

PUBLIC VERSION

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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M & G POLYMERS USA, LLC	)	
	)	
Complainant,	)	
	)	
v.	)	Docket No. NOR 42123
	)	
CSX TRANSPORTATION, INC.	)	
	)	
Defendant.	)	
_____	)	

OPENING MARKET DOMINANCE EVIDENCE OF  
M & G POLYMERS USA, LLC

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**PUBLIC VERSION**

TABLE OF CONTENTS

	<u>PAGE</u>
PART I: COUNSEL'S ARGUMENT AND SUMMARY OF EVIDENCE .....	I-1
A.    Background .....	I-2
B.    Summary of Evidence.....	I-4
1.    CSXT Possesses Quantitative Market Dominance .....	I-4
2.    CSXT Possesses Qualitative Market Dominance .....	I-5
a.    CSXT faces no intramodal competition for the issue movements .....	I-5
b.    Intermodal Competition is not an effective competitive constraint upon the challenged rates .....	I-6
(1)    M&G's customers require rail service.....	I-7
(2)    Product integrity concerns restrict M&G's transload options.....	I-10
(3)    M&G cannot increase its truck loading capacity at Apple Grove.....	I-11
(4)    Truck transportation is more costly than rail .....	I-13
C.    Conclusion .....	I-15
PART II: MARKET DOMINANCE	
A.    QUANTITATIVE MARKET DOMINANCE .....	II-A-1
1.    Traffic and Operating Characteristics.....	II-A-2
a.    Loaded Miles .....	II-A-2
b.    Tons per Car.....	II-A-4
2.    Variable Cost Calculations .....	II-A-4
3.    Rates .....	II-A-5
B.    QUALITATIVE MARKET DOMINANCE .....	II-B-1
1.    An Overview of M&G's Products, Customers and Distribution Network.....	II-B-3
a.    Product and Customers .....	II-B-3

**PUBLIC VERSION**

- b. The Apple Grove Facility .....II-B-4
  - (1) Apple Grove’s PET production and storage capacity..II-B-4
  - (2) Apple Grove’s rail facilities.....II-B-7
- c. Other Non-Customer Locations That Are Origins And/Or Destinations For The Issue Lanes .....II-B-11
  - (1) Altamira, Mexico .....II-B-11
  - (2) Belpre, OH .....II-B-11
  - (3) Parkersburg, WV.....II-B-12
  - (4) Rains, SC.....II-B-12
  - (5) Sweetwater, TX.....II-B-13
  - (6) Spring, TX.....II-B-13
  - (7) Aguila, AZ .....II-B-13
  - (8) Vado, NM .....II-B-14
  - (9) Glendale, AZ.....II-B-14
- 2. INTRAMODAL COMPETITION.....II-B-15
  - a. Lanes captive to CSXT at origin and destination .....II-B-15
  - b. Lanes captive to CSXT at origin only.....II-B-15
  - c. Lanes captive to CSXT at destination only.....II-B-15
- 3. INTERMODAL COMPETITION .....II-B-17
  - a. Truck Transportation is not a competitive constraint .....II-B-18
    - (1) M&G’s customers require rail service.....II-B-20
      - (a) Rail is the overwhelmingly dominant transportation mode .....II-B-20
      - (b) Rail cars are needed for storage .....II-B-23
      - (c) High volume customers require rail service ..II-B-25
      - (d) Consignment shipments require rail delivery .....II-B-25
    - (2) Product integrity concerns foreclose truck-to-rail transload options .....II-B-27
      - (a) Each transload event reduces product integrity.....II-B-27
      - (b) Loading trucks at the origin is the one and only permissible transload event.....II-B-31
    - (3) M&G cannot load large numbers of trucks at Apple Grove.....II-B-33
      - (a) M&G cannot practically or cost-effectively reconfigure the Apple Grove facility to enable direct loading of bulk trucks.....II-B-34

**PUBLIC VERSION**

- (b) M&G must use Apple Grove’s limited truck loading capacity to serve its non-rail customers .....II-B-37
- (c) M&G cannot practically or cost-effectively increase its transload capacity at Apple Grove.....II-B-38
- (d) Trucks impose significantly greater operating costs upon M&G.....II-B-43
- (e) M&G cannot secure sufficient additional truck capacity to transport the issue traffic by truck from Apple Grove.....II-B-46
  
- (4) Truck rates do not effectively constrain CSXT’s rates .....II-B-51
  - (a) Trucking is more costly than rail .....II-B-51
  - (b) Similar truck rates are not an effective competitive constraint.....II-B-53
  
- b. Barge transportation is not a competitive constraint.....II-B-56
  
- 4. INDIVIDUAL LANE SUMMARIES .....II-B-58

**PART IV: WITNESS QUALIFICATIONS AND VERIFICATIONS**

- 1. Thomas D. Crowley .....IV-1
- 2. Philip H. Burris .....IV-5
- 3. Timothy D. Crowley .....IV-8
- 4. Sean D. Nolan .....IV-11
- 5. Andre Meyer .....IV-14
- 6. Melba Aguilar .....IV-16
- 7. Gil Rogers .....IV-19

**PUBLIC VERSION**

Exhibit

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios  
Per Car for M&G Movements – 1Q10 ..... II-A-1

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios  
Per Car for M&G Movements – 2Q10 ..... II-A-2

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios  
Per Car for M&G Movements – 3Q10 ..... II-A-3

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios  
Per Car for M&G Movements – 4Q10 ..... II-A-4

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios  
Per Car for M&G Movements – 1Q11 ..... II-A-5

Joint Submission of M&G/CSXT Operating Characteristics ..... II-A-6

Results of Predominant Route Analysis ..... II-A-7

Traffic and Operating Characteristics Used for Variable Cost Calculations ..... II-A-8

Summary of CSXT Tariff Rates for M&G Movements 3Q10-1Q11 ..... II-A-9

Case Lanes and Customers ..... II-B-1

Map of Apple Grove Facility ..... II-B-2

Proportion of Rail v. Truck Volumes ..... II-B-3

Proportion of Rail v. Truck Volumes (Rail-Served Customers Only)..... II-B-4

Truck and Rail Shipments (By Case Lane)..... II-B-5

Truck and Rail Shipments (By Destination)..... II-B-6

Average Railcar Hold Days for M&G Customers ..... II-B-7

Customer E-mail re: Bulk Truck Request..... II-B-8

Customer E-mail re: Bulk Truck Request..... II-B-9

Cost Summary to Enable Direct Truck Loading at Apple Grove ..... II-B-10

Map of Facilities Required to Enable Direct Truck Loading at Apple Grove..... II-B-11

APG Heaviest Truck Load Days (June 2010-Jan. 2011)..... II-B-12

**PUBLIC VERSION**

Customer E-mail re: APG Transload Capacity Constraints .....II-B-13

Cost Summary to Expand Transload Capacity at Apple Grove .....II-B-14

Map of Facilities Required to Expand Transload Capacity at Apple Grove .....II-B-15

Motor Carrier E-mail re: Rate Increases Due to Regulatory Initiatives .....II-B-16

Customer E-mails re: M&G Problems Obtaining Motor Carrier Capacity .....II-B-17

Motor Carrier E-mail: re: Capacity Shortage.....II-B-18

Motor Carrier E-mail: re: Capacity Shortage.....II-B-19

Analysis of Direct Truck Rates.....II-B-20

Analysis of Transload Rates .....II-B-21

CSXT Rate History .....II-B-22

Analysis of Truck and Rail Costs .....II-B-23

NEU Test Report on M&G PET Pellets .....II-B-24

Excerpt from Deduster Manual.....II-B-25

Customer E-Mail re: Truck Unload Speeds.....II-B-26

Customer E-Mail re: Bulk Truck Capacity .....II-B-27

Documentation of Hurricane Alex Force Majeure .....II-B-28

Customer E-Mails re: Cause of Truck Deliveries for Lane B-16 .....II-B-29

Customer E-Mails re: Cause of Truck Deliveries for Lane B-19 .....II-B-30

Customer E-Mails re: Cause of Truck Deliveries for Lane B-21 .....II-B-31

Customer E-Mails re: Cause of Truck Deliveries for Lane B-24 .....II-B-32

Customer E-Mail re: Product Integrity Problems Caused by Trucks .....II-B-33

Media Articles re: Bulk Truck Capacity Shortage.....II-B-34

# Part I

## PUBLIC VERSION

### PART I

#### COUNSEL'S ARGUMENT AND SUMMARY OF EVIDENCE

Pursuant to the procedural schedule served by the Surface Transportation Board (“Board” or “STB”) on May 6, 2011 in this case, M&G Polymers USA, LLC (“M&G”) hereby submits its Opening Evidence on market dominance. M&G has followed the format set forth in General Procedures for Presenting Evidence in Stand-Alone Cost Rate Cases, STB Ex Parte No. 347 (Sub-No. 3) (served March 12, 2001). However, because this round of evidence is limited solely to market dominance, only Parts I, II and IV are included herein.

M&G challenges the reasonableness of common carrier rail transportation rates established by CSX Transportation, Inc. (“CSXT”) for the transportation of polyethylene terephthalate (“PET”) in carload traffic over the 69 lanes described herein.<sup>1</sup> CSXT provides transportation in single-line service for 18 of the lanes at issue in this case; for the other 52 lanes, CSXT operates in joint-line service with one or more other railroads, and has established AAR Accounting Rule 11 rates.<sup>2</sup> As shown in this Opening Evidence, CSXT possesses market dominance over each of the lanes covered by the challenged rates, pursuant to 49 U.S.C. §§ 10701(d)(1) and 10707.

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<sup>1</sup> Although M&G’s Third Amended Complaint challenges CSXT’s rates in 70 lanes, M&G has elected not to pursue its Complaint as to Lane B-51.

<sup>2</sup> M&G has lawfully challenged just the CSXT portion of the through movement rates, pursuant to the “contract exception” to the Board’s “bottleneck” rule. *See* STB Docket Nos. 41242, 41295 and 41626, Central Power & Light Co. et al. v. Southern Pac. Transp. Co. et al., (served Dec. 31, 1996), pet. for recon. (served April 30, 1997), aff’d MidAmerican Energy Co. et al. v. STB, 169 F. 3d 1099 (8th Cir. 1999). M&G has entered into contracts with the connecting line-haul carriers. *See*, M&G Market Dominance Opening Evidence Electronic Work Papers (“M&G MD Op. Electronic WP”), “Rail Contracts” folder.

## PUBLIC VERSION

### A. BACKGROUND

M&G is part of M&G Group, which is a global producer of PET for packaging applications and a technological leader in the polyester market. M&G produces PET in North America at Apple Grove, WV and Altamira, Mexico. M&G is a major user of rail service to transport its products to customers throughout the continental United States, Canada, and Mexico. M&G also receives, via rail, certain raw materials used in PET production.

PET is a plastic pellet substance that is widely used by M&G's customers in many consumer and industrial applications such as plastic bottles, food packaging, and carpet fiber. The PET business in the United States is highly competitive, with domestic and international producers all vying for the same customers, and it is not at all unusual for a customer to switch its primary supplier every few years. Product quality and cost are the two most important competitive factors.

M&G's Apple Grove facility, which is captive to CSXT, depends extensively upon rail transportation to deliver PET to its customers. In fact, the CSXT mainline cuts straight through the middle of the plant. Apple Grove was first constructed over fifty years ago and has undergone several expansions under different owners since then. Because the plant was built for rail transportation, it does not have facilities to store PET or to load PET directly into bulk trucks. Rather, M&G loads its PET production directly into rail cars and stores those cars at Apple Grove, or at off-site storage facilities in Belpre, Ohio and Parkersburg, West Virginia, until it is sold to a customer. If a customer requests delivery by truck, M&G must transload PET from rail cars to trucks. Just as M&G uses rail cars to store its PET upon production, M&G's customers also use M&G's rail cars to store their PET upon delivery. The use of private rail cars for storage offers both M&G and its customers enormous operational flexibility and cost savings.

## PUBLIC VERSION

Therefore, it should come as no surprise that, when customers have a choice between rail and truck delivery, they overwhelmingly choose rail.

M&G initiated this proceeding very reluctantly, after several years of significant rate increases, only after making an exhaustive effort to negotiate reasonable contract rates. Upon expiration of CSXT's contract with M&G in 2008, CSXT imposed rate increases upon most of the issue traffic in the range of { ██████████ }<sup>3</sup> and from { ██████████ } in five lanes. Shocked by these rate increases, but without any realistic options, M&G entered into a new one-year agreement with CSXT. During that year, M&G explored other options for by-passing CSXT rail service, but none of them were practical or realistic.<sup>4</sup>

The following year CSXT proposed significant additional rate increases. Even after the contract rates expired in January 2010, M&G continued to negotiate with CSXT, while paying much higher public tariff rates, with the hope and expectation that some agreement could be reached. Those tariff rates increased M&G's rates for the issue traffic by an additional { ██████████ ██████████ }. The parties engaged in at least six face-to-face meetings, including one at the CEO level, in addition to numerous phone calls and written exchanges. However, after nearly six months of paying tariff rates with no real progress to show for its efforts, M&G exercised its option of last resort by filing the Complaint that initiated this proceeding.

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<sup>3</sup> Pursuant to the Protective Order in this proceeding, M&G has delineated "CONFIDENTIAL" information by single brackets {...}, and "HIGHLY CONFIDENTIAL" information by double brackets {{...}}.

<sup>4</sup> In its "Motion for Expedited Determination of Jurisdiction Over Challenged Rates" (filed January 27, 2011), CSXT attached two versions of a report prepared for M&G on those options as Exhibits 6 and 7. M&G explained why it dismissed the proposals in that report as impractical and unrealistic at pp. 50-54 of its Reply to the CSXT Motion, filed on Feb. 18, 2011.

## PUBLIC VERSION

### B. SUMMARY OF EVIDENCE

“Market dominance” is defined as “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). There is both a quantitative and a qualitative requirement for market dominance. Market Dominance Determinations and consideration of Product Competition, 365 I.C.C. 118, 131-32 (1981) (“Market Dominance”), *aff’d sub nom. Western Coal Traffic League v. United States*, 719 F. 2d 772 (5th Cir. 1983 (*en banc*)). First, the Board must find that the challenged rate is at least 180% of the carrier’s variable cost of providing the service. 49 U.S.C. § 10707(d)(1)(A). Second, the Board must determine that neither other rail carriers or other modes are effective competitive constraints upon the challenged rates. M&G has satisfied both of these requirements in this Opening Evidence.

#### 1. CSXT Possesses Quantitative Market Dominance.

A rail carrier has the burden of proof to establish quantitative market dominance (*i.e.*, that its revenue/variable cost ratio is below 180%). 49 U.S.C. § 10707(d)(1)(B). There does not appear to be any dispute in this proceeding that the challenged rates exceed 180%. CSXT made no such allegations in its “Motion for Expedited Determination of Jurisdiction Over Challenged Rates” (filed Jan. 27, 2011), which took on the much more complicated issue of qualitative market dominance. CSXT almost certainly did not challenge its quantitative market dominance because the challenged rates have R/VC ratios that are far in excess of 180%. M&G has established CSXT’s quantitative market dominance in Part II-A, which calculates R/VC ratios for the issue movements that range from 240-623 percent. See Exhibits II-A-1 through 5.

Although it appears that there will be no dispute over the fact that CSXT possesses quantitative market dominance because the R/VC ratios of the challenged rates all exceed 180%,

## PUBLIC VERSION

the precise R/VC value will be disputed. On May 11, 2011, M&G and CSXT filed their "Joint Submission of Operating Characteristics" in this proceeding. See Exhibit II-A-6. Although they were able to agree upon seven of the nine traffic and operating inputs to calculate the variable cost of each movement, they were not able to agree upon loaded miles and tons per car.

The mileage disagreement is over whether to use predominant route miles or weighted average route miles. For many of the case lanes, CSXT has transported cars between the same origin and destination over multiple routes. In each lane, however, there is a predominant route over which the traffic moves more than any other route. M&G has chosen to use the predominant route loaded miles because it more accurately reflects a typical movement. For consistency, M&G also has used the predominant route analysis to calculate the weighted average tons per car.

### **2. CSXT Possesses Qualitative Market Dominance.**

Qualitative market dominance has two components: intramodal and intermodal competition. M&G has demonstrated that there is no effective intramodal or intermodal competition for any of the issue movements.

#### **a. CSXT faces no intramodal competition for the issue movements.**

Intramodal competition is "competition between two or more railroads transporting the same commodity between the same origin and destination." Market Dominance, 365 I.C.C. at 132. The Board has "generally found a lack of intramodal competition where...a single railroad serves the sole origin...because a railroad occupying a monopoly position in a routing would not necessarily be restrained from setting an unreasonably high rate for that portion and keeping the monopoly profits for itself, regardless of whether competition existed over other segments." Amstar Corp. v. The Atchison, Topeka and Santa Fe Ry. Co., No. 37478, 1987 ICC LEXIS 47,

## PUBLIC VERSION

\*11 (Nov. 23, 1987). This applies with equal relevance to a sole-served destination. See Metropolitan Edison Co. v. Conrail, 5 I.C.C. 2d 385, 413 (1989) (“When one carrier participates in all available routings, it will not necessarily have any incentive to moderate the revenue collected from this traffic.”).

