 Mi)



CSXT Tariff Rate: $4,351

Cost of Rail/Truck Alternative: {{ }}

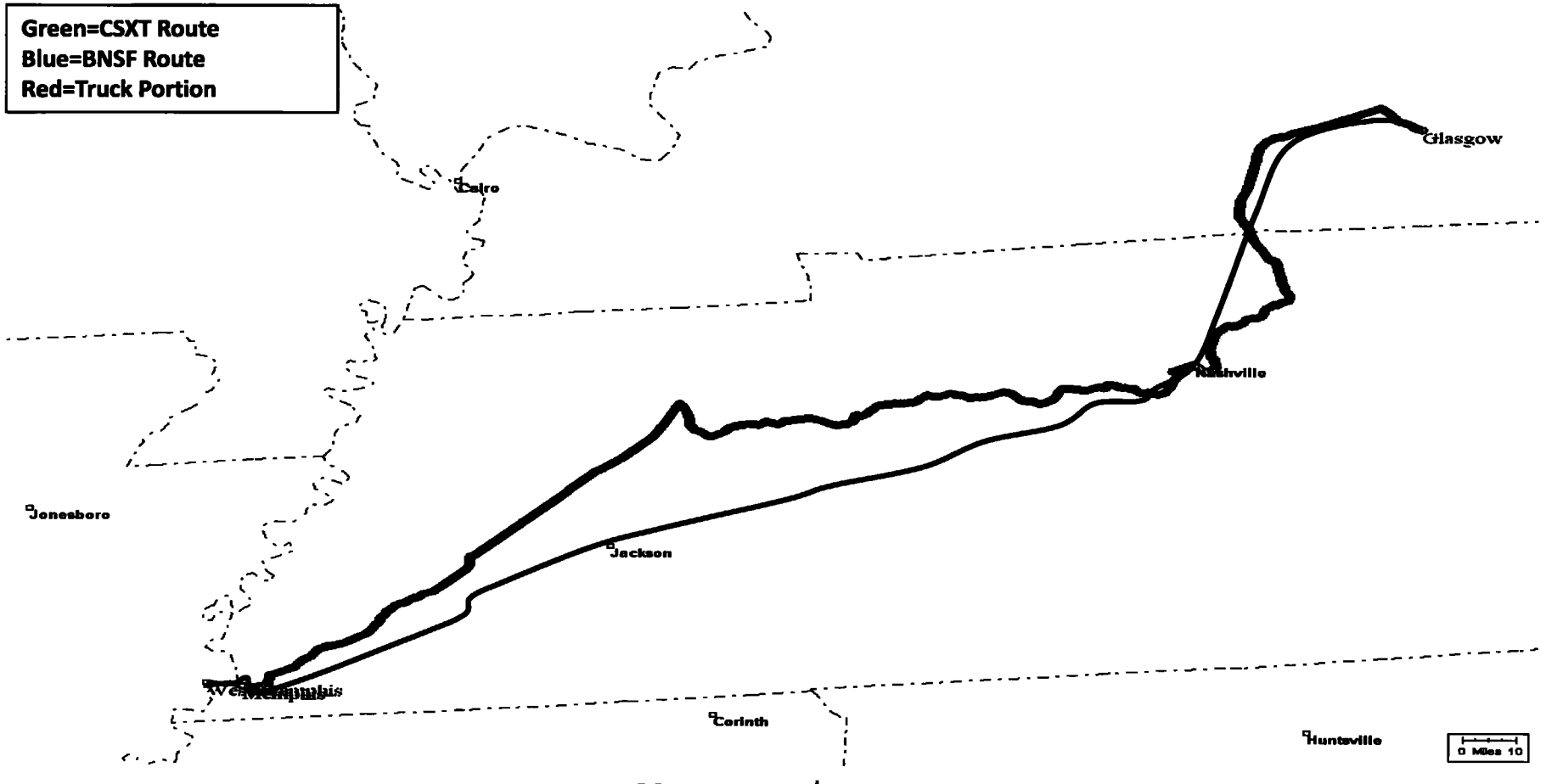
TPI Movement B-101: Memphis, TN – Glasgow, KY

CSXT Direct: 337 Mi

Alternative:

BNSF Rail: Memphis, TN – West Memphis, AR (10 Mi)

Truck: West Memphis, AR – Glasgow, KY (302 Mi)



CSXT Rate: $5,077

Cost of Rail/Truck Alternative: {{ }}

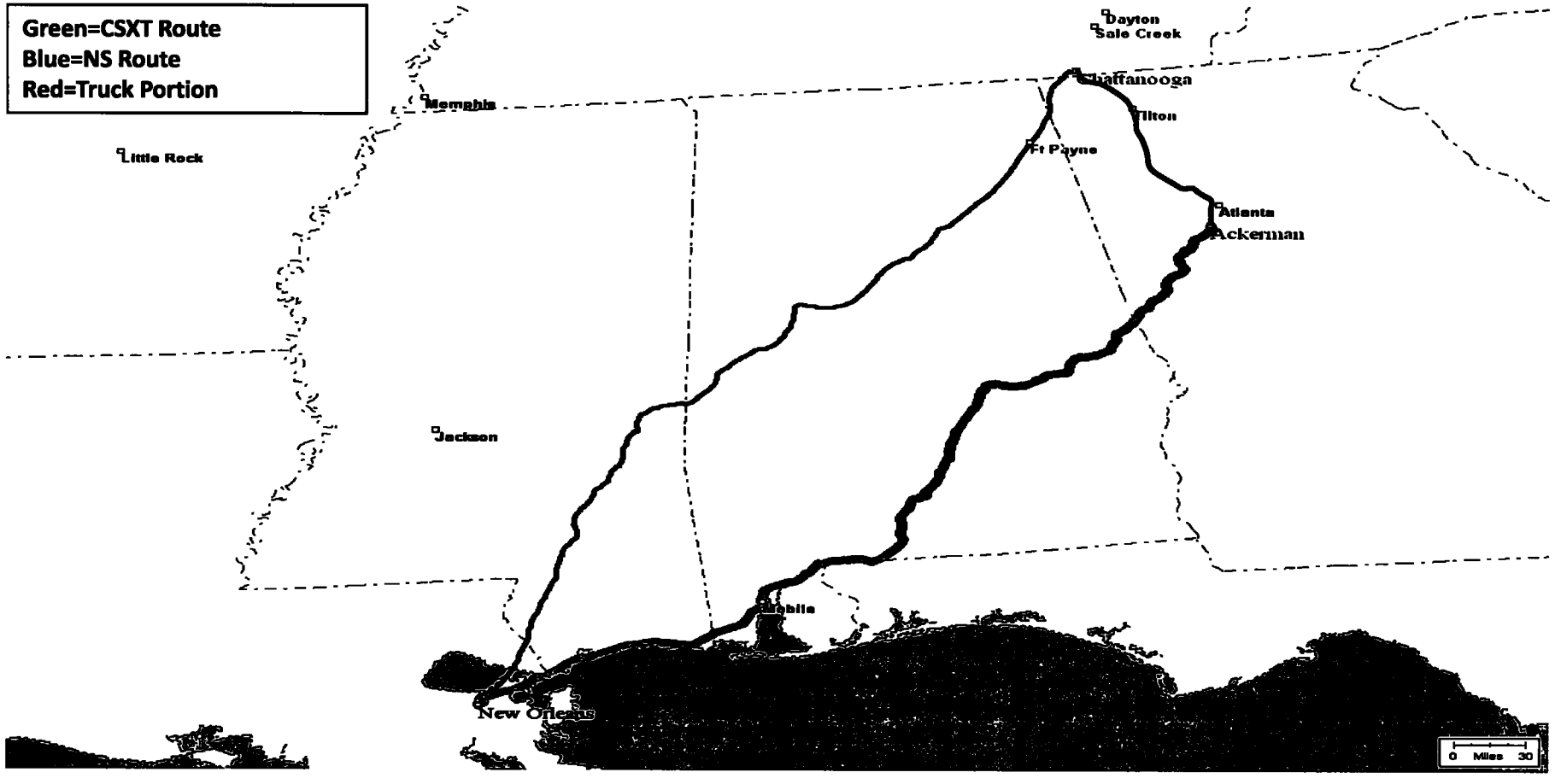
TPI Movement B-102: New Orleans, LA – Ackerman, GA

