

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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Public Record

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TOTAL PETROCHEMICALS &  
REFINING USA, INC. )  
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Complainant, )  
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v. )  
)  
CSX TRANSPORTATION, INC. )  
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)  
Defendant. )  

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Docket No. NOR 42121

ERRATA TO  
COMPLIANCE EVIDENCE AND SUPPLEMENTAL OPENING EVIDENCE OF  
TOTAL PETROCHEMICALS & REFINING USA, INC.

Complainant, Total Petrochemicals & Refining USA, Inc. (“TPI”) hereby submits this “Errata to Compliance Evidence and Supplemental Opening Evidence of Total Petrochemicals & Refining USA, Inc.,” filed on October 7, 2015. This Errata corrects a single error in TPI’s presentation of supplemental evidence in what TPI has described as “Scenario #3,” which removes high-priority UPS and Threads Express traffic from the Stand-Alone Cost (“SAC”) analysis.<sup>1</sup> See TPI Supp. Op. at I-7-8. Because TPI discovered this error late in the process of developing its Supplemental Reply Evidence, TPI represents that it will not object if CSX Transportation, Inc. (“CSXT”) responds to this Errata in its Final Brief, on December 14, 2015.

The error that TPI corrects arises from the fact that the high-priority UPS and Threads Express traffic historically has moved in CSXT trains that also transported other, non-priority,

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<sup>1</sup> Although the Errata corrects a single error, TPI is reproducing its entire set of supplemental opening electronic workpapers with the corrected workpapers designated by the suffix “(Errata).” TPI has included the Errata supplemental opening workpapers on the same hard drive that contains TPI’s supplemental reply workpapers, which are being filed contemporaneous with this Errata.

traffic. Although TPI removed the high-priority UPS and Threads Express traffic and revenue from Scenario #3 in compliance with the Board's directive, TPI also eliminated 802 trains on which that high-priority traffic moved in the base year even though it retained the revenue from the non-priority traffic that also moved on those trains. This resulted in TPI claiming revenue for the stand-alone railroad ("SARR") without the cost of operating the trains required to generate that revenue. To correct that omission, this Errata restores all 802 trains that TPI eliminated in Scenario #3 of its Supplemental Evidence and calculates the costs associated with operating those trains to serve the non-priority traffic for which TPI has claimed revenue.

This correction is simple to implement because all the information needed to do so already has been submitted by TPI in Scenario #2 of its Supplemental Opening Evidence. The only difference between Scenarios #2 and #3 is the removal of the UPS and Threads Express traffic in Scenario #3, including the elimination of 802 trains that served this traffic. TPI, therefore, already has modeled those 802 trains and generated costs for them in Scenario #2. In other words, this Errata presents Scenario #3 as Scenario #2 less the UPS and Threads Express revenue. This requires TPI to update the General and Administrative expense, DCF and MMM models in Scenario #3, which it does through this Errata.<sup>2</sup>

This correction conservatively overstates the operating expenses associated with the non-priority traffic because it also includes operating expenses for the high-priority UPS and Threads Express traffic even though the SARR is not credited with any revenue for that traffic in Scenario #3. TPI could have addressed its error by other means with less negative impact upon the SAC analysis, for example, either by removing the non-priority traffic revenue or by adjusting the consists of the 802 restored trains to reflect only the non-priority traffic. But those

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<sup>2</sup> Outsourced General and Administrative expenses are based in part on TPIRR revenues. Therefore, TPI adjusted its Scenario #2 operating expenses to reflect its Scenario #3 revenues.

options would have required TPI to make more extensive changes to its Supplemental Opening Evidence by, for the former option, adjusting base year and forecasted traffic and revenues, or for the latter option, adjusting base year and peak year train lists, re-running the RTC model, and recalculating operating statistics and expenses. TPI's Errata instead takes the simplest approach that only requires adjustments to the General and Administrative, DCF and MMM models.<sup>3</sup> The revised MMM revenue to variable cost ratios are shown in Table No. 1 below.

<b>TABLE No. 1</b>	
<b>SCENARIO NO. 3 MMM RESULTS</b>	
<u>Year</u>	<u>MMM R/VC Ratio</u>
July – Dec 2010	No Reduction
2011	263.9%
2012	257.3%
2013	223.7%
2014	196.8%
2015	176.7%
2016	162.7%
2017	157.7%
2018	150.0%
2019	144.3%
Jan – Jun 2020	136.2%
Source: Supplemental Errata e-workpaper “Exhibit III-H-6(Errata).xlsx,” Column (2).	

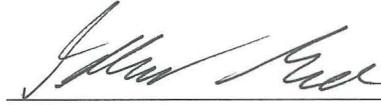
As indicated in Table No. 1 above, the MMM R/VC ratios range from 136.2 to 263.9, with no rate reduction available in 2010.

TPI regrets that it did not discover its error sooner. In an effort to make the fewest revisions necessary, TPI has taken the approach that is most detrimental to its SAC analysis and should be uncontroversial. Nevertheless, as noted above, if CSXT does have any issues with the

<sup>3</sup> See TPI Supplemental Errata e-workpapers “TPIRR Operating Expense\_Rebuttal\_Supplemental v2 (Errata).xlsx,” TPIRR G&A Outsourcing\_Rebuttal\_Supplemental v2 (Errata).xlsx,” “Exhibit III-H-1\_Rebuttal\_Supplemental\_v2(Errata).xlsm,” and “TPIRR MMM Rebuttal\_Supplemental\_v2(Errata).xlsm.”

substance of this Errata, TPI represents that it will not object to CSXT presenting those objections in its Final Brief.

Respectfully submitted,



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**TPIRR MMM Model - Scenario #3 (Errata  
With Corrected Investment and Revenues)**

	<u>Year</u> (1)	<u>MMM Revenue to Variable Cost Ratio</u> (2)
1.	July -Dec 2010	NO REDUCTION
2.	2011	263.9%
3.	2012	257.2%
4.	2013	223.7%
5.	2014	196.8%
6.	2015	176.7%
7.	2016	162.7%
8.	2017	157.6%
9.	2018	149.9%
10.	2019	144.2%
11.	Jan-Jun 2020	136.2%

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Source: Supplemental/Compliance e-workpaper "TPIRR MMM  
Rebuttal\_Supplemental\_v2(Errata)(with corrected inv and rev).xlsm."

**CERTIFICATE OF SERVICE**

I hereby certify that this 20th day of November 2015, I served a copy of the foregoing upon counsel for defendant CSXT via hand-delivery at the address below:

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