In Lanes A-1 through A-18, CSXT is the sole carrier that serves both the origin and the destination. In all the other lanes, CSXT is either the sole carrier that serves either the origin or the destination, or it is the sole carrier that connects with a short line railroad that serves the destination. Consequently, M&G cannot avoid CSXT by shipping from the origin or to the destination via an alternative railroad. Thus, there is no intramodal competition at all, much less effective intramodal competition for any of the issue movements.

**b. Intermodal Competition is not an effective competitive constraint upon the challenged rates.**

Intermodal competition “refers to competition between rail carriers and other modes for the transportation of a particular product between the same origin and destination.” Market Dominance, 365 I.C.C. at 133. Although trucks are an available intermodal alternative for transporting the issue traffic, the Board must determine whether they are an “effective” competitive alternative. West Texas Utilities Co. v. Burlington Northern R.R. Co., 1 STB 638, 646 (1996). Among the factors relevant for determining whether effective competition from trucks exists are: (i) physical characteristics of the product in question that may preclude transportation by motor carrier; (ii) the amount of the product in question that is transported by motor carrier where rail alternatives are available; (iii) the amount of the product that is transported by motor carrier under transportation circumstances (e.g., shipment size and distance) similar to rail; and (iv) the transportation costs of the rail and motor carrier alternatives. Market Dominance at 133. In addition:

## PUBLIC VERSION

If a market is to be truly competitive, shippers must be able to respond quickly to changes in transportation charges. They must be in a position to shift their demand from one rail carrier to other rail carriers or carriers of other modes. Such a shift in demand requires not only the availability of carriers ready to provide a comparable service, but also the ability of shippers to take advantage of that service.

Special Procedures for Making Findings of Market Dominance as Required by the Railroad

Revitalization and Regulatory Reform Act of 1976, 353 I.C.C. 874, 929 (1976) (“Special

Procedures”). All of the above considerations strongly indicate CSXT’s market dominance over the issue movements.

### (1) M&G’s customers require rail service.

When M&G’s customers place an order for PET, they specify the mode of delivery. M&G cannot change the customer’s choice except in exigent circumstances where the preferred mode is not available or practical and the customer has agreed to accept the alternative mode. Customer preference for rail transportation demonstrates the infeasibility of alternative modes. E.I. du Pont de Nemours and Company v. CSX Transportation, Inc., STB Docket No. 42099, slip op. at 7 (served June 30, 2008). See also, McCarty Farms v. Burlington Northern, Inc., 3 I.C.C. 2d 822, 829 (1987) (“needs of the shipper or receiver” may determine feasibility of truck transportation) (“McCarty Farms”). Because the case customers will not accept regular truck deliveries of PET, M&G is unable to respond to changes in CSXT’s prices by switching from CSXT to alternative modes, which means that those alternative modes do not provide effective competition. Special Procedures, 353 I.C.C. at 929.

Compelling evidence of this customer preference is the undeniable fact that, based upon actual traffic patterns over the past five years, M&G has never delivered more than {{ [REDACTED] }} of its PET shipments by truck in any single year. Moreover, this statistic includes customers that do not even have a rail option. When this statistic is refined to focus solely upon M&G customers





## PUBLIC VERSION

### (2) Product integrity concerns restrict M&G's transload options.

Product integrity concerns are highly relevant indicators of market dominance. See e.g., STB Docket No. 42099 E.I. du Pont de Nemours and Company v. CSX Transportation, Inc., slip op. at 5 (served June 30, 2008) (truck competition not effective due to product contamination concerns); FMC, 4 STB at 720 (Board notes receiver's "product integrity" concern in finding that transloading is not effective competition); Market Dominance Determinations, 365 I.C.C. at 133 (effective competition may be deduced from "physical characteristics of the product in question that may preclude transportation by motor carrier"). Each transfer of PET degrades its integrity. This is another major reason why M&G's customers prefer rail delivery and it requires that M&G restrict any truck shipment to just a single transload.

Among all polymers, PET is particularly susceptible to degradation whenever it is handled, and especially transferred. The pneumatic vacuum process by which pressurized air blows PET between trucks and rail cars produces dust, "fines," and "streamers" that clog customer filters and extruders, resulting in costly equipment shut-downs, delays, and lost product. The chipping of PET during transfers also can create uneven melt temperatures that produce defective preforms in the customer's production process.

In response to customer complaints, M&G has spent millions of dollars to install de-dusting and streamer removal systems at Apple Grove to remove these contaminants before loading PET into rail cars. This technology is not available, however, for transloading. Based on a study that M&G commissioned in 2004 (Exhibit II-B-24), M&G has implemented mitigation measures for transloading by reducing the transfer velocity and smoothing the conveying lines that have reduced, but not eliminated, customer complaints. Because these are only mitigation measures, some degradation still occurs with each transload, which means that

## PUBLIC VERSION

each additional transload compounds the problem. Therefore, M&G does not transload any PET shipment more than once. Because every truck shipment at every origin in this case (except Altamira) is a transload from rail to truck, that is the only permissible transload, which precludes additional transloads from truck back into rail cars.

### **(3) M&G cannot increase its truck loading capacity at Apple Grove.**

Even if M&G's rail-served customers were able and willing to accept regular truck deliveries of PET, M&G could not accommodate a significant increase in truck volumes at Apple Grove. Nor would it be economical or practical to make the necessary modifications at Apple Grove to increase its truck loading capabilities.

As noted previously, because the Apple Grove facility cannot directly load trucks, all truck shipments are first loaded into rail cars and then transloaded into trucks. In order to modify Apple Grove to enable direct loading of trucks, M&G would have to expend approximately {{ [REDACTED] }} to construct storage silos, truck scales and piping; build new roads and pave existing roads to accommodate the increase in truck traffic; and install de-dusting and streamer removal systems in each silo. See Exhibits II-B-10 and 11.

Because Apple Grove's existing transload capacity already is fully utilized, it cannot handle significantly more trucks. Any shift of rail traffic to trucks would necessarily displace sales to customers that only have the ability to receive trucks. Also, there is not enough track space at Apple Grove today to store all of the loaded and empty rail cars that M&G needs for the PET production process, which is why M&G leases track space at Belpre, OH and Parkersburg, WV. In order to increase Apple Grove's transloading capacity to handle the issue traffic by truck, M&G would have to expend approximately {{ [REDACTED] }} to construct 16,000 feet of new storage and transloading track; construct two rail car washing facilities; purchase additional

## PUBLIC VERSION

truck scales and switch locomotives; build new roads and pave existing roads; and install lighting for 24 hour operations. See Exhibits II-B-14 and 15.

In addition to the above capital costs, M&G incurs significantly greater operating costs for truck shipments than for rail shipments. These costs are associated with processing and handling four trucks for every rail car. Moreover, even when comparing a single truck shipment with a single rail shipment, trucks require much more time and effort, because M&G must process substantially more paper work for trucks; solicit motor carrier capacity; coordinate truck arrivals with the spotting of rail cars on the transload tracks; and coordinate truck deliveries with the customer's ability to receive and unload each truck. Because customers must be able to unload trucks immediately upon arrival, a customer must frequently reschedule or cancel trucks when changes occur in their production schedule, which imposes a whole new set of tasks upon M&G. None of these issues exist for rail shipments.

Finally, even if M&G could load additional trucks at Apple Grove, it could not secure the motor carrier capacity that would be needed to handle the extra shipments. M&G has documented the significant capacity constraints for bulk trucks that have existed for over a year and are projected to exist for several more years. See Exhibit II-B-34. In addition, M&G has documented its real-world difficulties in locating sufficient capacity just to handle its current truck volumes from Apple Grove. See Exhibits II-B-17, 18 and 19. These capacity constraints have an even greater impact upon M&G because of Apple Grove's remote location.

If a market is to be truly competitive, there must be both "the availability of carriers ready to provide a comparable service" and "the ability of shippers to take advantage of that service." Special Procedures, at 929. Clearly, neither of these prerequisites exists for M&G.

## PUBLIC VERSION

### (4) Truck transportation is more costly than rail.

Based upon its existing contracts for rail and truck transportation, M&G has determined that truck transportation (via direct truck or transload) is more costly than rail by at least 10% for all but twenty-four of the 69 case lanes. See Exhibits II-B-20 and 21. Those substantially higher trucking rates, by themselves, mean that trucking is not an effective competitive constraint upon CSXT's rates for the remaining forty-five case lanes. FMC, 4 STB 719 ("substantial rate disparity" sufficient to show lack of effective competition).

For the twenty-four lanes where truck costs are below, or no more than 10% greater than, rail rates, that fact is not sufficient to establish trucking as an "effective" competitive constraint upon CSXT's rates for the issue movements. In DuPont, STB Docket No. 42099, slip op. at 7-8, the STB held that:

Even if we were to find that the cost of trucking the product is similar to the cost of using rail after the CSXT rate increase, it does not follow that the threat of trucking is evidence of effective competition. After all, even a monopolist finds that there is a profit-maximizing price beyond which it cannot raise prices without adversely affecting its bottom line. A carrier possessing market power might set its rates so high that it would begin to lose business to a higher-cost alternative (such as a trucking company). As the Board has previously noted, while this may create an "outer limit" constraint, it does not necessarily mean that effective competition is present. (underline in original) (footnotes omitted)

See also, Ariz. Pub. Serv. Co. v. U.S., 742 F.2d 644, 650-51 (D.C. Cir. 1984) (a constraint does not equate to effective competition). Consequently, the fact that some truck prices are less than or comparable to rail prices may demonstrate that CSXT has priced up to the nearest, higher cost alternative, not that such alternative constitutes effective competition.

One way to tell if this is true is whether there has been an "absence of any diversion after a reasonable time following a rate increase." Special Procedures, 353 ICC at 929. In this case, CSXT first imposed significant rate increases upon M&G in 2008. Since then, CSXT has

## PUBLIC VERSION

increased its rates in each case lane by cumulative amounts that reach as high as 309%, with 53 of the 69 case lanes increasing by triple digits. Exhibit II-B-22 shows the history of CSXT's rate increases in each case lane, beginning with the 2008 increase. CSXT imposed its first significant rate increases over 2 years ago, and has continued to increase rates every year since, without a loss of the issue traffic. M&G's inability to divert the issue traffic from CSXT to alternative modes despite a protracted period of CSXT rate increases, even during a lengthy and severe economic recession, is compelling evidence that CSXT is simply probing the "outer limits" of its monopoly power, not that transloading is an effective competitive constraint upon CSXT's pricing.

In Exhibit II-B-23, M&G also demonstrates that the transload option is in fact a much higher cost alternative than CSXT for each. Across every lane, the cost of providing the transload service ranged from two to four times higher than the cost of providing rail service. CSXT's profit margins would exceed those of the transload providers by anywhere from \$1023 to \$5947 per carload. This indicates that CSXT has substantial room to increase rates up to the higher cost transload alternatives without fear of losing the issue traffic to those alternatives.

Finally, the high R/VC ratios for the issue traffic, despite the alleged existence of transload alternatives, is further evidence of CSXT's market dominance. The R/VC ratios generated by the challenged rates exceed 240%, and reach as high as 623%. Although evidence that rail revenues substantially exceed variable costs by itself does not indicate market dominance, when such data is supported by other evidence, as is the case in this proceeding, it "may serve to buttress a finding that the existing level of competition may not be effective to constrain rail rates to a reasonable level." E.I. du Pont de Nemours and Company v. CSX

**PUBLIC VERSION**

Transp., Inc., STB Docket No. 42101, slip op. at 5 (served June 30, 2008), citing McCarty Farms, 3 I.C.C. 2d at 832.

**C. CONCLUSION**

For the foregoing reasons, M&G requests that the Board find that CSXT possesses market dominance over each of the 69 lanes in M&G's Third Amended Complaint.

Respectfully submitted,



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June 6, 2011

**PUBLIC VERSION**

**CERTIFICATE OF SERVICE**

I hereby certify that this 6th day of June 2011, I served a copy of the foregoing upon Defendant via hand-delivery at the address below:

G. Paul Moates  
Paul A. Hemmersbaugh  
Sidley Austin LLP  
1501 K Street, NW  
Washington, DC 20005

*Counsel for CSX Transportation, Inc.*

  
\_\_\_\_\_  
Jeffrey O. Moreno

# Part II-A

## PUBLIC VERSION

### PART II

#### MARKET DOMINANCE

In this Part II, M&G establishes CSXT's market dominance over the issue movements. Part II-A addresses quantitative market dominance and Part II-B addresses qualitative market dominance.

##### A. QUANTITATIVE MARKET DOMINANCE

In making a determination under this section, the Board may find that a railroad has market dominance if the rate charged results in a revenue to variable cost ("R/VC") ratio equal to or greater than 180 percent. 49 U.S.C. § 10707(d)(1). In this Part II.A, M&G demonstrates that the R/VC ratios for each of the challenged lanes in this proceeding greatly exceed 180 percent.

For purposes of this analysis, CSXT-28211 tariff rates, including fuel surcharges, are compared to CSXT's variable costs for handling M&G's traffic following the Board's procedures in Major Issues. Specifically, CSXT's variable costs are calculated using the Board's CSXT 2009 Uniform Railroad Costing System ("URCS") unit costs, the URCS Phase III program and the following nine (9) specific traffic and operating inputs for each movement: (1) the railroad; (2) loaded miles (including loop track miles); (3) shipment type (local, originated and delivered, received and delivered or "bridge," and received and terminated); (4) number of freight cars per train; (5) tons per car; (6) commodity; (7) type of movement (single car, multiple car or unit train); (8) car ownership (railroad or private); and (9) type of car.<sup>1</sup>

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<sup>1</sup> Major Issues in Rail Rate Cases, STB Ex Parte No. 657 (Sub-No. 1), at 52 and 60 (served Oct. 30, 2006) ("Major Issues").

## PUBLIC VERSION

A complete summary of the variable costs and R/VC ratios for each of M&G's challenged lanes is included at Exhibit II-A-1 through Exhibit II-A-5. As shown on Exhibit II-A-1 through Exhibit II-A-5, CSXT's R/VC ratios at mid-first quarter 2010 levels through mid-first quarter 2011 levels, respectively, range between 240 percent and 623 percent.

### 1. Traffic and Operating Characteristics

As directed by the Board, M&G and CSXT conferred and agreed upon seven of the nine traffic and operating characteristics associated with M&G's movements to which the challenged rates apply.<sup>2</sup> However, M&G and CSXT were unable to agree on the loaded miles and tons per car for the issue traffic. A brief discussion of M&G's process for developing those two components follows.

a. Loaded Miles – CSXT provided data that was organized by M&G into three main databases that were utilized for M&G's calculations, i.e., the car waybill database, car shipment database and the car event database. The first step M&G followed to perform these calculations was to identify each M&G movement within the car waybill database using an identifier that included the phrase "M&G" or "MG". This process uncovered 24 unique identifiers that were included in the car waybill data. The car waybill data contained 9,749 records for these 24 identifiers.<sup>3</sup> However, the car waybill data does not contain any mileage information and therefore records identified

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<sup>2</sup> Joint Submission of Operating Characteristics Docket No. NOR-42123 filed May 11, 2011 and included as Exhibit II-A-6 to this opening evidence.

<sup>3</sup> CSXT produced car waybill data for 2008, 2009 and 6 months of 2010. M&G's analysis is based on CSXT produced car waybill data for the 18 month period from January 2009 through June 2010.

## PUBLIC VERSION

in the car waybill database must be linked to the car event database to access the loaded miles for each shipment.

M&G's next step was to link the 9,749 records from the car waybill database to CSXT's car event database. Further refinements to this data were performed to remove shipments that were not applicable in this case. Specifically, data was excluded where waybill carloads were zero or the origin and destination did not match the origin and destination pairs included in M&G's complaint. This process included developing a formula for comparing five fields (Ultimate Origin, CSXT Origin, CSXT Destination, Ultimate Destination, and STCC) in the car waybill database to the origins and destinations included in the complaint and resulted in 4,638 records.<sup>4</sup>

Data for each of the 4,638 records was examined to identify anomalies or apparent errors. This review highlighted significant variations in route miles for identical origin/destination pairs.<sup>5</sup> To eliminate these unexplained anomalies and apparent errors, M&G selected the predominant route<sup>6</sup> actually used by CSXT for each origin/destination shipment and CSXT's portion of each joint move. M&G's predominant route approach produces an appropriate representation of CSXT's handling of each of the moves between an issue origin/destination pair because it eliminates misroutes, other errors and data anomalies. In those instances where no mileage data were included in the CSXT data, PC Miler/Rail, utilizing the Practical, Familized route, was used as a substitute.

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<sup>4</sup> Workpaper "M&G Traffic Selection Methodolgy.xls" details the logic utilized by M&G to select the traffic from CSXT data which was used to develop loaded miles and tons.

<sup>5</sup> {

[REDACTED]

}

<sup>6</sup> The details supporting our predominant route analysis are shown in Exhibit II-A-7.