CSXT Direct: 483 Mi

Alternative:

NS Rail: New Orleans, LA – Chattanooga, TN (497 Mi)

Truck: Chattanooga, TN – Ackerman, GA (130 Mi)



CSXT Tariff Rate: $6,010

Cost of Rail/Truck Alternative: {{ }}

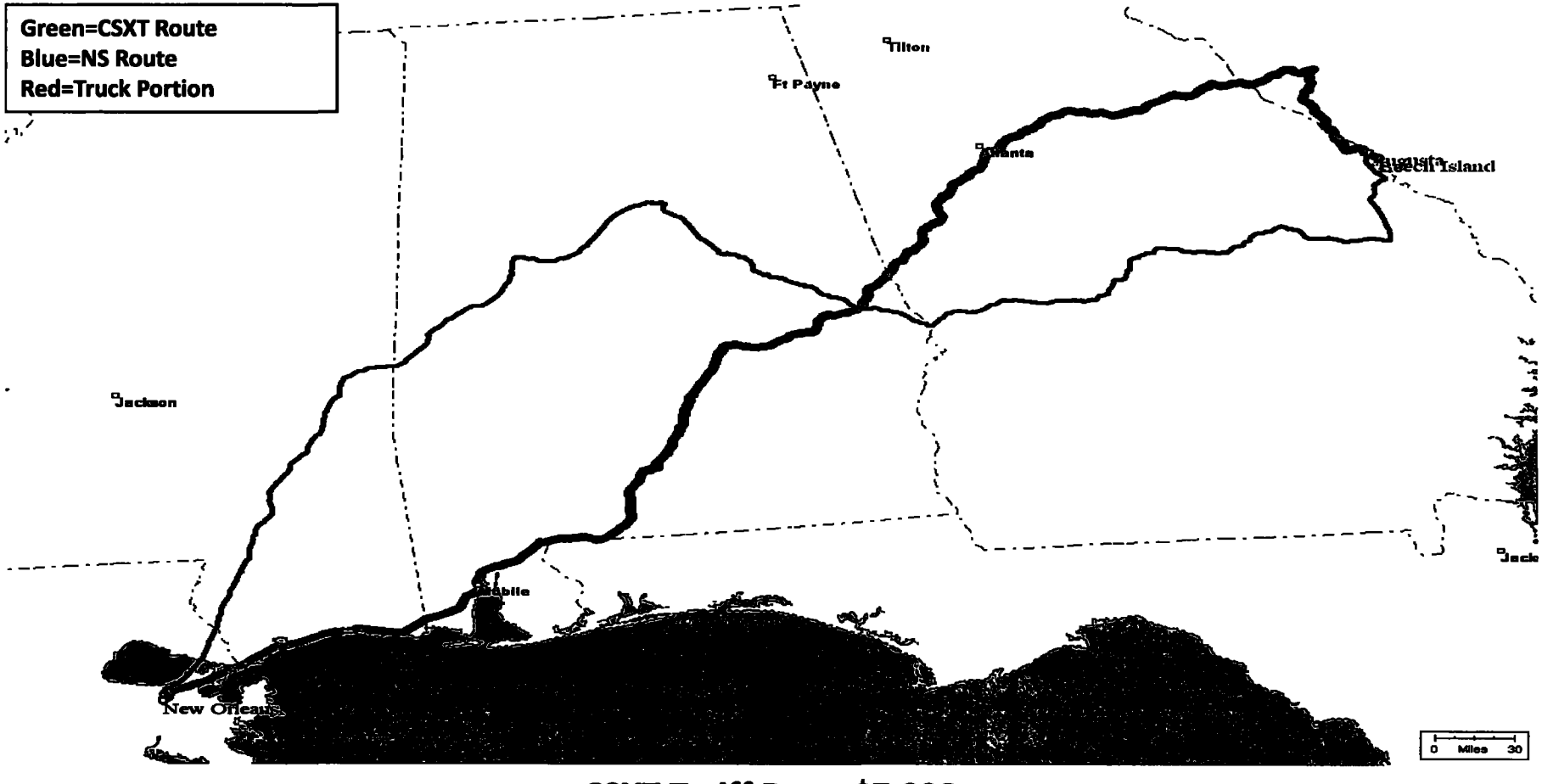
TPI Movement B-103: New Orleans, LA – Beech Island, SC

CSXT Direct: 669 Mi

Alternative:

NS Rail: New Orleans, LA – Augusta, GA (767 Mi)

Truck: Augusta, GA – Beech Island, SC (8 Mi)