## PUBLIC VERSION

Exhibit II-A-7 summarizes the percent of traffic moving over each predominant route, as well as the range of variation in CSXT miles for the routes between each origin/destination pair.

b. **Tons per Car** - M&G also used the predominant route analysis to calculate the weighted average tons per car. In those instances where the tons per car were not included in the CSXT data, the weighted average tons per car from the data available for the specific car type were used.

The traffic and operating characteristics used by M&G in its calculation of the variable costs summarized in Exhibit II-A-1 through Exhibit II-A-5 are shown in Exhibit II-A-8.

### 2. **Variable Cost Calculations**

For eighteen (18) issue lanes, the rate being challenged is a local movement on CSXT (“Originated and Terminated”). For forty-two (42) issue lanes, the rates being challenged covers movements that are originated by CSXT and delivered by CSXT in interchange (“Originated and Delivered”). For one (1) issue lane, the rate being challenged covers movements that are received by CSXT in interchange and delivered by CSXT in interchange (“Received and Delivered”). For nine (9) issue lanes, the challenged rates cover movements received in interchange and delivered to destination by CSXT (“Received and Terminated”).

Exhibit II-A-1 through Exhibit II-A-5 show the calculation of the variable costs for each of M&G’s movements at issue using the STB’s CSXT 2009 URCS unit costs. The variable cost calculations are indexed to mid-first quarter 2010 (“1Q10”), mid-second quarter 2010 (“2Q10”), mid-third quarter 2010 (“3Q10”), mid fourth quarter 2010

## PUBLIC VERSION

("4Q10") and mid-first quarter 2011 ("1Q11") wage and price levels using the STB prescribed indexing procedures.<sup>7</sup>

### 3. Rates

Prior to January 1, 2009, CSXT transported the issue traffic pursuant to a 10 year contract. When M&G and CSXT entered into negotiations for a new contract in late 2008, just as the economy was declining into a severe recession, M&G was shocked by the magnitude of the rate increases demanded by CSXT. The parties continued negotiating into 2009, beyond the expiration of the contract. In February 2009, with no real option but to pay the rates demanded by CSXT, M&G signed a one-year contract with CSXT, under protest. That contract expired on December 31, 2009.

In October 2009, M&G and CSXT entered into negotiations for a new contract to become effective on January 1, 2010. CSXT demanded additional significant rate increases above and beyond the substantial increases imposed only a year earlier. Because the parties were unable to agree upon contract rates, M&G began paying Defendants' tariff rates on January 1, 2010, while continuing to negotiate with CSXT. Although those tariff rates were higher than CSXT's best contract offer, M&G paid those rates in the hope that it still could negotiate a mutually acceptable contract with CSXT.

Because M&G and CSXT were unable to agree upon new contract rates, M&G initiated this proceeding and has continued to pay CSXT's public tariff rates since January 2010. CSXT increased M&G's tariff rates in February 2010. CSXT has published AAR Accounting Rule 11 rates for their portion of the joint line movements.

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<sup>7</sup> See workpaper "CSXT09 to 1Q11 Phase III Index".

## PUBLIC VERSION

A summary of the 1Q10 through 1Q11 rates, including fuel surcharges, applicable to the M&G issue movements is shown in Exhibit II-A-9.

Comparing the aforementioned variable cost calculations to the applicable rates summarized in Exhibit II-A-9 produces R/VC ratios for 1Q10 through 1Q11 that range between 240 percent and 623 percent, well in excess of the 180 percent jurisdictional threshold.

The testimony in this Part II-A is being jointly sponsored by Thomas D. Crowley and Timothy D. Crowley of L.E. Peabody & Associates, Inc. Their credentials are detailed in Part IV.

# Part II-B

## PUBLIC VERSION

### B. QUALITATIVE MARKET DOMINANCE<sup>1</sup>

In evaluating qualitative market dominance, the Board “examine[s] the circumstances surrounding the transportation to assess qualitatively whether ‘there are any alternatives sufficiently competitive (alone or in combination) to bring market discipline to [the railroad’s] pricing.’” Arizona Public Service Company v. Atchison, Topeka & Santa Fe Railway Company, 2 STB 367, 373 (1997) (“APS”), citing Metropolitan Edison Company v. Conrail et al., 5 ICC2d 385, 410 (1989). Qualitative market dominance consists of an evaluation of intramodal competition and intermodal competition, which both involve “direct, point-to-point competition.” FMC Wyoming Corp. v. Union Pac. R.R. Co., 4 STB 699, 711, n. 16 (2000) (“FMC”); APS at 373.

In this Part II-B, M&G presents its qualitative market dominance evidence in the following four subparts:

1. In subpart II-B-1, M&G provides a descriptive overview of M&G, its customers, polyethylene terephthalate (“PET”), and M&G’s distribution network for transporting PET from production facilities to its customers. This background is essential to the Board’s understanding of the market dominance issues that it will need to address.
2. In subpart II-B-2, M&G addresses intra-modal competition, which should not present extensive controversy because the origins and/or destinations all are either captive to CSXT or to a short line that is captive to CSXT.
3. In subpart II-B-3, M&G presents its evidence on intermodal competition, and specifically why direct truck movements, rail-truck transloads, and barging are not effective competitive alternatives.
4. In subpart II-B-4, M&G presents lane-specific summaries that link each specific case lane to one or more of the numerous factors presented in the preceding subparts that render intermodal options ineffective competitive constraints upon CSXT’s rates.

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<sup>1</sup> The facts and evidence in this Part II-B are jointly sponsored by Andre Meyer, M&G’s Americas Supply Chain Manager; Melba Aguilar, M&G’s North America Traffic Manager; and Gil Rogers, M&G Senior Project Engineer (only Parts II-B-3.a(3)(a) and (c)). Their credentials are detailed in Part IV.

## **PUBLIC VERSION**

In order to establish a baseline for evaluating CSXT's qualitative market dominance in this proceeding, M&G has prepared Exhibit II-B-1, which lists all 69 case lanes and, because some lanes serve more than one M&G customer, also identifies each M&G customer. Each case lane is referenced by the numbers in Exhibits A and B to M&G's Third Amended Complaint (filed January 31, 2011). For each case lane customer, Exhibit II-B-1 provides the Lane Number, Commodity, CSXT Origin, CSXT Destination, CSXT Route, and the name of M&G's customer(s).

# Part II-B-1: Overview

## PUBLIC VERSION

### 1. AN OVERVIEW OF M&G'S PRODUCTS, CUSTOMERS AND DISTRIBUTION NETWORK

M&G is the North American operation of M&G Group, which is a global producer of PET for packaging applications and a technological leader in the polyester market. M&G produces PET in North America at facilities in Apple Grove, West Virginia and Altamira, Mexico. Rail service is the predominant mode of transportation to M&G's customers throughout North America. In order for the Board to effectively evaluate CSXT's market dominance over the issue traffic, it is important to understand the essential role of rail within M&G's distribution network and the choices that are, and are not, available to M&G for supplying its customers.

#### a. Product and Customers

PET is a plastic pellet substance that is widely used by M&G's customers in many consumer and industrial applications such as plastic bottles, food packaging, and carpet fiber. The production of PET depends on two major raw materials, purified terephthalic acid ("PTA") and monoethylene glycol ("MEG"), and numerous other raw materials in lesser quantities. M&G currently produces { ██████████ } grades of PET at Apple Grove. Each grade adheres to distinct specifications required by M&G's customers, and thus may not be substituted for another grade.

M&G's customers include a wide variety of businesses that utilize PET in the manufacture of finished products. The PET business in the United States is highly competitive. Product quality and cost are the two most important competitive factors.

When ordering PET, the customer, not M&G, specifies the transportation mode. Some do so in their contracts with M&G on a blanket basis; others do so on a shipment-by-shipment basis. The customer does not always explain why it prefers one mode over the other. Most customers that have rail access regularly specify rail transportation. M&G must accommodate

## PUBLIC VERSION

its customer requests, or risk losing its customer to a competing PET producer that will meet the customer's requirements.

### **b. The Apple Grove Facility**

M&G's Apple Grove facility is the origin point for 40 of the 69 lanes at issue in this proceeding, and it is the destination for another 5 lanes.<sup>2</sup> Therefore, a thorough and accurate understanding of its operations is crucial to the determination of qualitative market dominance. In order to facilitate this overview, M&G has provided a color-coded map of the Apple Grove facility as Exhibit II-B-2. An interactive electronic version of this map that permits the user to turn various layers of the map on and off also is included in M&G's electronic work papers.

#### **(1) Apple Grove's PET production and storage capacity**

The Apple Grove facility is located in a rural mountainous area approximately 30 miles northeast of Huntington, WV, and 40 miles northwest of Charleston, WV. Apple Grove is located on a 2-lane road known as Huntington Road or State Route 2. The nearest interstate highway is approximately 25 miles away.

The Apple Grove facility was designed around rail operations. Indeed, the CSXT mainline cuts straight through the middle of the plant. The plant was not constructed all at once, but rather in a patchwork of expansions by different owners over the past 50 years. Because the plant is remotely located in the mountains of West Virginia, rail is a more efficient and reliable form of transportation than trucks, which frequently must travel empty for long distances just to reach the plant and are more susceptible to adverse weather conditions in the mountains.

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<sup>2</sup> Apple Grove is a destination for return shipments of PET from origins at Altamira, MX; Belpre, WV; Parkersburg, WV; Spring, TX; and Sweetwater, TX (Lanes B-1, A-11, A-17, B-47 and B-48). These shipments may be defective product that is returned to Apple Grove for recycling or product that is returned for packaging.

**PUBLIC VERSION**

Apple Grove receives raw materials via rail, truck, and barge. The most significant raw materials by volume are PTA and MEG. PTA is delivered to the plant via rail and MEG via river barge. Raw materials that M&G uses in lesser quantities are delivered in package trucks, except Purified Isophthalic acid (“PIA”) and Diethylene Glycol (“DEG”), which are delivered via rail. These raw materials are received, handled, and stored at Apple Grove for PET production in one of Apple Grove’s two production units.

M&G produces { [REDACTED] } grades of PET in two production units at Apple Grove, known as “CP-3” and “CP-4.” CP-3, which is the larger of the two units, has a production capacity of { [REDACTED] } metric tons per day. Although CP-3 is the larger unit, it produces just 1-2 grades of PET each month. Those grades, however, have the highest demand and thus are produced in the greatest volume. CP-4 has a production capacity of { [REDACTED] } metric tons per day. It produces 3-4 specialty grades of PET per month that tend to have a lower demand. Because there are just two production units at Apple Grove, M&G can manufacture only { [REDACTED] } of PET at any one time.<sup>3</sup> Production of each grade occurs in campaigns that last a minimum of { [REDACTED] } [REDACTED] } Therefore, each campaign must produce a sufficient inventory of each PET grade to meet customer demand until the next production run of that grade.

Production at Apple Grove is planned based on the demand forecasts issued by the sales department on a monthly basis. The production plan is adjusted during the month according to the actual orders, inventory in hand, and production issues. Production planning is complicated, however, by the irregular and often unpredictable nature of PET demand. { [REDACTED]

[REDACTED]

[REDACTED]

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<sup>3</sup> There is a scenario where M&G can produce { [REDACTED] } grades simultaneously, but only in a specific combination of certain grades.

PUBLIC VERSION

[REDACTED]

[REDACTED] } This unpredictability, along with the ability to only manufacture { [REDACTED] } grades of PET at any one time, requires M&G to maintain an average inventory buffer of {{ [REDACTED] }}.

Apple Grove does not have any storage silos for its PET inventory. Therefore, all PET is stored in rail cars at Apple Grove and at off-site storage tracks at nearby Belpre, OH and Parkersburg, WV. Because approximately {{ [REDACTED] }} of M&G's PET production is delivered to purchasers by rail, it does not make economic sense for M&G to invest millions of dollars to construct storage silos when rail cars can perform double-duty as both storage and transit vessels.

Because rail cars are the storage medium for all of Apple Grove's PET production, M&G loads all of its PET production directly into rail cars from its production silos. No direct loading of bulk trucks occurs at Apple Grove, and a significant reconfiguration of the Apple Grove facility, costing close to {{ [REDACTED] }} would be needed to enable direct loading of trucks.<sup>4</sup> Loaded rail cars of PET inventory either are switched to storage tracks in the plant or sent to off-site rail car storage locations at Belpre or Parkersburg, until needed to fill a customer order. When M&G needs to fill a customer order for truck delivery, it must transload PET from a loaded rail car into a truck at either Apple Grove or Belpre.

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<sup>4</sup> In its "Reply in Opposition to CSXT's Motion for Expedited Determination of Jurisdiction Over Challenged Rates" (filed Feb. 18, 2011), M&G estimated that the cost to enable widespread direct bulk truck loading would be {{ [REDACTED] }}. The earlier figure was based on an outdated estimate from several years ago and represented an abbreviated analysis; once M&G realized the scale of the cost that would be required, it simply stopped the analysis because it was obvious that the cost would be prohibitive. For this Opening Market Dominance Evidence, however, M&G has updated the prior analysis with a more comprehensive estimate.

## PUBLIC VERSION

### (2) Apple Grove's rail facilities.

Apple Grove has an extensive network of railroad tracks that reflect the integral nature of rail operations to the facility. These tracks must handle a variety of different traffic and serve multiple functions. Many of these functions are shown in different colors on the map that is Exhibit II-B-2.

One of the first things to notice on the map is that the CSXT mainline (in orange) runs directly through the middle of the Apple Grove plant. M&G has extensive internal plant tracks on both sides of the CSXT mainline that are represented by multiple other colors on Exhibit II-B-2. Any switch that requires moving a rail car from one side of the CSXT mainline to the other must be performed by CSXT.

M&G performs all other intra-plant switching with three switch engines, one on the west and two on the east side of the CSXT mainline. This switching activity includes the following:

1. switching inbound empty hopper cars to storage track;
2. switching inbound cars loaded with raw materials to storage track;
3. switching cars loaded with raw materials from storage track to unloading areas;
4. switching empty raw material cars back to storage tracks;
5. switching empty hopper cars from storage tracks to PET loading silos;
6. switching hopper cars loaded with PET from loading silos to storage tracks;
7. switching hopper cars loaded with PET to and from transload tracks;
8. switching empty raw material cars from storage track onto CSXT outbound track;  
and
9. switching loaded PET cars from storage track onto CSXT outbound track.

All inputs of raw material into the production of PET occur on the east side of the CSXT mainline. The production tracks (in dark blue) are used to unload PTA and to support various other production functions, such as loading off-grade PET production. PTA is used in very large volumes that are delivered by rail six days per week. M&G maintains an inventory of approximately { ■ } rail cars of PTA to ensure uninterrupted operations. The utility/warehouse tracks (in red) are used to unload other raw materials, such as DEG, and to support other

## PUBLIC VERSION

functions such as packaging activities, loading rail cars with by-product, and rail car maintenance.<sup>5</sup>

M&G loads finished PET into rail cars on both sides of the CSXT mainline. The larger capacity CP-3 unit drops nearly all of its production into rail cars on the west side of the CSXT mainline in Building 66.<sup>6</sup> The smaller capacity CP-4 unit drops its production into rail cars on the east side in Building 55. Both sets of loading tracks are shown in light blue on Exhibit II-B-2. This is an important fact because more PET is loaded on the west side of the plant where M&G has fewer storage tracks.

M&G maintains rail car storage tracks on both sides of the CSXT mainline. These tracks are shown in purple on Exhibit II-B-2. These tracks must store empty rail cars waiting to be loaded with PET; loaded rail cars constituting an average { [REDACTED] } of inventory for the PET grades not currently in production; approximately { [REDACTED] } loaded rail cars of PTA, plus additional cars of PIA and DEG; and empty rail cars of these same raw materials. Approximately { [REDACTED] } empty PTA cars are switched out by CSXT daily. In addition, M&G uses two tracks on the west side and one on the east side of the mainline for transloading PET from rail cars into trucks for those customers that need truck deliveries. Those tracks are shown in green on Exhibit II-B-2. Despite an extensive network of tracks at Apple Grove, M&G still must store large numbers of empty and/or loaded rail cars at off-site locations.

The bisection of Apple Grove by the CSXT mainline imposes significant limitations upon M&G's operation of its storage and transload tracks. Although two-thirds of Apple Grove's

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<sup>5</sup> M&G sometimes hires third-party contractors to perform heavy rail car maintenance on the utility/warehouse tracks at Apple Grove. This maintenance consists of traditional rail car work such as truck assemblies and brakes; it does not involve maintenance of the specialized bulk hopper components.

<sup>6</sup> Approximately one-sixth of the production of CP-3 is dropped into rail cars on the east side in Building 55.

PUBLIC VERSION

production comes from the CP-3 unit, which drops its PET into rail cars on the west side of the mainline, most of the storage tracks are on the east side. The total rail car storage capacity at Apple Grove under gridlock conditions is approximately {{ [REDACTED] }} rail cars on the east side of the CSXT mainline and {{ [REDACTED] }} rail cars on the west side, { [REDACTED] } In order to maintain fluid rail operations within the facility, however, only {{ [REDACTED] }} of those rail spots can be occupied at any one time.