CSXT Tariff Rate: $7,098

Cost of Rail/Truck Alternative: {{ }}

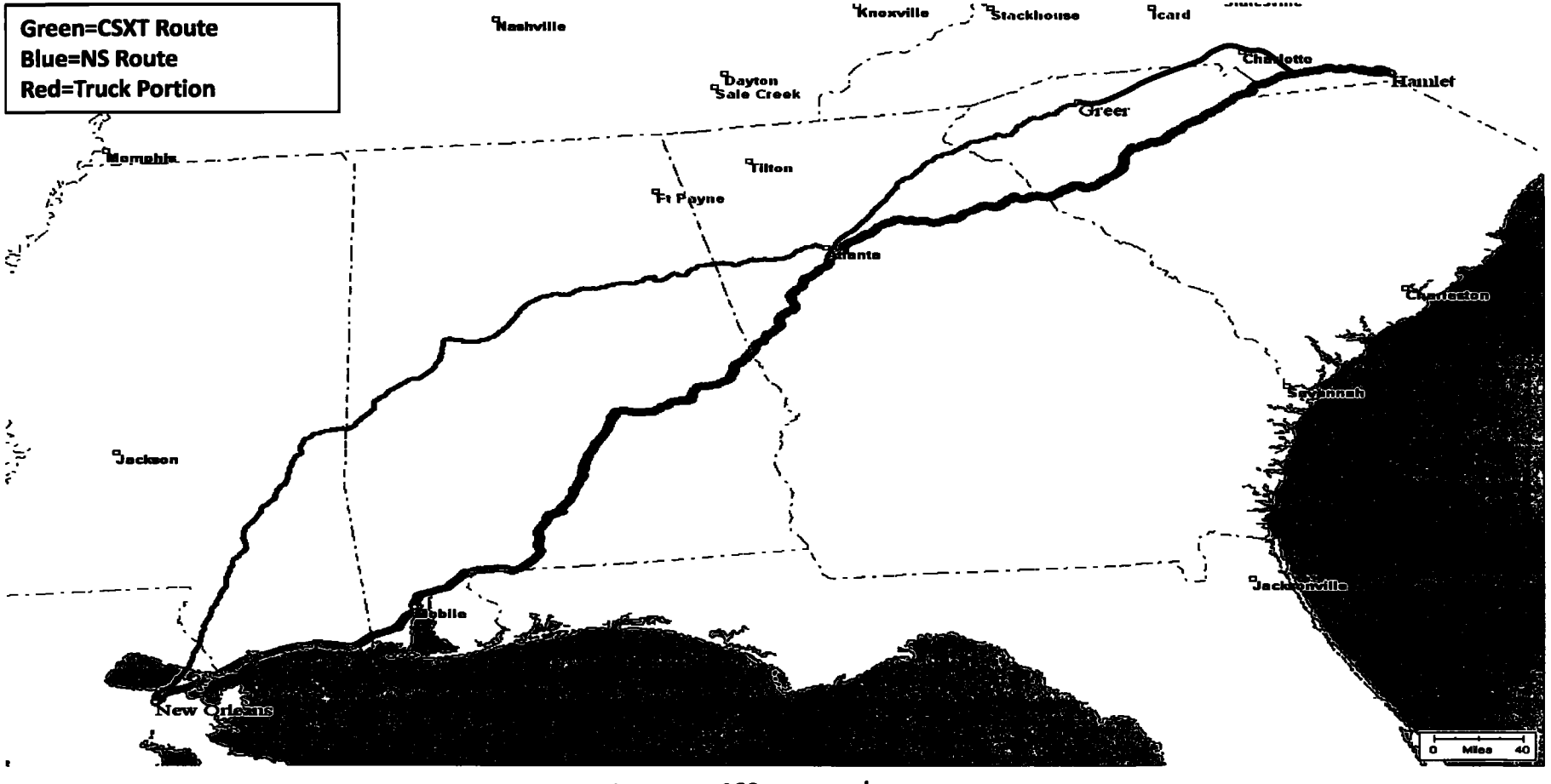
TPI Movement B-105: New Orleans, LA – Hamlet, NC

CSXT Direct: 816 Mi

Alternative:

NS Rail: New Orleans, LA – Greer, SC (682 Mi)

Truck: Greer, SC – Hamlet, NC (168 Mi)



CSXT Tariff Rate: $6,844

Cost of Rail/Truck Alternative: {{ }}

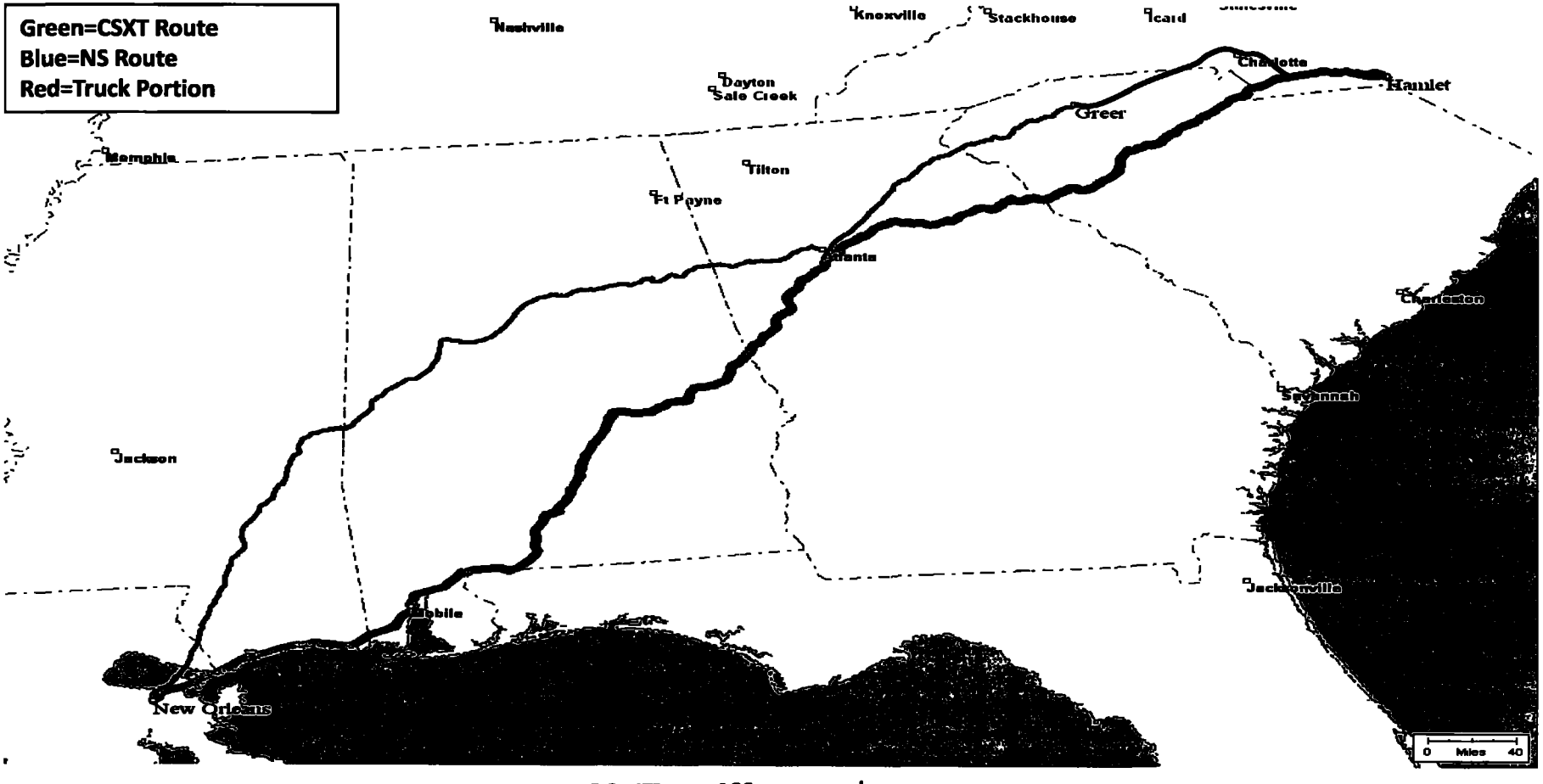
TPI Movement B-106: New Orleans, LA – Hamlet, NC