This means that the west side tracks have a fluid operating capacity of just {{ [REDACTED] }} rail cars. The CP-3 unit requires {{ [REDACTED] }} of those spots for empty rail cars in order to maintain a regular flow of empty cars for loading during a production campaign that averages {{ [REDACTED] }} car loadings per day. In addition, {{ [REDACTED] }} spots are needed to maintain a sufficient inventory of the PET grades not currently in production. In total, the west side needs a minimum of {{ [REDACTED] }} spots, but only has at most {{ [REDACTED] }} spots.

The east side tracks have a fluid operating capacity of approximately {{ [REDACTED] }} rail cars. Loaded rail cars of PTA occupy {{ [REDACTED] }} of those spots. The CP-4 unit requires approximately {{ [REDACTED] }} empties to ensure a continuous flow of cars for loading during a production campaign that loads {{ [REDACTED] }} cars per day.<sup>7</sup> Another {{ [REDACTED] }} spots are required for the inventory of PET grades not currently in production. Finally, this track must accommodate { [REDACTED] } empty PTA cars that are switched out daily. In total, the demands on the east side consume almost every single car spot available. This leaves no room to accommodate the {{ [REDACTED] }} excess cars from the west side. And even if they could be accommodated, they would have to be switched across the CSXT mainline by CSXT.

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<sup>7</sup> { [REDACTED] }

PUBLIC VERSION

Consequently, M&G must lease track space at Belpre, OH, and Parkersburg, WV, to handle excess empty and loaded rail cars that cannot be stored at Apple Grove. Parkersburg provides approximately { [REDACTED] } spaces, and Belpre provides approximately {{ [REDACTED] }} spaces. If Apple Grove had adequate track storage space, adequate transload areas and opportunities, and assurances of operational fluidity, then M&G would not need Parkersburg and Belpre. But as demonstrated in Part II-B-3.a.(3)(c), the cost of such an expansion has a prohibitively expensive price tag of {{ [REDACTED] }}.

Transloading of PET from loaded rail cars into trucks occurs on four tracks at Apple Grove. { [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] } These tracks are shown in green on Exhibit II-B-2. Because most of this transload capacity is on the west side of the CSXT mainline and the Apple Grove plant entrance is on the east side, trucks can only reach those tracks by crossing over the CSXT mainline, which is obstructed for up to several hours daily by CSXT switching activity and occasionally also by the presence of a passing or stopped CSXT train. As shown in Part II-B-3.a.(3)(c), in order to increase Apple Grove's transloading capacity and accommodate all of the other rail activity at the plant, the cost would be approximately {{ [REDACTED] }} Furthermore, there is no point in making such an investment because, as shown in Part II-B-3.a.(1), M&G's rail-served customers would never accept truck deliveries on a regular basis.

## PUBLIC VERSION

### c. **Other Non-Customer Locations That Are Origins And/Or Destinations For The Issue Lanes.**

In addition to Apple Grove, several lanes originate and/or terminate at other facilities owned or leased by M&G. A brief description of these facilities is provided below.

#### (1) **Altamira, Mexico**

Altamira is the location of M&G's other PET production facility in North America. Altamira produces most of the PET that M&G sells to customer locations in Mexico and the western U.S., and for export shipments. Occasionally, M&G will ship PET from Altamira to eastern U.S. destinations when there is insufficient inventory at Apple Grove. Altamira also may ship PET to Apple Grove for recycling. Altamira is the origin for six of the case lanes and the destination for one lane. The movements originate by rail in Mexico, interchange with U.S. railroads at the U.S. border, and then again with CSXT for delivery to the destination.

#### (2) **Belpre, OH**

Belpre is a CSXT-served rail car storage and transload facility that is leased and operated by Bulkmatic Transport. M&G leases approximately {{ [REDACTED] }} spots at Belpre for storage of empty and loaded rail cars because Apple Grove lacks sufficient rail car storage capacity. M&G will ship PET to a customer from either Belpre or Apple Grove on a first-in, first-out basis, by grade. PET can be shipped from Belpre either via rail car, or via bulk truck after the product is transloaded from a rail car on one of two transload tracks. Most truck shipments originating at Belpre are transported by Bulkmatic.

Belpre is the origin for seventeen case lanes and the destination for two lanes. The two lanes where Belpre is the destination (A-1 and B-2) are inbound shipments to the Bulkmatic facility from the Apple Grove and Altamira production plants. Those movements are necessary

## PUBLIC VERSION

precursors to all of the outbound movements, thus subjecting even outbound movements by truck to CSXT's market dominance.

### (3) Parkersburg, WV

Parkersburg is a CSXT rail yard. M&G leases track from CSXT with the capacity to hold { ■ } rail cars. M&G uses Parkersburg solely for storage of empty and loaded rail cars when there is insufficient storage capacity at Apple Grove. M&G does not transload into trucks at Parkersburg, and would require CSXT's consent to do so. In any event, conditions on the leased tracks at Parkersburg do not allow M&G to transload safely and without quality risks. Furthermore, even if M&G could transload at Parkersburg, it still would have to pay CSXT to transport the loaded PET rail car to Parkersburg and reposition the empty rail car after transloading. Parkersburg is the destination for Lane A-8, from Apple Grove, and the origin for Lane A-17, to Apple Grove.

### (4) Rains, SC

Rains is a rail car storage and transload facility owned by CSXT. It is leased by A&R Transport primarily for transloading PET from rail cars to trucks for local delivery. M&G primarily uses Rains as a transload facility to serve nearby truck customers. But M&G also occasionally stores loaded rail cars at Rains, similar to its use of Belpre. There is capacity for approximately { ■ } rail cars at Rains. Rains is the origin for Lane A-18, to Cartersville, and the destination for Lane A-9, which is the inbound movement from Apple Grove. Because Lane A-9 is a precursor to any truck movements from Rains to the Cartersville, even outbound truck movements would be subject to CSXT's market dominance.

## PUBLIC VERSION

### (5) Sweetwater, TX

Sweetwater is a rail car storage in transit (“SIT”) and transload facility owned, operated, and served by the BNSF Railway Company (“BNSF”). M&G uses this facility for storage of both empty and loaded rail cars, mostly from Altamira. M&G pays a yearly fee to the BNSF for the use of {{ ■■■ }} spots for rail car storage. There are an additional {{ ■■■ }} spots for transloading. Loaded rail cars are stored until the PET is needed to supply a customer, at which time the rail car is tendered to BNSF or placed on the transload track for transloading to a bulk truck. The transload track at Sweetwater is operated by A&R Transport.

Sweetwater is the origin for three case lanes (B-48, 49 and 50) and the destination for two lanes (B-30 and 46). The origin lanes encompass a return of PET to Apple Grove and shipments to customers in Cartersville, GA and Clifton Forge, VA. The destination lanes are inbound shipments from Apple Grove and Belpre.

### (6) Spring, TX

Spring is a rail car storage facility owned and operated by the Union Pacific Railroad. M&G stores loaded cars in transit at Spring, mostly from Altamira, before rail transportation to the eventual customers. Transloading is not possible at Spring. Spring is the origin for a single lane (B-47) involving the return of loaded rail cars to Apple Grove.

### (7) Aguila, AZ

Aguila is a SIT facility owned and operated by the Arizona Central Railroad (“ARZC”). The main reason that M&G leases rail car spots at Aguila is to store PET inventory in rail cars before transloading into trucks for delivery to a single customer in the Phoenix area. Occasionally M&G will ship a rail car from Aguila to a customer. Aguila is the destination for two lanes (B-7 and 36) that are inbound shipments from Apple Grove and Belpre.

## **PUBLIC VERSION**

### **(8) Vado, NM**

Vado is a SIT facility on BNSF used primarily for shipments from Altamira. No transloading occurs at Vado. Vado is the destination for Lane B-33, which is an inbound shipment from Apple Grove.

### **(9) Glendale, AZ**

Glendale is a transload terminal on BNSF used primarily for truck shipments to a customer in Phoenix. Glendale is the destination for Lane B-16.

Part II-B-2:  
Intramodal

## PUBLIC VERSION

### 2. INTRAMODAL COMPETITION

“Intramodal competition refers to competition between two or more railroads transporting the same commodity between the same origin and destination.” APS, 2 STB at 373. Market Dominance Determinations and Consideration of Product Competition, 365 I.C.C. 118, 132 (1981) (“Market Dominance Determinations”), affirmed sub nom. Western Coal Traffic League v. United States, 719 F.2d 772 (5th Cir. 1983) (en banc). As described below, there is no intramodal competition to CSXT rail service for the 69 lanes at issue in this proceeding because CSXT (or a shortline railroad captive to CSXT) is the sole railroad serving the origin, the destination, or both.

#### a. Lanes captive to CSXT at origin and destination

Eighteen lanes at issue in this proceeding are captive to CSXT at both the origin and destination. These are all of the lanes in Exhibit A to M&G’s Third Amended Complaint (filed January 31, 2011). Ten of these lanes originate at Apple Grove, six originate at Belpre, and one each originates at Parkersburg and Rains. There is no intramodal competition possible for any of these lanes because CSXT is the sole railroad that serves both the origin and destination. Therefore, it is impossible to avoid CSXT rail service for these lanes.

#### b. Lanes captive to CSXT at origin only

Forty-two lanes at issue in this proceeding involve origins where CSXT is the only railroad that can provide service. These 42 lanes are found in Exhibit B to M&G’s Third Amended Complaint (filed January 31, 2011). Thirty-one of these lanes (Lanes B-7 through B-35, and Lanes B-51 and B-52) originate at Apple Grove, and the other 11 lanes (Lanes B-36 through B-46) originate at Belpre. CSXT originates the traffic and then interchanges with another railroad at various interchange locations indicated in the “route” column of Exhibit B.

## PUBLIC VERSION

There is no intramodal competition possible for any of these lanes because CSXT is the sole railroad providing service at the origin. Therefore, it is impossible to avoid CSXT rail service for these lanes.

### **c. Lanes captive to CSXT at destination only**

Ten lanes at issue in this proceeding involve destinations where CSXT is the only railroad that can provide service. These 10 lanes are found in Exhibit B to M&G's Third Amended Complaint (filed January 31, 2011). In these 10 lanes (comprised of Lanes B-1 through B-6, and B-47 through B-50), the destination is Apple Grove, Belpre, or an M&G customer that is captive to CSXT. CSXT receives this traffic in interchange from other railroads at various interchange locations listed in the "route" column of Exhibit B. There is no intramodal competition possible for any of these lanes because CSXT is the sole railroad providing service to the destination. Therefore, it is impossible to avoid CSXT rail service for these lanes.

Part II-B-3:  
Intermodal

## PUBLIC VERSION

### 3. INTERMODAL COMPETITION

“Intermodal competition refers to competition between rail carriers and other modes for the transportation of a particular product between the same origin and destination.” Market Dominance Determinations, 365 I.C.C. at 133. Trucks and water carriage are the main sources of competition for rail transportation. Id. The simple fact that an alternative mode may be physically possible does not indicate the existence of “effective competition” that meets the standard of 49 USC § 10707(a). Within this Part II-B-3, M&G will show that neither truck nor barge alternatives are practical, available and/or an effective competitive constraint upon CSXT’s rail rates. M&G presents this evidence under the following headings:

- a. **Truck Transportation is not a competitive constraint.**
  - (1) **M&G’s customers require rail service.**
    - (a) **Rail is the overwhelmingly dominant transportation mode.**
    - (b) **Rail cars are needed for storage.**
    - (c) **High volume customers require rail service.**
    - (d) **Consignment shipments require rail delivery.**
  - (2) **Product integrity concerns foreclose truck-to-rail transload options.**
    - (a) **Each transload event reduces product integrity.**
    - (b) **Loading trucks at the origin is the one and only permissible transload event.**
  - (3) **M&G cannot load large numbers of trucks at Apple Grove.**
    - (a) **M&G cannot practically or cost-effectively reconfigure the Apple Grove facility to enable direct loading of bulk trucks.**
    - (b) **M&G must use Apple Grove’s limited truck loading capacity to serve its non-rail customers.**
    - (c) **M&G cannot practically or cost-effectively increase its transload capacity at Apple Grove.**
    - (d) **Trucks impose significantly greater operating costs upon M&G.**
    - (e) **M&G cannot secure sufficient additional truck capacity to transport the issue traffic by truck from Apple Grove.**
  - (4) **Truck rates do not effectively constrain CSXT’s rates.**
    - (a) **Trucking is more costly than rail.**
    - (b) **Similar truck rates are not an effective competitive constraint.**
- b. **Barge transportation is not a competitive constraint.**

## PUBLIC VERSION

### a. **Truck Transportation is not a competitive constraint.**

Because “the availability of many motor carrier alternatives for transportation services between two points can, in most instances, be taken for granted,” the fundamental market dominance issue is whether the motor carrier alternative is “effective.” Market Dominance Determinations, 365 ICC at 133. See also, Product and Geographic Competition, 2 I.C.C. 2d 1, 21 (1985). Whether or not such competition is effective requires consideration of: (i) physical characteristics of the product in question that may preclude transportation by motor carrier; (ii) the amount of the product in question that is transported by motor carrier where rail alternatives are available; (iii) the amount of the product that is transported by motor carrier under transportation circumstances (e.g., shipment size and distance) similar to rail; and (iv) the transportation costs of the rail and motor carrier alternatives. Id. In addition:

If a market is to be truly competitive, shippers must be able to respond quickly to changes in transportation charges. They must be in a position to shift their demand from one rail carrier to other rail carriers or carriers of other modes. Such a shift in demand requires not only the availability of carriers ready to provide a comparable service, but also the ability of shippers to take advantage of that service.

Special Procedures for Making Findings of Market Dominance as Required by the Railroad Revitalization and Regulatory Reform Act of 1976, 353 I.C.C. 874, 929 (1976) (“Special Procedures”). All of the above considerations strongly indicate CSXT’s market dominance over the issue movements.

M&G presents its evidence on truck transportation in the following four subparts:

Part (1): M&G’s Customers Require Rail Service. In this subpart, M&G presents evidence that its customers require rail transportation. When M&G’s customers have a choice between delivery by rail or truck, they overwhelmingly choose rail delivery. The principal factors underlying this choice are the need to use rail cars for storage, the ability to handle large volumes of PET more efficiently by rail, and the inability to purchase PET on consignment when delivered by truck.

## PUBLIC VERSION

Part (2): Product Integrity Concerns Foreclose Truck-To-Rail Transload Options. In this subpart, M&G presents evidence of its customers' product integrity concerns, which preclude more than one transload per shipment. Consequently, because the process of loading trucks in every case lane, except the six Altamira origins, would be via a transload from rail to truck, no further transloads from truck to rail are possible.

Part (3): M&G Cannot Load Large Numbers of Additional Trucks at Apple Grove. This subpart addresses a major constraint upon M&G's ability to load trucks at Apple Grove, which is the origin for 40 of the case lanes. M&G cannot directly load trucks from its production silos, which means that every truck that is loaded at Apple Grove must be transloaded from a rail car. The cost of modifying Apple Grove to directly load trucks would be prohibitively expensive. Moreover, M&G cannot increase its transload capacity as either a practical or an economic matter. Finally, even if M&G could load more trucks, it could not secure the capacity needed to handle the issue traffic at current rate levels.

Part (4): Truck Rates Do Not Effectively Constrain CSXT's Rates. In this subpart, M&G presents cost comparisons between truck and rail options for the issue movements to show that trucking is more costly than rail for most of the case lanes. Where rail and truck prices are similar, M&G demonstrates that the truck alternative is not an effective competitive constraint because it is a much higher cost alternative and CSXT has been able to increase its rates significantly without a loss of the issue traffic, despite the existence of a similar or lower priced alternative.

## PUBLIC VERSION

### (1) M&G's customers require rail service.

When M&G's customers place an order for PET, they specify the mode of delivery. M&G cannot change the customer's choice except in exigent circumstances where the preferred mode is not available or practical and the customer has agreed to accept the alternative mode. Customer preference for rail transportation demonstrates the infeasibility of alternative modes. E.I. du Pont de Nemours and Company v. CSX Transportation, Inc., STB Docket No. 42099, slip op. at 7 (served June 30, 2008). See also, McCarty Farms v. Burlington Northern, Inc., 3 I.C.C. 2d 822, 829 (1987) ("needs of the shipper or receiver" may determine feasibility of truck transportation) ("McCarty Farms"). Because the case customers will not accept regular truck deliveries of PET, M&G is unable to respond to changes in CSXT's prices by switching from CSXT to alternative modes, which means that those alternative modes do not provide effective competition. Special Procedures, 353 ICC at 929.

#### (a) Rail is the overwhelmingly dominant transportation mode.

The preference of M&G's customers for rail delivery is strikingly evident in its transportation statistics. In each year from 2006 through 2010, M&G delivered no more than {{[REDACTED]}} of all PET shipments in the United States and Canada by truck. See Exhibit II-B-3. That statistic includes customers that do not have access to rail. When considering only customers which have a choice between rail and truck, that statistic drops to just {{[REDACTED]}}. See Exhibit II-B-4. Most of that {{[REDACTED]}} constitutes exceptions to normal rail shipments due to a customer's need for an expedited delivery, rail service disruptions, or purchases in less than rail car quantities. The small amount of the issue commodity that is transported by motor carrier where rail alternatives are available is a key indicator of CSXT's market dominance. Product and Geographic Competition, 2 I.C.C. 2d at 21.

**PUBLIC VERSION**

This overwhelming preference for rail also is evident in the case lanes. M&G has analyzed the case lane ratio of truck to rail shipments in two different formats. In Exhibit II-B-5, M&G has presented those statistics on a lane-by-lane basis. A large number of the case lanes had zero truck shipments from 2006 through 2010. In those lanes with some truck shipments, most were below 5% and all but one were below 10%. In Exhibit II-B-6, M&G also has presented statistics on a destination basis. For example, because Allentown, PA is the destination for both Lanes B-8 and B-37, Exhibit II-B-6 aggregates M&G's truck and rail volumes for both lanes. Only one case destination received more than 10% of PET from M&G by truck. That lane, {{ [REDACTED] }}, still received just {{ [REDACTED] }} of its volume by truck. Although M&G believes that the destination-specific measure in Exhibit II-B-6 is more informative, both sets of statistics lead to the same conclusion, that trucks transport a very small portion of PET where rail alternatives are available.

Although the nearly universal preference of M&G's customers for rail transportation is conveyed at the time they place an order for PET, several of the case customers also expressly require rail delivery in contracts with M&G. A contractual requirement to deliver product "by rail makes a switch to trucks highly infeasible from an economic standpoint due to the risk of losing [the] customer or incurring breach-of-contract liability." E.I. du Pont de Nemours and Company v. CSX Transp., Inc., STB Docket No. 42101, slip op. at 6 (served June 30, 2008). M&G's contracts with customers in the following case lanes explicitly require rail deliveries:

{{ [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] }},

PUBLIC VERSION

Even when customers prefer rail, they may request bulk truck transportation when their production facility is in danger of exhausting its PET supplies before the next rail car is expected to arrive. For example, the supply agreement between M&G and {{ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] }}<sup>9</sup> The

reference to bulk truck shipments in this contract reflects the understanding that emergency bulk truck shipments may be used to keep the customer’s facility from shutting down. When emergency bulk trucks are required, the shipment is not on a consignment basis both because trucks cannot be used for storage and the product is needed immediately anyway in order to avoid a costly production shutdown.

Some contracts that require rail also may permit bulk truck shipments because the contract covers numerous destinations, some of which are rail-served and some of which are not. The bulk truck references in such contracts generally apply to the truck-only locations, while the rail rates apply to the rail-served locations. For example, the supply contract between M&G and {{ [REDACTED] }} covers numerous rail destinations {{ [REDACTED]

[REDACTED] }}<sup>10</sup> All of these sites

are destinations for one or more case lanes, and the supply contract states that M&G “shall

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<sup>8</sup> {{ [REDACTED] }}  
[REDACTED] }}

<sup>9</sup> Id. at M&G-HC-017314.

<sup>10</sup> {{ [REDACTED] }}  
[REDACTED] }}

## PUBLIC VERSION

transport or arrange transportation...by rail car, unless otherwise agreed.”<sup>11</sup> References in the same contract to bulk truck shipments apply to the non-rail served sites and for any emergency bulk trucks to the rail-served sites. They are not intended to permit M&G to unilaterally shift from rail service to truck service at the customer’s rail-served facilities.

### **(b) Rail cars are needed for storage.**

There are several reasons why rail is the dominant mode of transportation for PET. The single most prevalent factor is the use of rail cars for storage by both M&G and its customers.

M&G does not have any PET storage silos at Apple Grove. Therefore, like most polymer producers, M&G stores its PET inventory in privately-owned rail cars until that inventory is sold. As noted in Part II-B-1.b.(1), because M&G can only produce { ██████████ ██████████ }, it must maintain an average inventory of {{ ██████████ }} for the grades not currently in production in order to meet customer demand for those grades. Since at least {{ ██████████ }} of M&G’s PET sales are for delivery by rail car,<sup>12</sup> it makes far more economic sense for M&G to store its inventory in rail cars than to spend millions of dollars to construct and maintain storage silos.

Most purchasers of PET also use their supplier’s privately-owned rail cars to store their PET purchase until it is injected into the manufacturing process. Very few PET purchasers maintain much storage capacity. This prevents them from receiving significant volumes by truck because trucks cannot be used for storage, and thus must be unloaded immediately upon delivery. All of M&G’s customers that regularly order rail delivery, which includes all of the case lanes in this proceeding, use rail cars for storage and, in fact, need rail transportation for the vast majority of their purchases for this reason. Some customers also will purchase PET well in

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<sup>11</sup> Id. at M&G-HC-012436.

<sup>12</sup> See Exhibit II-B-3.

## PUBLIC VERSION

advance of their needs in order to secure better pricing and rely upon the rail cars for storage until needed. In Exhibit II-B-7, M&G has provided the average number of days that a rail car remains at the customer facility in each case lane. The fact that these customers retain the loaded rail cars for days and weeks at a time is consistent with their use of rail cars for storage purposes.

Trucks, in contrast, require immediate unloading upon delivery. When a facility has insufficient silo storage space for all of its PET needs (which is true for all customers involved in this proceeding), the customer would need to precisely time bulk truck deliveries so that it could unload the bulk truck immediately upon arrival directly into the production process. However, it is highly unusual for a customer to be able to use PET immediately upon delivery. Because of the need to carefully coordinate delivery schedules with production schedules trucks are primarily used in emergency situations where the customer is in danger of running out of PET and thus requires an expedited truck shipment that can be used immediately.

As an example, M&G received notification from the Material Coordinator for the { █████ } facility in Allentown, PA on February 8, 2010 that “usage [of M&G’s PET] went up and I don’t think the cars in transit will be here on time.” Therefore, the customer advised M&G that if the rail cars did not arrive “this week I will need bulk trucks.” See Exhibit II-B-8. On May 5, 2010, another M&G customer requested a bulk truck delivery on May 7th due to “concern[ ] about the next [rail]car not getting here until the weekend, which means I may not get it until Monday night.” See Exhibit II-B-9.

Therefore, the fact that some case customers have received some bulk trucks in the past is the exception that proves the rule that M&G’s customers require rail cars, except in exceptional circumstances. M&G’s rail cars are essential storage vehicles for those customers as confirmed by the average number of days that they hold onto the rail cars before releasing them empty back

**PUBLIC VERSION**

to the delivering railroad and the fact that such a huge proportion of their total PET deliveries are by rail. If M&G informed these customers that it would only sell them PET in trucks, those customers would shift to a supplier who would provide delivery by rail.

**(c) High volume customers require rail service.**

Customers which purchase PET in large quantities have an especially strong need for rail car deliveries. The amount of silo storage required for large volumes of PET is expensive as illustrated by the costs to M&G to construct such facilities at Apple Grove.<sup>13</sup> Furthermore, four times as many trucks are needed to transport the same volume as a single rail car. That many additional trucks causes congestion on the roads both in and around a customer's facility. Also, that means four times as many hook ups to unload trucks, and four times as many orders to process, shipments to track, and invoices to pay. These all add costs to both M&G and its customers.

M&G's customers in the following case lanes have received over 100 rail cars, and up to as many as 804 cars, in at least one year since 2006: { [REDACTED]

[REDACTED]  
[REDACTED] }<sup>14</sup>

**(d) Consignment shipments require rail delivery.**

M&G sells PET to some customers on consignment. In a typical, non-consignment, sales transaction, M&G invoices the customer as soon as the shipment leaves Apple Grove or a rail car

<sup>13</sup> See, Part II-B-3.a.(3)(a), *infra*.

<sup>14</sup> M&G has identified these lanes as high volume based upon the aggregate total of all rail cars received by the customer(s) in the case lanes as shown in Exhibit II-B-6. Thus, for example,

{ [REDACTED]  
[REDACTED] }

M&G only shipped rail cars { [REDACTED] } when there was no inventory at Apple Grove.

PUBLIC VERSION

storage site; and the customer owns the product at that point. In a consignment sale, M&G maintains ownership of the product, and does not invoice the customer, until the customer “taps” (*i.e.*, unloads) the rail car. When a customer buys on consignment, the transportation must be by rail car because, unlike privately-owned rail cars, trucks cannot be used for storage, and therefore, must be “tapped” immediately upon delivery. Thus, M&G’s consignment sales are always for delivery by rail.

Most consignment customers purchase product in large volumes that ensures a steady and uninterrupted supply at their facility. Consignment sales enable M&G to compete for these high volume customers because the customer has extra time to pay for the product. While consignment is the standard invoicing/payment method for these lanes, the governing supply agreements also may contemplate bulk trucks. As discussed previously, bulk trucks are included in those contracts in contemplation of emergency bulk trucks that could be needed to prevent a customer’s facility from shutting down due to a lack of PET.<sup>15</sup> In these instances, consignment pricing would not apply; nor would they be necessary because the customer would need to unload the PET immediately in order to keep its plant operating.

The inability of consignment customers to use trucks for storage renders CSXT market dominant over shipments to consignment customers. M&G sells to customers on consignment in the following case lanes: [REDACTED]

[REDACTED]

[REDACTED]

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<sup>15</sup> See the text associated with notes 8-11, *supra*. Bulk trucks are also occasionally ordered by rail-served customers for a trial run of new product. In these instances, the customer may not want a full rail car of PET.

## PUBLIC VERSION

### **(2) Product integrity concerns foreclose truck-to-rail transload options.**

Product integrity concerns are highly relevant indicators of market dominance. See e.g., STB Docket No. 42099 E.I. du Pont de Nemours and Company v. CSX Transportation, Inc., slip op. at 5 (served June 30, 2008) (truck competition not effective due to product contamination concerns); FMC, 4 STB at 720 (Board notes receiver's "product integrity" concern in finding that transloading is not effective competition); Market Dominance Determinations, 365 I.C.C. at 133 (effective competition may be deduced from "physical characteristics of the product in question that may preclude transportation by motor carrier"). Each transfer of PET degrades its integrity. This is another major reason why M&G's customers prefer rail delivery and it requires that M&G restrict any truck shipment to just a single transload.

#### **(a) Each transfer of PET reduces product integrity.**

The product integrity concerns with transloading PET primarily take two forms. First, there is the opportunity for contamination that occurs with every transload. The potential contamination from dirt and moisture can be reduced by using bulk terminals that are paved, covered and operated by trained personnel. Potential contamination from the contents of prior shipments can be reduced by cleaning trucks regularly.

The second and much more significant product integrity concern is the level of dust, "fines," and "streamers" that occur whenever PET is handled. This includes loading, unloading and transloads. Each transfer is performed using a vacuum pneumatic apparatus and tubing. Essentially, pressurized air blows the PET through tubing from one container into the other. Whenever PET pellets are handled or, especially, conveyed with force in a pneumatic system, the sharp edges of the PET cylinders abrade one another and the internal sides of the tube and bulk container, causing the creation of PET dust and small PET particles called "fines."

## PUBLIC VERSION

Additionally, each transfer results in deposits of PET dust and fines on the inside wall of the conveying tube that eventually peel off to create long strings or “streamers” in the PET product.

Dust and fines cause problems for M&G’s customers in multiple ways. Fines are a problem because they are caused by chipping of the high intrinsic viscosity corners of the PET pellets. PET resin needs to maintain an even size and intrinsic viscosity value throughout the entire batch to ensure that all particles melt at the same temperature when passing through the extruders. When fines alter the size or intrinsic viscosity of PET pellets in a batch, the particle will not melt, resulting in a defective preform.

Moreover, customers’ off-loaders have filters that become plugged much more quickly when there are high levels of dust and fines. This increases the customers’ costs and reduces their efficiency, because they must stop their process to clean and replace these filters more frequently.

Streamers cause problems when transferring PET at the customer’s facility. They clog transfer lines, and they build up around the silo magnets, silo discharges, and at the throats of the extruders. When this occurs, the customer must constantly stop its machinery to clear the clog or build-up, which causes a loss of product and production time.

Exhibit II-B-33 describes a current customer problem with streamers caused by trucks. The customer is { ████████ } in Nicholasville, Kentucky, which is Lane B-24. Although this is a very high volume rail customer that historically has received very few trucks, M&G has shipped a greater than usual number of trucks in 2010 and 2011 due to a combination of problems with the CSXT’s rail service, greater customer demand, and M&G production issues.<sup>16</sup> Exhibit II-B-

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<sup>16</sup> See, Part II-B-4 (Lane B-24 summary) and Exhibit II-B-32 for documentation of those problems.





## PUBLIC VERSION

transload, however, greatly increases the probability of the unacceptable levels of dust, fines, and streamers that generate customer complaints.

**(b) Loading trucks at the origin is the one and only permissible transload event.**

If M&G delivers PET to customers with unacceptable levels of dust, fines, or streamers, those customers will not hesitate to change suppliers. Product quality is very important and transportation shortcuts that compromise that quality are unacceptable. Therefore, M&G cannot consider any transportation alternative that requires more than a single transload. Because the very act of loading trucks from a rail car at Apple Grove, Belpre, Parkersburg, and Rains is a rail-to-truck transload, M&G does not have the option of a subsequent truck-to-rail transload. This is important because CSXT has previously asserted that M&G could use a truck-to-rail transload to deliver rail cars to a non-CSXT delivering rail carrier, when this in fact is not possible because it would require at least two transloads.<sup>19</sup> M&G does not transload any shipment of PET more than once.

As noted in Part II-B-3.a.(3), M&G cannot directly load any trucks at Apple Grove; therefore, all PET is loaded first into a rail car and then transloaded from the rail car into trucks when the customer requests a truck delivery. This means that the very process of loading a truck for all 40 case lanes that originate at Apple Grove constitutes the one and only acceptable transload. In addition, all case lanes that originate at Belpre, Parkersburg, Rains, Spring and Sweetwater begin with the PET already in a rail car because these are bulk terminals and rail car storage tracks. Consequently, the very process of loading a truck at these origins constitutes the

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<sup>19</sup> See CSXT's "Motion for Expedited Determination of Jurisdiction Over Challenged Rates," at 11-12 (filed Jan. 27, 2011) ("Bifurcation Motion").

## PUBLIC VERSION

one and only acceptable transload.<sup>20</sup> Because the very process of loading a truck at every origin except Altamira constitutes the one and only acceptable transload for those shipments, M&G cannot truck from these origins to a bulk terminal for a second transload event back into rail cars.

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<sup>20</sup> Shipments from Altamira, Spring, and Sweetwater, which are not originated by CSXT, could be transported by rail to a non-CSXT bulk terminal near the destination and transferred by a rail-to-truck transload. But shipments from Belpre, Parkersburg and Rains, which are captive to CSXT at those origins, must be transloaded to trucks at the origin in order to by-pass CSXT.

## PUBLIC VERSION

### (3) M&G cannot load large numbers of trucks at Apple Grove.

Of the 69 case lanes, 40 originate at Apple Grove. Because Apple Grove is captive to CSXT for rail service, the only physically feasible alternative is to truck directly to the customer.<sup>21</sup> Although physically feasible, truck transportation is not a practical or economic intermodal alternative to rail for these 40 lanes.

Aside from a customer's inability or unwillingness to receive delivery by truck, as discussed in Part II-B-3.a.(1), there are five principal hurdles to increasing the number of trucks that can be shipped directly from Apple Grove:

1. M&G cannot directly load trucks without substantially modifying and expanding its loading and storage facilities at a cost of approximately {{ [REDACTED] }}. Consequently, all truck shipments from Apple Grove today are transloaded from rail cars into trucks.
2. Apple Grove's existing transload capacity is fully committed to M&G's customers that can only receive PET by truck and emergency shipments to rail-served customers.
3. M&G cannot practically or cost-effectively expand its existing transload capacity at Apple Grove; which M&G has estimated would cost {{ [REDACTED] }}.
4. Truck shipments impose four times more work on M&G than rail shipments at substantially greater cost.
5. M&G cannot secure sufficient truck capacity to transport significantly greater truck volumes from Apple Grove.

Each of these hurdles is addressed in the following subsections.

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<sup>21</sup> As noted in Part II-B-1.b., supra, all PET truck shipments from Apple Grove are actually transloaded from rail cars because M&G cannot directly load trucks. For purposes of this discussion, however, truck shipments from a rail car stored at Apple Grove will be treated as direct truck shipments because the transload occurs at the origin facility instead of further down the transportation chain. Moreover, as discussed in Part II-B-3.a.(2), supra, this is the only potential alternative to CSXT rail service at Apple Grove because product integrity issues preclude additional transloading from trucks back into rail cars.

## PUBLIC VERSION

**(a) M&G cannot practically or cost-effectively reconfigure the Apple Grove facility to enable direct loading of bulk trucks.**

As discussed in Part II-B-1, the Apple Grove facility was designed and built for rail service. Consequently, M&G cannot directly load PET into trucks from its production silos at Apple Grove. M&G first loads all PET produced at Apple Grove into rail cars. When a truck shipment is required, M&G transloads PET from a rail car into trucks. M&G witness Gil Rogers has estimated that the capital cost of reconfiguring Apple Grove to enable direct loading of trucks would be {{ [REDACTED] }}. Mr. Rogers is the Senior Project Engineer for M&G at Apple Grove, and has experience in developing construction cost estimates in the PET industry. Exhibit II-B-10 contains a break-down of this cost into its major elements.<sup>22</sup>

A large portion of this cost represents construction of extensive new silo storage and piperack infrastructure. Because M&G can only produce { [REDACTED] } at any one time, it must maintain an average {{ [REDACTED] }} of inventory of each grade of PET. If rail cars are no longer used for storage, M&G must construct new storage silos and piperacks to move the PET to the new silos and to load trucks from the silos.