CSXT Direct: 816 Mi

Alternative:

NS Rail: New Orleans, LA – Greer, SC (682 Mi)

Truck: Greer, SC – Hamlet, NC (168 Mi)



CSXT Tariff Rate: $6,844

Cost of Rail/Truck Alternative: {{ }}

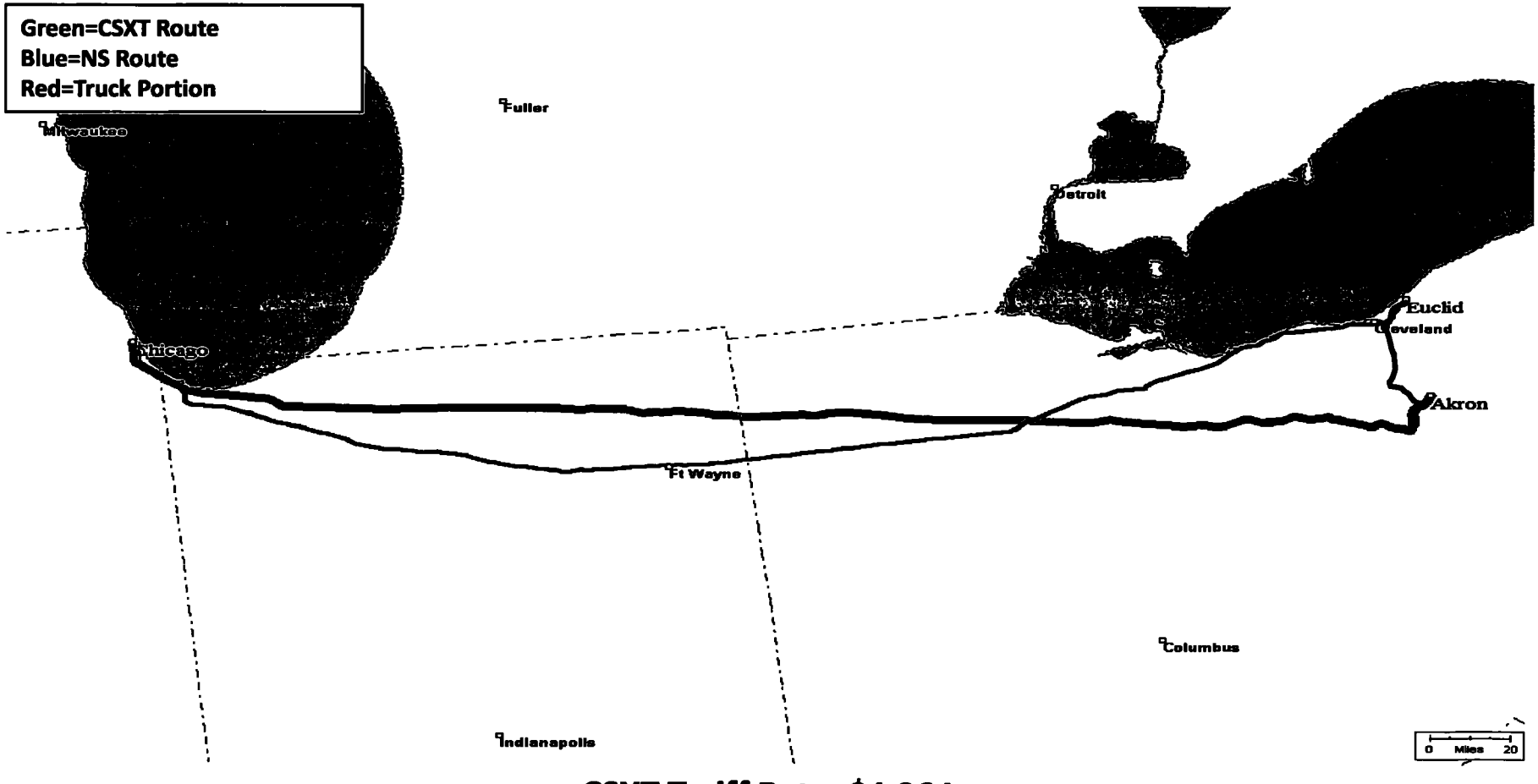
TPI Movement Number B-108: Chicago, IL – Akron, OH

CSXT Direct: 345 Mi

Alternative:

NS Rail: Chicago, IL – Euclid, OH (352 Mi)

Truck: Euclid, OH – Akron, OH (44 Mi)



CSXT Tariff Rate: $4,964

Cost of Rail/Truck Alternative: {{ }}

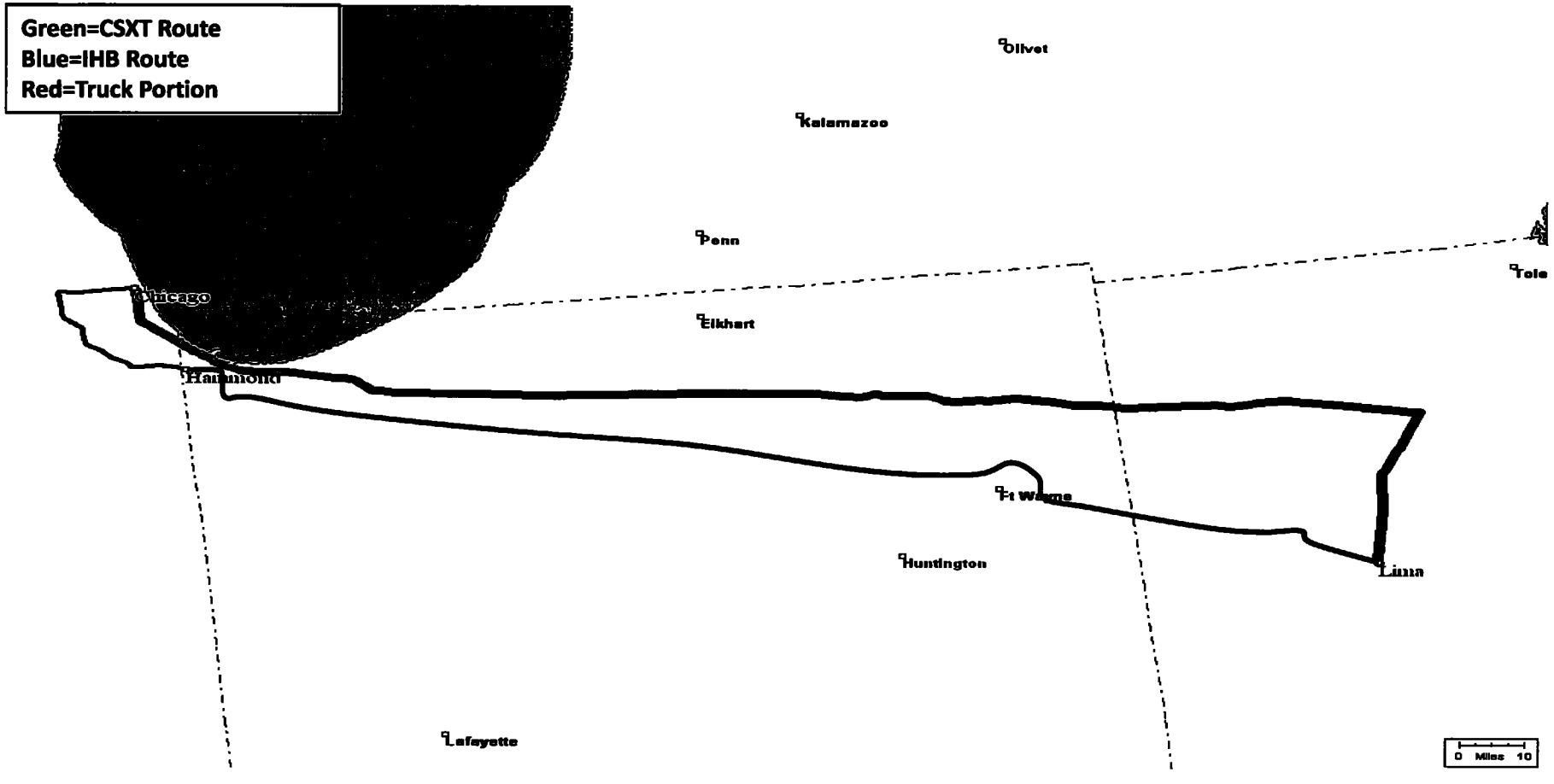
TPI Movement B-109: Chicago, IL – Lima, OH