Large PET silos are specialty items that hold up to 2500 metric tons of PET each. They ensure a consistently clean (contaminant-free) storage environment. M&G would need at least one silo for each of its { [REDACTED] } PET grades, and some high-volume grades would require several silos. In particular, M&G would need nine storage silos on the east side of the CSXT mainline with an aggregate capacity of 15,800 metric tons. All { [REDACTED] } grades would be available from these silos. M&G also would need an additional 8 silos on the west side of the CSXT mainline for { [REDACTED] } high-volume grades with an aggregate capacity of 9600 metric tons.

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<sup>22</sup> The work papers to support this cost estimate are located in M&G MD Electronic Work Paper, "Exhibit II-B-10".

## PUBLIC VERSION

Exhibit II-B-11 is a diagram of Apple Grove that shows where the new silos and related infrastructure could be integrated into the existing facility. On the west side, M&G would construct eight new silos to the southwest of the existing transload tracks. A piperack would connect the silos to Building 66 (and, ultimately, the CP-3 production process) to enable conveyance of PET to the new storage silos. The new 8-silo structure would be surrounded by a large paved area to facilitate bulk truck traffic, staging, and parking. A similar arrangement would exist on the east side. A piperack would connect Building 55 (and the CP-4 production process) to a new 9-silo structure to the east. A large paved area would surround the silo structure to provide room for bulk truck traffic to maneuver. On both sides, bulk trucks would drive onto a truck scale underneath the silo, and be loaded through a top hatch opening via gravity feed from the silos constructed on a large steel superstructure.

The cost of these new silos would range from {{ [REDACTED] }} for each of the 1200-metric ton silos to {{ [REDACTED] }} for each of the 2500-metric ton silos. Mr. Rogers based these silo supply costs on a price quote obtained by M&G from a Dutch company in the regular course of business in 2008. The total cost for all 17 silos would be approximately {{ [REDACTED] }}. M&G would need to rent a crane to install the silos and assist in the construction process at an additional cost of almost {{ [REDACTED] }}

Seventeen new truck scales, one for each new silo, would require an investment of approximately {{ [REDACTED] }}, based upon recent M&G purchases. The scales would be placed directly underneath the silos so that truck weight could be monitored during the loading process, thus limiting the likelihood of under- or over-loaded trucks.

Massive foundations and steel superstructure would be needed to support both the weight of these new silos and the thousands of metric tons of PET stored inside. The foundations alone

## PUBLIC VERSION

would cost nearly {{ [REDACTED] }}, which consists of excavation, labor, concrete, and steel (rebar) for the footers. Each 3-silo structure would require 8 footers at a cost of {{ [REDACTED] }} per footer. Built upon the foundations would be a steel superstructure for the new silos. This steel superstructure would need to be built high off the ground to allow a gravity feed of PET into bulk trucks underneath, and would cost approximately {{ [REDACTED] }} for materials and labor.

Furthermore, a new silo storage system would require construction of piperacks and piping infrastructure to transfer PET from the manufacturing units to the storage silos. The piping materials and labor would cost over {{ [REDACTED], }} and the piperack labor and materials would cost over {{ [REDACTED] }} Mr. Rogers based the pipe costs on current price quotes from a supplier in nearby Ohio. The new piping also would require a 55 PSIG compressed air system for conveying the PET to the new silo structures at a cost over {{ [REDACTED] [REDACTED] }}.

Due to the fines and streamers created by piping PET to the storage silos from the processing units, dedusting equipment and metal fragment removal filters would have to be installed on each new silo at a total cost of {{ [REDACTED] }} for dedusting and {{ [REDACTED] [REDACTED] }} for metal fragment removal. Mr. Rogers based his cost estimate for the metal reject and dedusting system on similar systems previously acquired by the Apple Grove site.

A substantial increase in bulk truck traffic would require significant paved areas for truck staging, maneuvering, and parking. M&G would have to pave existing gravel roads and build new roads to provide access to the new silos. Paving and new roads would cost approximately {{ [REDACTED] }} A new guardhouse also would be needed at a cost of {{ [REDACTED] }} The guardhouse costs are based on recent purchases by M&G.

## PUBLIC VERSION

With the addition of various electrical work (to run the dedusters and compressed air system, for example), mechanical work, engineering costs, contingencies, and mobilization, the total capital cost for direct truck loading at Apple Grove would be {{ [REDACTED] }}

**(b) M&G must use Apple Grove's limited truck loading capacity to serve its non-rail customers.**

As discussed in Part II-B-1.b.(1), Apple Grove's transloading capacity consists of just { [REDACTED] } tracks with a total of { [REDACTED] } [REDACTED] [REDACTED] } The truck loading capacity of this operation is almost entirely used to ship PET to customers without access to rail service, customers that order less than rail car quantities of PET, and for occasional emergency or expedited shipments to rail-served customers. Therefore, if M&G were to shift significant rail volumes to truck, it would displace these volumes for which rail is not an option, thus reducing the volume of PET that M&G could sell well below the production capacity of Apple Grove. Several examples confirm these capacity limits.

In the last half of 2010, which was a period of very low inventory for many of M&G's customers, trucks were in high demand in order to supplement rail car shipments. From June 1, 2010 through January 31, 2011, the most trucks that M&G was able to load in a single day at Apple Grove was {{ [REDACTED] }} and the average of the heaviest load days during this period was {{ [REDACTED] }}. See Exhibit II-B-12. M&G required its full transload capacity and still could not physically load enough trucks to keep up with this demand.

Apple Grove's transload capacity constraints also were implicated in a recent example involving one of M&G's biggest customers. In 2009, the { [REDACTED] } was consuming PET at a rate that exceeded its rail deliveries. Therefore, the customer asked to

## PUBLIC VERSION

supplement its rail car deliveries of PET with bulk truck deliveries. M&G cautioned that “[t]here is not an unlimited availability of trucks” and any truck demand “will need to be managed on a situation by situation basis.” See Exhibit II-B-13. M&G determined that it could provide “up to 6 truck loads per day,” only by first shipping loaded rail cars to Belpre for transloading, because Apple Grove “is incapable of such a high load.” Id. The customer would have to pay both the rail transportation cost to Belpre in addition to the bulk truck rate. Id. Even with this increase in bulk trucks, the customer received less than 1% of its PET by truck in 2009. See Exhibit II-B-6. The fact that M&G could not handle even this small increase in truck loadings at Apple Grove for just this one case lane confirms that it cannot do so for any of the issue traffic.

**(c) M&G cannot practically or cost-effectively increase its transload capacity at Apple Grove.**

As noted above, Apple Grove only has a small number of track spaces available for transloading PET from rail cars to bulk trucks. Other tracks cannot be used for this purpose because they are too close together, they are not adjacent to transloading areas, they are otherwise inaccessible to bulk trucks, or they are required for other rail functions due to operational needs. See Part II-B-1.b. and Exhibit II-B-2. Indeed, as discussed in Part II-B-1.b.(2), M&G must lease additional storage tracks at Parkersburg, WV and Belpre, OH, because there is insufficient space for all of these functions today.

M&G witness Rogers has estimated that it would cost over {{ [REDACTED] }} to construct sufficient facilities at Apple Grove to increase its transloading capacity to handle the issue traffic by truck, alongside existing truck traffic, without requiring off-site storage tracks.<sup>23</sup> It is

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<sup>23</sup> The work papers to support this cost estimate are located in M&G MD Electronic Work Paper “Exhibit II-B-14”. As described in the work papers, Mr. Rogers relied upon CDI Engineering for estimates of certain materials quantities and certain unit costs. See M&G MD Electronic Work Paper “Exhibit II-B-14,” sheet “CDI Support Data”.

## PUBLIC VERSION

essential that any such plan eliminate off-site rail car storage because transportation to and from such storage would be subject to CSXT's market power. Exhibit II-B-14 contains a break-down of this cost estimate, which represents capital investment only. Exhibit II-B-15 is a diagram of Apple Grove that shows the proposed locations of the new facilities.

At the heart of this plan is the construction of approximately 16,000 feet of new track both for transloading and to store rail cars at Apple Grove without requiring supplemental storage at Parkersburg and Belpre, because the need for off-site storage facilities would leave M&G still exposed to CSXT's market power. Therefore, all storage needs currently filled by those locations would have to be transferred to Apple Grove, requiring an increase in the storage track at Apple Grove to handle the additional empty and loaded PET rail cars. All of this new track would cost approximately {{ [REDACTED] }} to construct and {{ [REDACTED] }} for earthwork.

On the west side (the "66 side") of the CSXT mainline, M&G would need to construct seven new storage tracks totaling approximately 8600 feet in the far northwest corner of the M&G property. These new tracks could add fluid capacity of about 100-110 rail cars. The 66 side would also need approximately 1200 feet of new transload track adjacent to the existing transload tracks { [REDACTED] }, consisting of one new transload track and extensions to the two existing transload tracks.

On the east side (the "55 side") of the CSXT mainline, there would be 4 new storage tracks, totaling approximately 3600 feet, to the east of all current tracks. Between the existing tracks and the new storage tracks, M&G could construct approximately 900 feet of new transload track.

## PUBLIC VERSION

More transloading means more truck traffic. To facilitate the increase in truck traffic at Apple Grove, M&G would construct a large paved truck parking and staging area at the southeast corner of the Apple Grove property. Existing gravel road surfaces leading to the “66 side” transload tracks also would have to be paved due to much higher truck volumes. West Virginia air regulation 45CSR7 requires facilities to control particulate emissions from all roads within their facilities. Although M&G has managed dust on its gravel roads in the past by applying a dust suppressant, the dramatic increase in truck shipments required by transloading a significantly greater volume of PET shipments would require either expensive repeated applications throughout the year or paving the road with asphalt. To ease the ingress and egress of trucks from the “66 side” transload area, M&G also would construct a new road from the transload track area to the CSXT mainline road crossing; this new road would enable loaded bulk trucks to more quickly and easily exit the “66 side” transload area. A new road also would be needed to access the expanded “55 side” transload area and the new truck parking and staging area on the “55 side.”

Furthermore, M&G would need to pour concrete pads in both transload areas in order to minimize dirt and rock contamination during the transload process. At current truck volumes, M&G lays down mats when trucks are transloading. A continuous flow of truck traffic would require concrete or asphalt aprons.<sup>24</sup> In fact, because many M&G customers require asphalt or concrete aprons for truck loading, M&G has installed concrete and asphalt aprons at its Altamira production facility in response to those customer demands.

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<sup>24</sup> Paved transloading areas would also be needed to help reduce the frequency of under- and over-loaded bulk trucks. {{ [REDACTED]

}} See Exhibit II-B-16.

## PUBLIC VERSION

The total cost of paving existing roads, creating new paved roads and staging areas, and pouring concrete in the transload areas is estimated to be {{ [REDACTED] }} on the “55 side” and {{ [REDACTED] }} on the “66 side.”

Currently, M&G performs minor maintenance of the core on its PET rail cars when it sends them to washing facilities, but under a full-transload scenario, both car-washing and maintenance of the “core” would have to occur at Apple Grove. Maintenance of the core involves cleaning and replacing (when needed) the outlet at the bottom of the bulk hopper by which the outflow of PET can be adjusted. This “core” maintenance is different from traditional rail car maintenance (truck assemblies, brakes, etc.). Because PET rail cars would never leave Apple Grove under the all-transload scenario, M&G must construct on-site rail car washing facilities. M&G would need to construct two facilities – one on each side of the CSXT mainline – because just one facility would leave M&G dependent upon CSXT for switching rail cars across the mainline, and thus subject to CSXT’s market power. These two new rail car washing facilities would cost approximately {{ [REDACTED] }} for the “66 side” and {{ [REDACTED] }} for the “55 side.”<sup>25</sup> In developing the costs for these new rail car washing facilities, Mr. Rogers relied partially upon previous purchases by M&G. See M&G MD Electronic Work Paper “Exhibit II-B-14,” at sheet “Railcar Cleaning Equipment”.

More transloading also means more switching of rail cars within the Apple Grove plant. M&G would need to acquire two additional switch locomotives, one for each side of the CSXT mainline, to handle this extra switching of rail cars to and from the transload tracks, storage tracks, and the rail car washing facilities. Moreover, the expanded track storage at Apple Grove also would add many more switching movements. These locomotives would cost

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<sup>25</sup> The cost would be less on the “66 side” because the existing foundations and structure of the old PTA rail car barn could be repurposed and used for the new rail car wash facility.

PUBLIC VERSION

{{ [REDACTED] }} each, for a total cost of {{ [REDACTED] }} Again, Mr. Rogers relied on actual prices paid by M&G for locomotives in 2010. See M&G MD Electronic Work Paper, “Exhibit II-B-14” at sheet “Locomotive”.<sup>26</sup>

In addition, the increase in transload truck shipments would necessitate the purchase and installation of {{ [REDACTED] }} new truck scales at a cost of {{ [REDACTED] }} each, or about {{ [REDACTED] }} total. This unit cost represents the actual price paid by M&G for a truck scale in 2008. See M&G MD Electronic Work Paper, “Exhibit II-B-14” at sheet “Truck Scale”. These scales would be placed adjacent to the transload tracks to allow the truck weight to be monitored during the transload process.

Because transloading and switching would have to occur at night to handle the substantial increase in truck shipments, M&G has included {{ [REDACTED] }} to construct lighting around both the transload and storage tracks. An additional guardhouse, at a cost of about {{ [REDACTED] }}, also would be needed to handle the increase in truck arrivals and departures at Apple Grove. Finally, relocated and/or new fencing would cost {{ [REDACTED] }}

When engineering design, contingencies, and mobilization are accounted for, the total cost of increasing the transload capacity at Apple Grove to handle the issue traffic would be approximately {{ [REDACTED] }} This capital cost by itself is prohibitively expensive, thereby rendering this alternative an ineffective competitive constraint. As discussed in the next section, M&G also would incur additional operating and personnel costs to handle and process four times as many truck as rail shipments.

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<sup>26</sup> {{ [REDACTED] }}

## PUBLIC VERSION

### **(d) Trucks impose significantly greater operating costs upon M&G.**

In addition to the capital cost for the direct truck loading and expanded transloading options addressed in Parts II-B-3.a.(3)(a) and (c), a dramatic increase in trucks would impose substantial additional operating costs upon M&G to process four times the shipments (freight payment paperwork, customer service, guardhouse duties, etc.). Each truck shipment requires expensive and time-consuming handling by M&G that is not required for rail shipments or is required four times more for truck shipments.

Table 1, on the next page, describes and compares the tasks associated with bulk truck and rail shipments from Apple Grove. Compared to rail shipments, a single truck shipment consumes much more employee time, such as that of the relevant Account Service Representative (“ASR”). Many of these tasks involve document creation and handling, or communication and negotiation with the customer and potential motor carriers to coordinate transportation and delivery times.<sup>27</sup> These tasks begin with the point that PET already has been loaded into a rail car, because all tasks up to that point are the same for both rail and truck shipments of PET from Apple Grove.

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<sup>27</sup> In contrast, rail switch requests are initiated automatically by M&G’s BDS system, which is also used to track the movement of cars on-site.

PUBLIC VERSION

Table 1

Bulk truck shipment		Rail car shipment	
1	Receive order from customer	1	Receive order from customer
2	Enter customer order in SAP	2	Enter customer order in SAP
3	Solicit, and select from, available motor carriers; determine if the motor carrier can meet any customer-requested delivery requirements	3	ASR enters a switch list in BDS
4	Coordinate placement of rail car on the transload track with arrival of motor carrier		
5	Generate bill of lading	4	Generate bill of lading
6	Switch rail car to appropriate transload track	5	Switch rail car to outbound string
7	Empty truck must arrive during Apple Grove transloading hours and after rail car has been switched to transload track		
8	Ensure that bulk truck is clean, driver has adequate hours available, truck is mechanically sound, etc.		
9	Weigh truck on scale to determine empty weight		
10	Truck proceeds to designated transload track		
11	M&G prints and prepares paperwork (Certificate of Analysis, position of rail car, seal numbers, etc.) and organizes by date for warehouse; Cert. of Analysis is clipped to bill of lading		
12	Bulk truck driver connects truck to compartment of designated rail car, and begins transload process (an M&G supervisor must assist)		
13	If rail car compartment is a "heel," then the driver must connect to two separate rail car compartments, which requires moving the truck		
14	Upon completion of transload, bulk truck unhooks from rail car and proceeds to scale to determine loaded weight		
15	If truck is underweight or overweight, it must return to rail car to add PET (or remove PET)		
16	Return to scale again as necessary		
17	Bulk truck performs check-out process with Apple Grove personnel; seals are provided to driver and truck is sealed		
18	Bulk truck travels to customer, and hopefully arrives during a time when customer can immediately unload	6	CSXT picks up outbound string of PET cars, and delivers to customers
19	Paperwork is collected from warehouse and the ASR manually conducts the Goods Issue process, inserting the seal numbers		
20	M&G sends invoice to customer	7	M&G sends invoice to customer
<b>Repeat process four times for each rail car</b>			

## PUBLIC VERSION

As illustrated in Table 1, each bulk truck shipment requires at least twice, and up to nearly three times, as many steps for M&G compared to each rail car shipment. Because most or all of the truck steps must be repeated four times for each rail car equivalent volume of PET, M&G has up to nearly twelve times as many steps associated with truck transportation as rail transportation for a single rail car volume of PET (i.e., 80 truck steps versus 7 rail steps).