CSXT Direct: 211 Mi

Alternative:

IHB Rail: Chicago, IL – Hammond, IN (42 Mi)

Truck: Hammond, IN – Lima, OH (203 Mi)



CSXT Tariff Rate: $4,044

Cost of Rail/Truck Alternative: {{ }}

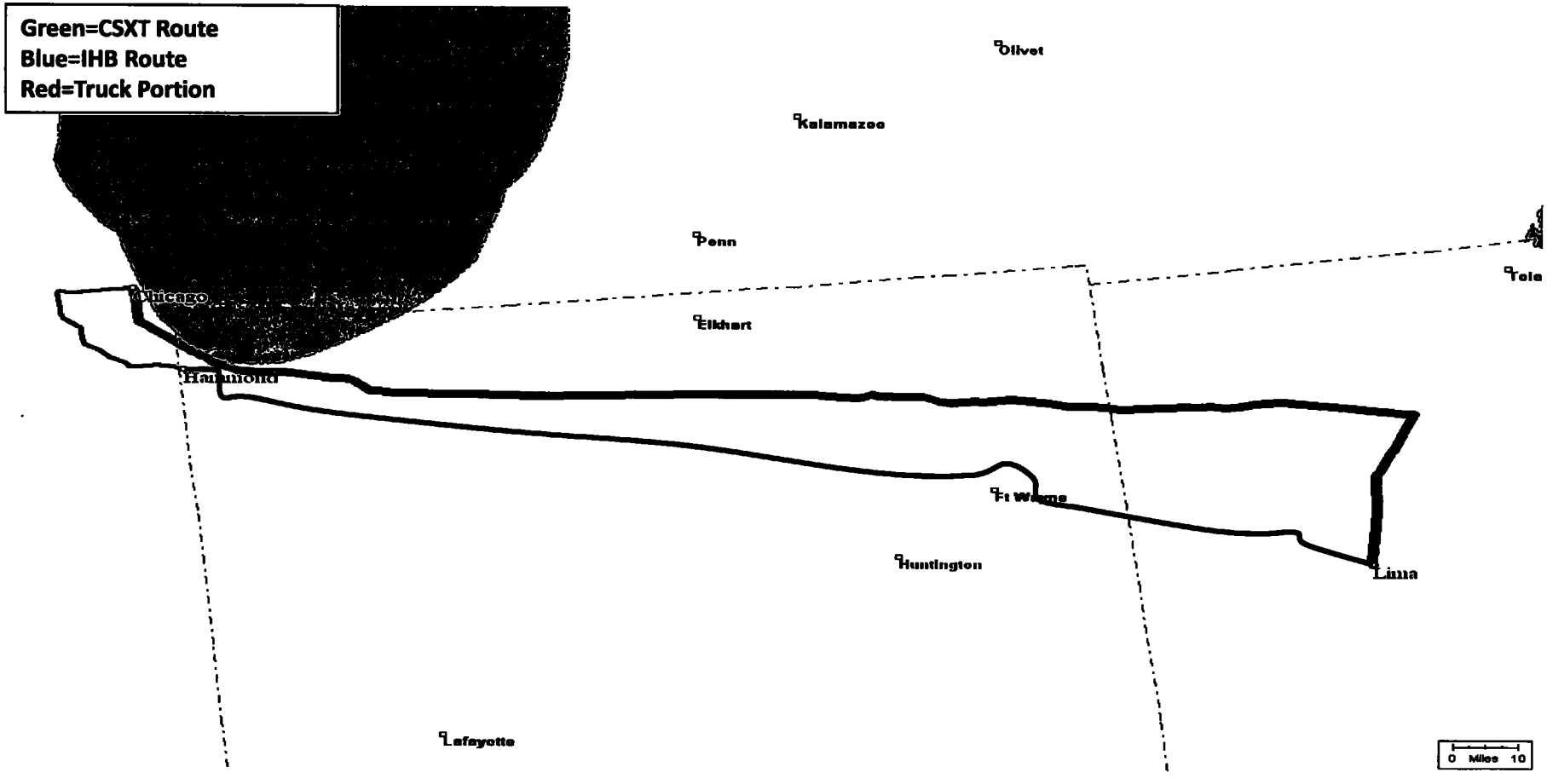
TPI Movement B-110: Chicago, IL – Lima, OH

CSXT Direct: 211 Mi

Alternative:

IHB Rail: Chicago, IL – Hammond, IN (42 Mi)

Truck: Hammond, IN – Lima, OH (203 Mi)



CSXT Tariff Rate: $4,044

Cost of Rail/Truck Alternative: {{ }}

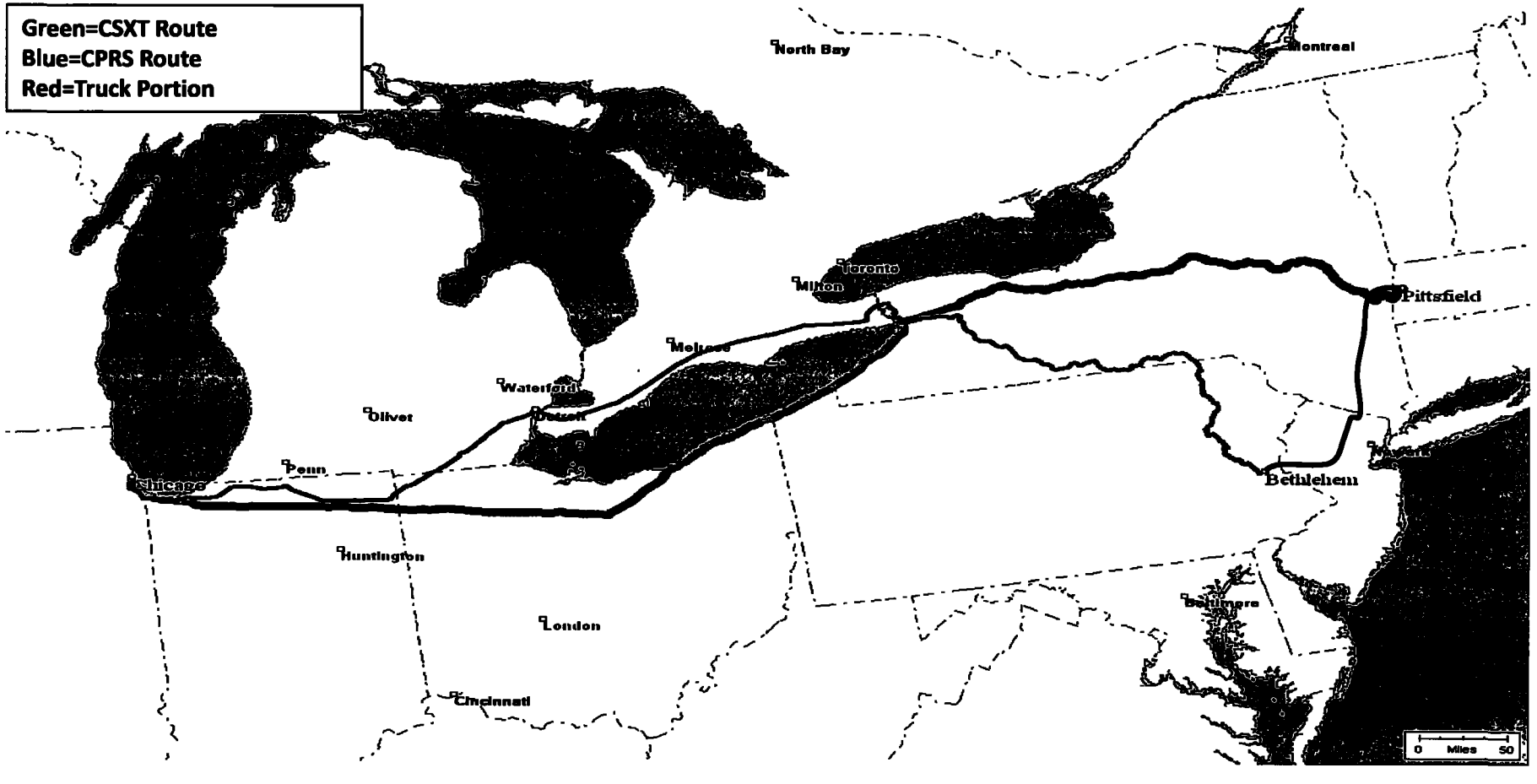
TPI Movement B-111: Chicago, IL – Pittsfield, MA

CSXT Direct: 861 Mi

Alternative:

CPRS Rail: Chicago, IL – Bethlehem, PA (902 Mi)

Truck: Bethlehem, PA – Pittsfield, MA (230 Mi)



CSXT Tariff Rate: $8,491

Cost of Rail/Truck Alternative: {{ }}

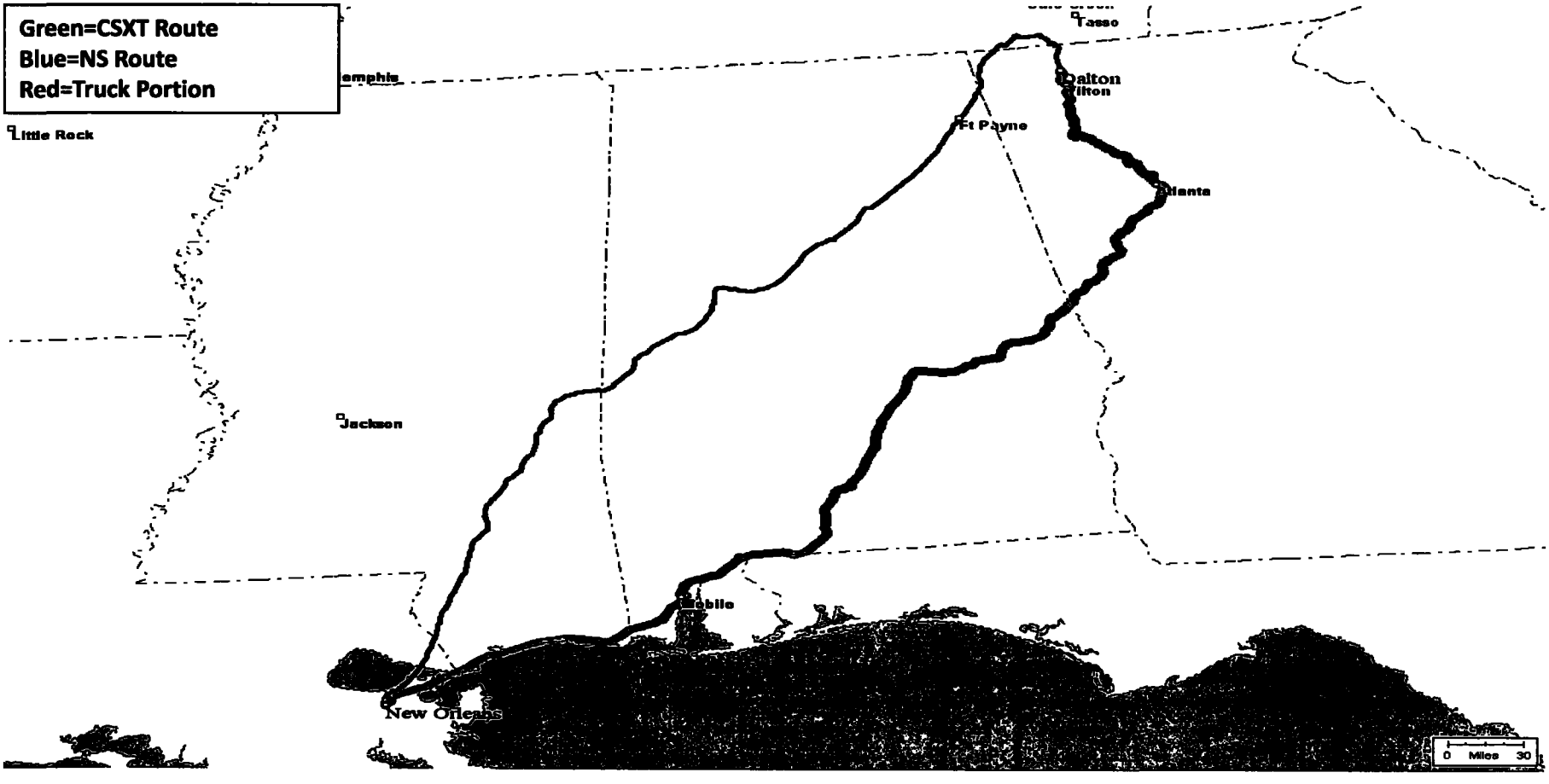
TPI Movement B-112: New Orleans, LA – Dalton, GA