Even this list does not tell the whole story. Compared to rail shipments, truck shipments are vastly more susceptible to changes and cancellations. Because M&G's customers either have no silo storage or limited storage space, the slightest change in the customer's production process or PET consumption can mean that there is no storage at the customer to receive a scheduled truck delivery. Hence, customers frequently revise (or cancel) truck shipments in an attempt to precisely fit the truck delivery into the operations of their facility. Each rescheduled or cancelled truck shipment creates the following additional work for M&G:

- Call the motor carrier to advise it of the change and determine if the carrier can meet the new schedule. If not, find a new carrier.
- Destroy and physically recover documentation for the shipment from the warehouse.
- Delete the batch from the delivery note in SAP, so that the batch can be sold to other customers.
- Cancel the delivery note.
- Adjust the customer order.
- If transloading, re-assign the affected or cancelled rail car compartments to other truck orders to minimize rail car switching, because transload tracks have limited space.

M&G estimates that it would need the following additional personnel to handle the extra work associated with truck shipments, if current rail volumes were switched to truck:

- 2 people to staff the new car washing facilities— {{ [REDACTED] }}
- 6 people to provide 24 hour rail switching— {{ [REDACTED] }}
- 9 people to supervise loading operations— {{ [REDACTED] }}
- 3 security guards for 24 hour operations— {{ [REDACTED] }}

PUBLIC VERSION

- 2 people for customer service because the number of truck shipments that must be tracked and invoices generated will be four times the rail invoices—{{ [REDACTED] }}
- 1 person for freight payment to process 4X the invoices associated with trucks than with rail cars—{{ [REDACTED] }}
- 1 person for Quality Assurance control due to extended operations —{{ [REDACTED] }}

(e) **M&G cannot secure sufficient additional truck capacity to transport the issue traffic by truck from Apple Grove.**

Even if M&G could engage in significantly increased truck loading (either directly or via transload) at Apple Grove (ignoring things like much higher truck rates, customer requirements for rail delivery, and the multi-million dollar capital expense to enable more truck loading at Apple Grove), capacity constraints in the motor carrier industry would hinder such a shift. Simply assuming that sufficient capacity exists would ignore real-world circumstances that dictate the transportation that is available.

{{ [REDACTED] }}

[REDACTED]

[REDACTED]

[REDACTED] }} These capacity constraints have a proportionately greater impact upon M&G than many other producers because of Apple Grove's rural location. In order to serve Apple Grove, trucks must travel as much as 150 empty miles just to pick-up a load. Consequently, carriers typically demand higher rates for this service and/or decline M&G traffic in favor of more accessible loads.<sup>28</sup>

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<sup>28</sup> {{ [REDACTED] }}  
[REDACTED]  
[REDACTED]  
[REDACTED] }}

## PUBLIC VERSION

The truck capacity problem is exacerbated by a shortage of drivers, which is only expected to grow worse over the next few years due to several regulatory developments. For example, new hours of service (“HOS”) regulations governing truck drivers will soon be implemented by the Federal Motor Carrier Safety Administration (“FMCSA”). 75 Federal Register 82170 (Dec. 29, 2010). The ultimate effect of these HOS rules will be to reduce the amount of time that drivers can work, thus requiring more drivers to provide the maintain current service levels. The Compliance, Safety, Accountability (“CSA”) program developed by FMCSA is also expected to cause motor carriers to apply more stringent criteria to hiring and retaining drivers. At least one trucking company has plainly informed M&G that its rates must increase due to new regulatory mandates, and another has hinted that rates may rise. See Exhibit II-B-16.

In a series of articles attached as Exhibit II-B-34, M&G documents this capacity problem. Media and transportation experts have recognized the truck capacity and driver shortage over the past year. “Long, Winding Road to Recovery,” Lawrence Gross and Noel Perry, The Journal of Commerce Magazine (January 10, 2011) (“The base ingredients for a capacity shortage are wired in, and the main cause won’t be equipment, but rather drivers.”). The Bureau of Labor Statistics recently noted that trucking employment rose in March of this year, despite an overall decrease in transportation industry employment. “Trucking Scrambles to Add Jobs in March,” William B. Cassidy, The Journal of Commerce Online (April 1, 2011). Despite this hiring increase, it is predicted that trucking supply still will decrease in 2011 due to factors such as new hours-of-service rules, trucking asset cost increases, and the CSA 2010 safety initiative. “Supply, Demand and Price Elasticity,” Tom Finkbiner, The Journal of Commerce Magazine (March 21, 2011). When the Council of Supply Chain Management Professionals issued its annual report regarding the state of the American logistics industry in June 2010, the Council predicted a

PUBLIC VERSION

shortage of 200,000 drivers nationwide by the end of 2011. Shortage of Truck Drivers Predicted (June 9, 2010). The USA Today reported in September that “[s]hortages of trucks and drivers are delaying some deliveries of products and raw materials across the USA and raising freight costs.” Shortages of Trucks and Truck Drivers Stall Product Deliveries (Sept. 9, 2010).

As the mid-point of 2011 approaches, the situation is deteriorating. See “Truck Market Tightens for Shippers, Index Shows,” William B. Cassidy, The Journal of Commerce Online (May 13, 2011) (“[m]arket conditions are worsening for U.S. shippers as truck capacity tightens and fuel prices and surcharges rise”). A specialist in freight transportation forecasting, FTR Associates, describes its “basic outlook” as “a difficult environment for shippers through the end of this year and well beyond.” Id. Another transportation analyst believes that “likely labor and equipment shortages should create a capacity crunch” in the trucking industry. Dahlman Rose & Company, Industry Veteran’s Take on the Trucking Sector for 2011 and Beyond (May 10, 2011). This same analyst has estimated that truck rates will increase in the high single digits late in 2011, and then again by 11-12% in 2012. Id.

M&G also has extensive documentation of the impact of tight capacity in bulk trucks on its ability to obtain trucks when needed even at current truck volumes, which would only be exacerbated by shifting more rail traffic to trucks. Exhibit II-B-17 contains examples from an eight month period in 2010, which show that this is a chronic problem for M&G:



[REDACTED]

M&G has continued to have difficulty securing adequate bulk truck capacity in 2011. { [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] } See Exhibit II-B-18. { [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] } See Exhibit II-B-19.

As noted in Special Procedures, at 929, if a market is to be truly competitive, there must be “the availability of carriers ready to provide a comparable service....” Thus, even if M&G

**PUBLIC VERSION**

were in a position to take advantage of alternative truck service (which it is not for the reasons presented in the other portions of Part II-B-3.a.), there is insufficient truck capacity for it to do so. This lack of capacity is exacerbated by the remote location of Apple Grove, which renders M&G's traffic less desirable to motor carriers in this capacity-constrained market.

**PUBLIC VERSION**

**(4) Truck rates do not effectively constrain CSXT's rates.**

Despite the fact that trucking is not an option due to both customer requirements and capacity constraints, in this section, M&G also demonstrates that trucking is not price-competitive for most of the case lanes. Moreover, in those lanes where truck prices are less than or similar to rail prices, M&G demonstrates that truck prices are not “effective” competitive constraints upon CSXT's rates.

**(a) Trucking is more costly than rail.**

M&G has performed two analyses of trucking rates. In Exhibit II-B-20, M&G compares its rates for trucking directly from each origin to each destination in every case lane, except those that originate in Altamira, Mexico and Parkersburg, WV, with its rail rates for the same service.<sup>29</sup> In Exhibit II-B-21, M&G has compared the transload rates for Lanes B-1 through 6 and B-47 through 50 (“Non-CSXT Origins”) with its rail rates for the same service.<sup>30</sup> Lanes B-47 through 50 are the only lanes that appear in both Exhibits. All rates reflect M&G's actual rates as of May 9, 2011.

Exhibit II-B-20 shows that all but nine lanes have truck rates that exceed M&G's rail rates for transportation between the same points. An additional seven lanes have truck rates that are just 10% more than the rail rate. For this analysis, M&G presumes that truck rates that are as

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<sup>29</sup> M&G excluded Altamira origins (Lanes B-1 through B-6) and destinations (Lane B-9) because it currently cannot truck PET across the U.S.-Mexico border. M&G excluded Lane A-17 (Parkersburg-Apple Grove) because Parkersburg is a storage track for loaded rail cars of PET that M&G leases from CSXT, which means that CSXT can preclude transloading. Also, M&G still would have to pay CSXT to transport the loaded rail car to Parkersburg and the empty rail car out of Parkersburg.

<sup>30</sup> M&G has only analyzed transload costs for the Non-CSXT Origins because all CSXT origins in the case require a transload at the origin just to load trucks. As noted in Part II-B-3.a.(2), M&G can only transload its PET once per shipment without undertaking unacceptable product integrity risks. Thus, the one and only acceptable transload for CSXT origins occurs at the origin, and the cost of that alternate transportation is covered by the Exhibit II-B-20 direct truck cost analysis.

PUBLIC VERSION

much as 10% higher than rail rates are sufficiently comparable to be a constraint upon rail rates (although not necessarily an “effective” competitive constraint). Thus, a total of sixteen case lanes have direct truck rates that are less than, or no more than 10% above, the rail rates service between the same points.<sup>31</sup> For the remaining lanes, the direct truck option can be dismissed as a competitive alternative to rail based solely on the comparative economics of truck versus rail pricing, without even considering the impracticalities of direct trucking that are addressed in the preceding discussion under Part II-B-3.a.(1) and (2). FMC, 4 STB at 719 (“substantial rate disparity” sufficient to show lack of effective competition).

Exhibit II-B-21 shows that five of the ten Non-CSXT Origins have transload rates below the rail rates for transportation between the same points, and an additional three lanes have transload rates that are up to 10% more than the rail rates.<sup>32</sup> Because the remaining two lanes {{ [REDACTED] }} have transload rates that are more than 10% above the rail rates for transportation between the same points, that rate disparity is sufficient to show a lack of effective competition from the transload alternative. Id.

In summary, based solely upon comparative rates, the Board can conclude that neither direct trucking nor transloading are effective competitive constraints upon rail pricing for all but twenty-four of the case lanes. For those twenty-four case lanes where either direct truck prices or transload prices are less than or up to 10% more than the rail rates for transportation between the same points, it is necessary to consider additional factors to determine whether the alternative transportation rates are effective competitive constraints. M&G already has provided an extensive discussion of those additional factors in Parts II-B-3.a.(1) and (3). The next section

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<sup>31</sup> Those sixteen lanes are {{ [REDACTED] }}  
[REDACTED] }}

<sup>32</sup> Those eight lanes are {{ [REDACTED] }}  
[REDACTED] }}

## PUBLIC VERSION

addresses a final set of factors that must be considered, but only to the extent that the Board has not already concluded that market dominance exists based upon the evidence presented thus far.

**(b) Similar truck rates are not an effective competitive constraint.**

It is a well-established principal that comparable pricing among modes does not, by itself, constitute effective competition:

Even if we were to find that the cost of trucking the product is similar to the cost of using rail after the CSXT rate increase, it does not follow that the threat of trucking is evidence of effective competition. After all, even a monopolist finds that there is a profit-maximizing price beyond which it cannot raise prices without adversely affecting its bottom line. A carrier possessing market power might set its rates so high that it would begin to lose business to a higher-cost alternative (such as a trucking company). As the Board has previously noted, while this may create an “outer limit” constraint, it does not necessarily mean that effective competition is present.

DuPont, STB Docket No. 42099, slip op. at 7-8 (underline in original) (footnotes omitted). See also, Ariz. Pub. Serv. Co. v. U.S., 742 F.2d 644, 650-51 (D.C. Cir. 1984) (a constraint does not equate to effective competition). Consequently, the fact that some truck rates are less than or comparable to CSXT’s rates merely demonstrates that CSXT has priced up to the “outer limits” created by the nearest, higher cost alternative, not that such alternative constitutes effective competition.

This principal is highly relevant to the issue traffic because CSXT has increased the challenged rates significantly over the past three years while continuing to maintain a dominant market share. See FMC, 4 STB at 718 (2000) (“the fact that [carrier] matches prices set by alternatives with significantly higher costs, while maintaining a dominant market share, is not enough to demonstrate effective competition for the traffic at issue”). In Special Procedures, 353 ICC at 929, the ICC held that “the absence of any diversion after a reasonable time following a rate increase” is strong evidence of market dominance.

## PUBLIC VERSION

CSXT imposed its first significant rate increases in 2009, and has continued to increase rates each year, without a loss of the issue traffic.<sup>33</sup> Exhibit II-B-22 shows the history of CSXT's rate increases for the issue traffic, beginning with that 2009 increase. Thus, this is not a situation where CSXT's tariff rates represent the first significant rate increase and there may not have been sufficient time to determine if traffic will be diverted to other alternatives. M&G's inability to divert the issue traffic from CSXT to alternative modes despite consecutive years of CSXT rate increases, even during a lengthy and severe economic recession, is compelling evidence of CSXT's market dominance. To the extent that the challenged rates are now comparable to truck or transload rates after two years of substantial increases, that is indicative of CSXT increasing its rates to match much higher cost alternatives.

In Exhibit II-B-23, M&G demonstrates that the direct truck and transload alternatives in Exhibits II-B-20 and 21 are in fact much higher cost alternatives than rail transportation, which permits CSXT to earn much higher profits than these alternatives at the same rate levels. For the twenty-five case lanes where either direct truck prices or transload prices are less than or up to 10% more than the rail rates for transportation between the same points, M&G has estimated the cost of providing both services. Across every lane, the cost of providing the alternative service ranged from nearly two to over four times higher than the cost of providing rail service.<sup>34</sup> CSXT's profit margins would exceed those of the transload providers by anywhere from \$1023 to \$5947 per carload.<sup>35</sup> This indicates that CSXT has substantial room to increase rates up to the higher cost alternatives without fear of losing the issue traffic to those alternatives. If

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<sup>33</sup> See, Exhibit II-B-5 for the annual truck and rail volumes by case lane and Exhibit II-B-6 for the annual truck and rail volumes by case customer.

<sup>34</sup> See Exhibit II-B-23, Attachment 1, Col (6).

<sup>35</sup> Id., Col (9).

## PUBLIC VERSION

transloading constituted effective competition, CSXT would not be able to price these movements to generate such rich returns. The fact that it has done so indicates that the direct truck and transload alternatives are not effective competitive constraints.

Finally, the R/VC ratios generated by the challenged rates exceed 240% and reach as high as 623%, despite the existence of trucking alternatives.<sup>36</sup> Although evidence that rail revenues substantially exceed variable costs by itself does not indicate market dominance, when such data is supported by other evidence, as is the case in this proceeding, it “may serve to buttress a finding that the existing level of competition may not be effective to constrain rail rates to a reasonable level.” E.I. du Pont de Nemours and Company v. CSX Transp., Inc., STB Docket No. 42101, slip op. at 5 (served June 30, 2008), citing McCarty Farms, 3 I.C.C. 2d at 832.

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<sup>36</sup> See Exhibits II-A-1, 2, 3, 4 and 5.

## PUBLIC VERSION

### **b. Barge transportation is not a competitive constraint.**

Water carriage is the second main mode of competition for rail transportation. Market Dominance Determinations, 365 ICC at 133. However, water carriage does not present even a hint of effective competition to CSXT rail service for the issue traffic. Water transportation would require the existence of bulk barge terminals with the proper equipment to handle the unique challenges posed by PET. To M&G's knowledge, there is not a single bulk barge terminal that handles PET, or any other polymer, in the United States.

Moreover, M&G facilities are not configured to transfer PET into bulk barges. While Apple Grove does have frontage on the Ohio River, the construction of a bulk barge terminal for PET would easily be cost prohibitive. M&G would have to construct storage silos at Apple Grove comparable to those that M&G would have to construct for direct loading of trucks, which is discussed in Part II-B-3.a.(3)(a).

Very few, if any, M&G customers are located directly on navigable waterways that could be reached by a bulk barge, meaning that bulk transportation of PET would require multiple transloads, thereby raising serious product quality issues regarding fines, streamers, dust, and powder. In addition, because barges transport enormous quantities of a product, certainly far more than M&G's customers can receive at one time, M&G would have to forward stage significant inventory of all { [REDACTED] } grades of PET. But that would require the construction of additional storage silos at the destination terminal. That facility also would need infrastructure for loading trucks and rail cars and removing dust, fines and streamers from the PET caused by multiple transloads.