CSXT Direct: 593 Mi

Alternative:

NS Rail: New Orleans, LA – Dalton, GA (593 Mi)

Truck: Dalton, GA – Dalton, GA (20 Mi)



CSXT Tariff Rate: $5,889

Cost of Rail/Truck Alternative: {{ }}

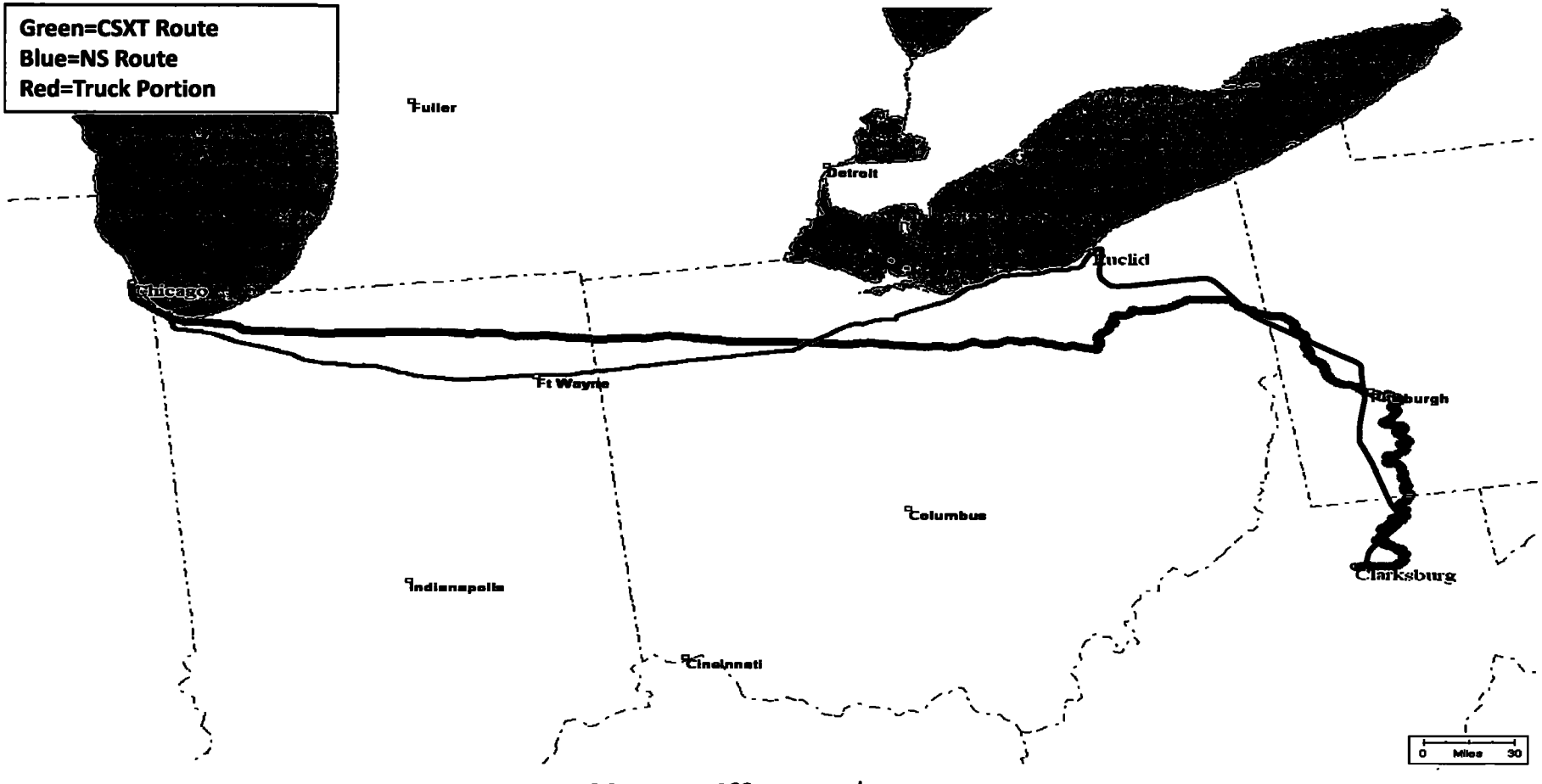
TPI Movement B-113: Chicago, IL – Clarksburg, WV

CSXT Direct: 635 Mi

Alternative:

NS Rail: Chicago, IL – Euclid, OH (352 Mi)

Truck: Euclid, OH – Clarksburg, WV (215 Mi)



CSXT Tariff Rate: $6,418

Cost of Rail/Truck Alternative: {{ }}

TPI Movement B-115: Chicago, IL – Indianapolis, IN

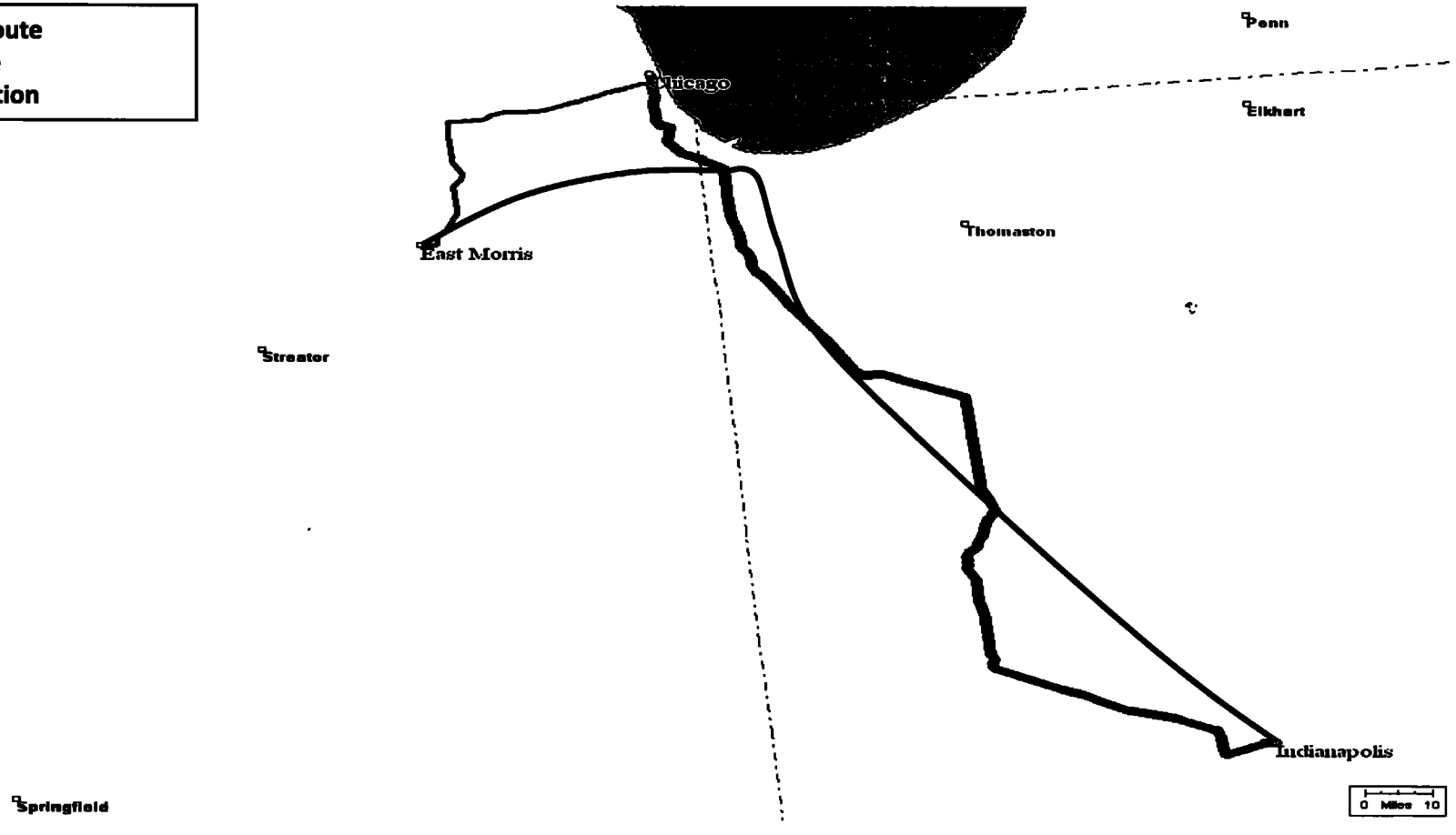
CSXT Direct: 196 Mi

Alternative:

CN Rail: Chicago, IL – East Morris, IL (64 Mi)

Truck: East Morris, IL – Indianapolis, IN (198 Mi)

Green=CSXT Route
Blue=CN Route
Red=Truck Portion



CSXT Tariff Rate: $4,008

Cost of Rail/Truck Alternative: {{ }}

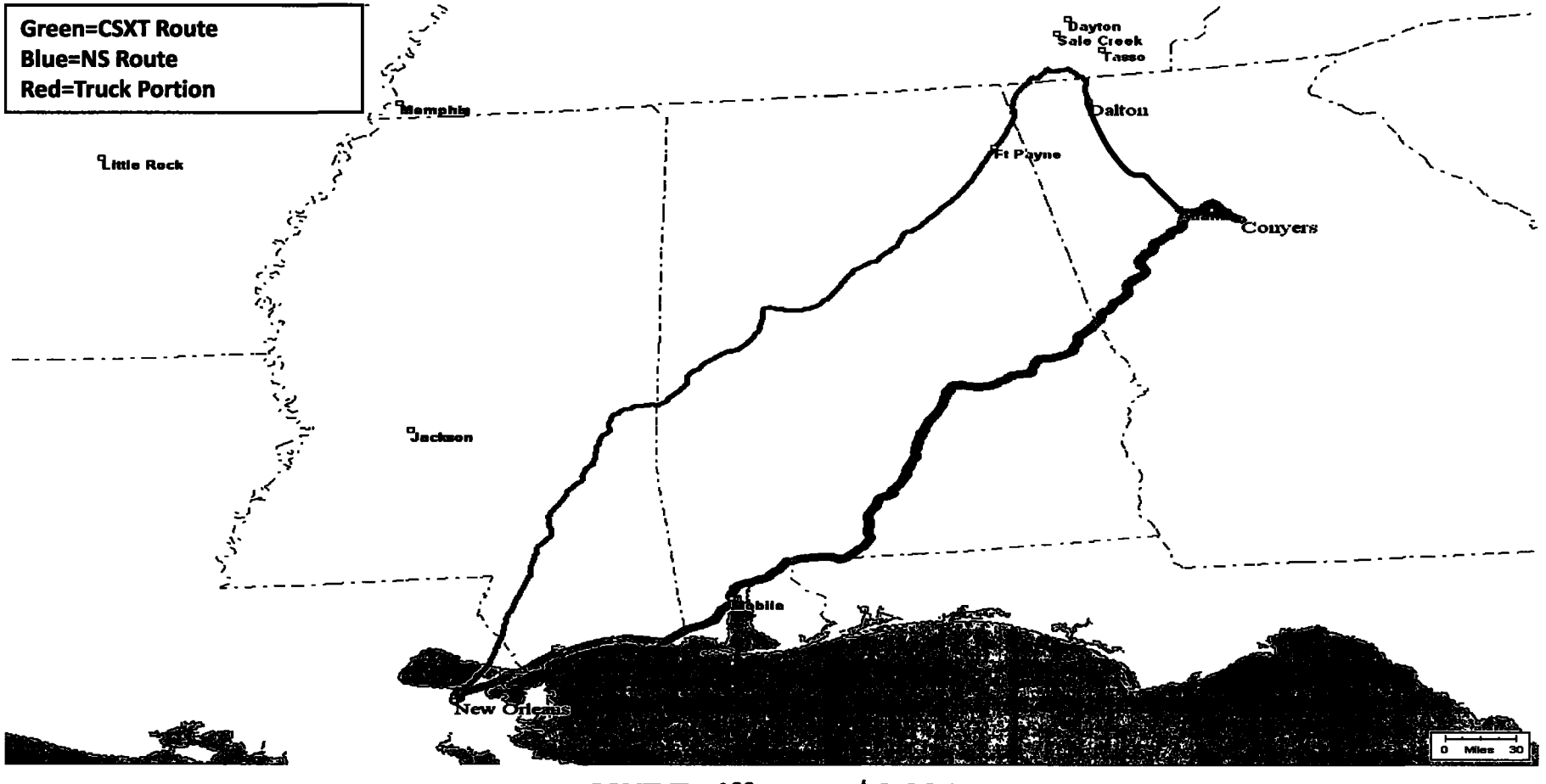
TPI Movement B-120: New Orleans, LA – Conyers, GA

CSXT Direct: 523 Mi

Alternative:

NS Rail: New Orleans, LA – Dalton ,GA (539 Mi)

Truck: Dalton, GA – Conyers, GA (119 Mi)



CSXT Tariff Rate: $6,024

Cost of Rail/Truck Alternative: {{ }}

HIGHLY CONFIDENTIAL EXHIBIT

REDACTED

HIGHLY CONFIDENTIAL EXHIBIT REDACTED

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