Because barge transportation would require significant investments at both Apple Grove and a barge terminal, the costs would quickly outstrip those of the direct truck options discussed

## **PUBLIC VERSION**

in Part II-B-3.a.(3)(a), which only require M&G to invest in infrastructure at Apple Grove. That fact easily explains why there are no bulk barge terminals for handling PET in this country. For all of the above reasons, barge alternatives can be quickly dismissed as an effective competitive constraint upon rail rates.

Part II-B-4:  
Lane Summaries

**PUBLIC VERSION**

**4. INDIVIDUAL LANE SUMMARIES.**

This subpart addresses each case lane individually by summarizing key facts, referencing the applicable truck limitation factors discussed in Part II-B-3.a., and discussing matters specific to individual lanes. Key cost and volume evidence is summarized for each lane in a chart presented in the following format. The footnotes in the sample chart below provide the source of the data, and will not be repeated for each lane because the source is the same.

Lane #	CSXT Origin-Destination	CSXT tariff rate <sup>37</sup>	R/VC <sup>38</sup>		
Transportation modes to reach M&G customer	Rate	Year	Rail car volume <sup>39</sup>	Truck volume	
				rail cars <sup>40</sup>	trucks <sup>41</sup>
Rail using CSXT tariff <sup>42</sup>		2008			
Direct truck <sup>43</sup>		2009			
Transload <sup>44</sup>		2010			

<sup>37</sup> This is the CSXT tariff and fuel surcharge as of 1Q2011 from Exhibit II-A-5.

<sup>38</sup> The R/VC calculations are from Exhibit II-A-5, which calculates the R/VC as of 1Q2011.

<sup>39</sup> All rail volumes are based on Exhibit II-B-5 and M&G MD Electronic Work Paper “Rail and Truck Volumes”.

<sup>40</sup> Conversion of trucks to rail cars is based on 4 trucks to 1 rail car.

<sup>41</sup> All truck volumes are based on Exhibit II-B-5 and M&G MD Electronic Work Paper “Rail and Truck Volumes”.

<sup>42</sup> The “through rail rates” are from Exhibit II-B-20 and M&G MD Electronic Work Paper “Ex II-B-20”, which is based upon M&G’s rail contracts with other carriers and the CSXT tariff rates as of May 9, 2011. See M&G MD Electronic Work Paper “Rail Contracts” folder. The CSXT rates in Exhibit II-B-20 may differ from the CSXT rates in Exhibit II-A-5 because the latter uses an average fuel surcharge for all of 1Q2011.

<sup>43</sup> The direct truck rates are from Exhibit II-B-20 and M&G MD Electronic Work Paper “Exhibit II-B-20”, which includes the line-haul rate, fuel surcharge, and accessorial charges for bulk truck transportation as of May 9, 2011. The rates are from M&G’s truck contracts. See M&G MD Electronic Work Paper “Truck Contracts” folder.

<sup>44</sup> Transloading prices are from Exhibit II-B-21 and M&G MD Electronic Work Paper “Exhibit II-B-21”, which includes the cost of rail transportation (avoiding CSXT) to a bulk terminal, terminal costs, and truck delivery to the customer’s facility as of May 9, 2011.

PUBLIC VERSION

Lane A-1: Apple Grove, WV to Belpre, OH

A-1		Apple Grove, WV to Belpre, OH		CSXT tariff \$2616		R/VC 314%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	\$2631	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	item #7 below	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	item #7 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. Transportation in this lane from Apple Grove to Belpre is for the purpose of storing loaded rail cars of PET, eventually followed by truck or rail shipment to M&G's customers.
2. Transportation is from M&G's facility in Apple Grove, WV to the Bulkmatic Terminal in Belpre, OH.
3. This movement precedes Lanes A-12 to A-16, and Lanes B-36 to B-46.

CSXT possesses market dominance because:

4. { [REDACTED] }
5. Truck shipments to Belpre would require at least two transloads, once at Apple Grove and once at Belpre (for transfer into rail car for storage), and additional transloads would be needed for subsequent truck shipments to customers. Product quality concerns prevent any route that requires more than one transload. See Part II-B-3.a.(2).
6. The need for rail on this lane is consistent with {{ [REDACTED] }}.
7. Truck and transload rates are not applicable because it would be irrational to ship trucks to a lease track and terminal which has no storage silos. Even if silos existed, truck transportation to Belpre would mean that the ultimate transportation to M&G's customers would require an excessive number of transloads from a product quality perspective. See Part II-B-3.a.(2). Additionally, any rail shipments to or from Belpre would still be captive to CSXT.
8. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a(4)(b).



PUBLIC VERSION

Lane A-3: Apple Grove, WV to Cartersville, GA

A-3		Apple Grove, WV to Cartersville, GA		CSXT tariff \$5841		R/VC 277%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	\$5863	2008	{ }	{{ }}	{{ }}		
Direct truck	{{ }}	2009	{ }	{{ }}	{{ }}		
Transload	item #7 below	2010	{ }	{{ }}	{{ }}		

Lane Facts

- The customers are { }.
- Transportation is from M&G's Apple Grove plant to the customer locations in Cartersville, GA.

CSXT possesses market dominance because:

- { }.
- { }.
- Customers use rail cars for storage. See Part II-B-3.a.(1)(b).
- Direct Truck rate is {{ }} the through rail rate. See Part II-B-3.a.(4).
- Transload rate does not apply because transloading would require at least three transloads (at Apple Grove to load the bulk truck and at the bulk terminals near the origin and destination), thus implicating product integrity concerns. See Part II-B-3.a.(2).
- M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
- The need for rail on this lane is consistent with {{ }} of traffic in last three years being via truck.
- Cumulative 2008-2010 CSXT rate increase: { } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-4: Apple Grove, WV to Clifton Forge, VA

A-4		Apple Grove, WV to Clifton Forge, VA		CSXT tariff \$3990		R/VC 324%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		\$4016		2008	{ }	{{ }}	{{ }}
Direct truck		{{ }}		2009	{ }	{{ }}	{{ }}
Transload		item #5 below		2010	{ }	{{ }}	{{ }}

Lane Facts

1. The customer is { }.
2. Transportation is from M&G's Apple Grove plant to the customer location in Clifton Forge, VA.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct Truck rate is {{ }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate does not apply because transloading would require at least three transloads (at Apple Grove to load the bulk truck and at the bulk terminals near the origin and destination), thus implicating product integrity concerns. See Part II-B-3.a.(2).
6. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
7. The need for rail on this lane is consistent with {{ }}.
8. Cumulative 2008-2010 CSXT rate increase: { } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-5: Apple Grove, WV to Devon, KY

A-5		Apple Grove, WV to Devon, KY		CSXT tariff \$2855		R/VC 279%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	\$2885	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	item #9 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. The customer is { [REDACTED] }.
2. Transportation is from M&G's Apple Grove origin to delivery location in Devon, KY.
3. The destination city is sometimes identified as Florence, KY or Cincinnati, OH in M&G's traffic data.

CSXT possesses market dominance because:

4. { [REDACTED] }
5. {{ [REDACTED] }}
6. {{ [REDACTED] }}
7. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
8. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
9. Transload rate does not apply because transloading would require at least three transloads (at Apple Grove to load the bulk truck and at the bulk terminals near the origin and destination), thus implicating product integrity concerns. See Part II-B-3.a.(2).
10. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
11. The need for rail on this lane is consistent with {{ [REDACTED] }}.
12. {{ [REDACTED] }}
13. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-6: Apple Grove, WV to Orlando, FL

A-6		Apple Grove, WV to Orlando, FL		CSXT tariff \$8263		R/VC 301%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	\$8399	2008	{ }	{{ }}	{{ }}		
Direct truck	{{ }}	2009	{ }	{{ }}	{{ }}		
Transload	item #8 below	2010	{ }	{{ }}	{{ }}		

Lane Facts

1. The customers are { [REDACTED] }.
2. Transportation is from M&G's Apple Grove origin to delivery locations in Orlando, FL.

CSXT possesses market dominance because:

3. { [REDACTED] }
4. {{ [REDACTED] }}
5. {{ [REDACTED] }}
6. Customers use rail cars for storage. See Part II-B-3.a.(1)(b).
7. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
8. Transload rate does not apply because transloading would require at least three transloads (at Apple Grove to load the bulk truck and at the bulk terminals near the origin and destination), thus implicating product integrity concerns. [REDACTED]
9. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
10. The need for rail on this lane is consistent with {{ [REDACTED] }}.
11. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-7: Apple Grove, WV to Paris, IL

A-7		Apple Grove, WV to Paris, IL		CSXT tariff \$5585		R/VC \$316%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	\$5650	2008	{ }	{{ }}	{{ }}		
Direct truck	{{ }}	2009	{ }	{{ }}	{{ }}		
Transload	item #5 below	2010	{ }	{{ }}	{{ }}		

Lane Facts

1. The customer is { }.
2. Transportation is from M&G's Apple Grove plant to the customer location in Paris, IL.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct Truck rate is {{ }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate does not apply because transloading would require at least three transloads (at Apple Grove to load the bulk truck and at the bulk terminals near the origin and destination), thus implicating product integrity concerns. { }
6. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
7. The need for rail on this lane is consistent with {{ }}.
8. Cumulative 2008-2010 CSXT rate increase: { } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-8: Apple Grove, WV to Parkersburg, WV

A-8		Apple Grove, WV to Parkersburg, WV		CSXT tariff \$2615		R/VC 316%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	\$2630	2008	{ }	{{ }}	{{ }}		
Direct truck	item #5 below	2009	{ }	{{ }}	{{ }}		
Transload	item #5 below	2010	{ }	{{ }}	{{ }}		

Lane Facts

1. PET is transported from Apple Grove to Parkersburg for storage, eventually followed by rail shipment to M&G's customers.
2. Transportation is from M&G's facility in Apple Grove, WV to the CSXT track in Parkersburg, WV.

CSXT possesses market dominance because:

3. Truck shipments to Parkersburg require the consent of CSXT, because Parkersburg is not a transload location and the track is owned by CSXT and leased to M&G for storage. Even if transloading were possible, at least two transloads would be required, once at Apple Grove and once at Parkersburg (for transfer into rail car for storage), and additional transloads would be needed for subsequent truck shipments to customers. Product quality concerns prevent any route that requires more than one transload. See Part II-B-3.a.(2).
4. The need for rail on this lane is consistent with {{ [REDACTED] }}.
5. Truck and transload rates are not applicable because it would be irrational to ship trucks to a lease track. Even if truck transportation could occur, any rail shipments to or from Parkersburg would still be captive to CSXT and M&G would have to position empty rail cars at Parkersburg to receive the shipments.
6. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
7. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-9: Apple Grove, WV to Rains, SC

A-9		Apple Grove, WV to Rains, SC		CSXT tariff \$5610		R/VC 240%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	\$5641	2008	{ }	{{ }}	{{ }}		
Direct truck	item #7 below	2009	{ }	{{ }}	{{ }}		
Transload	item #7 below	2010	{ }	{{ }}	{{ }}		

Lane Facts

1. PET is transported from Apple Grove to Rains for storage and/or transload. Storage would be followed by rail delivery to a customer or transload to a truck for delivery to a customer.
2. Transportation is from M&G's facility in Apple Grove, WV to the a rail car storage and transload facility owned by CSXT in Rains, SC.
3. Most rail cars at Rains are used for {{ [REDACTED] }}, although this lane also is a precursor to rail shipments to the customers in Cartersville, GA via Lane A-18.
4. This facility is leased by A&R Transport.

CSXT possesses market dominance because:

5. Truck shipments to Rains would require at least two transloads, once at Apple Grove and once at Rains (for transfer into rail car for storage), and additional transloads would be needed for any eventual truck shipments to customers. Product quality concerns prevent any route that requires more than one transload. See Part II-B-3.a.(2).
6. The need for rail on this lane is consistent with {{ [REDACTED] }}.
7. Truck and transload rates are not applicable because it would be irrational to ship trucks to a lease track. Even if truck transportation could occur, any rail shipments to or from Rains would still be captive to CSXT. See note #5 above.
8. { [REDACTED] }
9. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
10. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-10: Apple Grove, WV to Rochester, NY

A-10		Apple Grove, WV to Rochester, NY		CSXT tariff \$8780		R/VC 458%	
Transportation modes to reach M&G customer		Rate	Year	Rail car volume	Truck volume		
					rail cars	trucks	
Rail using CSXT tariff		\$8848	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	
Direct truck		{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	
Transload		item #8 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	

Lane Facts

1. The customer is { [REDACTED] }.
2. Transportation is from M&G's Apple Grove origin to delivery location in Rochester, NY.

CSXT possesses market dominance because:

3. { [REDACTED] }
4. {{ [REDACTED] }}
5. {{ [REDACTED] }}
6. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
7. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
8. Transload rate does not apply because transloading would require at least three transloads (at Apple Grove to load the bulk truck and at the bulk terminals near the origin and destination), thus implicating product integrity concerns. See Part II-B-3.a.(2).
9. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
10. The need for rail on this lane is consistent with {{ [REDACTED] }}.
11. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-11: Belpre, OH to Apple Grove, WV

A-11		Belpre, OH to Apple Grove, WV		CSXT tariff \$3182		R/VC 385%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		\$3197		2008	{ }	{{ }}	{{ }}
Direct truck		{{ [REDACTED] }}		2009	{ }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		item #4 below		2010	{ }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. Transportation in this lane from Belpre to Apple Grove consists of partially-filled rail cars and PET returned for recycling or packaging.
2. Transportation is from the Bulkmatic Terminal in Belpre, OH to M&G's facility in Apple Grove, WV.

CSXT possesses market dominance because:

3. Although the direct truck rate {{ [REDACTED] }}, CSXT has increased its rates by { [REDACTED] } from 2008-2010 without a loss of traffic to trucks. See Part II-B-3.a.(4)(b).
4. Any savings from truck shipments would be offset by the need to transport the empty rail car back to Apple Grove via CSXT, which effectively forecloses transloading as an option.
5. M&G uses the rail cars to store the product at Apple Grove. See Part II-B-3.a.(1)(b).
6. Even if truck transportation could occur, inbound rail shipments to Belpre remain captive to CSXT.
7. The need for rail on this lane is consistent with {{ [REDACTED] [REDACTED] }}.

PUBLIC VERSION

Lane A-12: Belpre, OH to Bordentown, NJ

A-12		Belpre, OH to Bordentown, NJ		CSXT tariff \$5425		R/VC 291%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	\$5489	2008	{ }	{{ }}	{{ }}		
Direct truck	{{ [REDACTED] }}	2009	{ }	{{ }}	{{ }}		
Transload	item #7 below	2010	{ }	{{ }}	{{ }}		

Lane Facts

1. The customer is { [REDACTED] }.
2. Transportation is from the Bulkmatic Terminal in Belpre, OH to delivery location in Bordentown, NJ.

CSXT possesses market dominance because:

3. {{ [REDACTED] }}
4. {{ [REDACTED] }}
5. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
6. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
7. Transload rate does not apply because transloading would require at least three transloads (at Apple Grove to load the bulk truck and at the bulk terminals near the origin and destination), thus implicating product integrity concerns. See Part II-B-3.a.(2).
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.
9. Even if trucks could be sent on this lane, CSXT service is required from Apple Grove to stage the PET at Belpre.
10. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

<sup>46</sup> {{ [REDACTED] }}

PUBLIC VERSION

Lane A-13: Belpre, OH to Cartersville, GA

A-13		Belpre, OH to Cartersville, GA		CSXT tariff \$6775		R/VC 297%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume		rail cars	trucks
				Rail using CSXT tariff	\$6802		
Direct truck	{{ [REDACTED] }}	2009	{ }	{{ }}	{{ }}		
Transload	item #7 below	2010	{ }	{{ }}	{{ }}		

Lane Facts

1. The customers are { [REDACTED] }.
2. Transportation is from the Bulkmatic Terminal in Belpre, OH to the delivery locations in Cartersville, GA.

CSXT possesses market dominance because:

3. {{ [REDACTED] }}
4. {{ [REDACTED] }}
5. Customers use rail cars for storage. See Part II-B-3.a.(1)(b).
6. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
7. Transload rate does not apply because transloading would require at least three transloads (at Apple Grove to load the bulk truck and at the bulk terminals near the origin and destination), thus implicating product integrity concerns. See Part II-B-3.a.(2).
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.
9. Even if trucks could be sent on this lane, CSXT must be used (for service from Apple Grove) to stage the PET at Belpre.
10. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-14: Belpre, OH to Devon, KY

A-14		Belpre, OH to Devon, KY		CSXT tariff \$3929		R/VC 323%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume		rail cars	trucks
Rail using CSXT tariff	\$3974	2008	{ }	{{ }}	{{ }}	{{ }}	{{ }}
Direct truck	{{ }}	2009	{ }	{{ }}	{{ }}	{{ }}	{{ }}
Transload	item #9 below	2010	{ }	{{ }}	{{ }}	{{ }}	{{ }}

Lane Facts

1. The customer is { [REDACTED] }.
2. Transportation is from the Bulkmatic Terminal in Belpre, OH to delivery location in Devon, KY.
3. The destination city is sometimes called Florence, KY or Cincinnati, OH.

CSXT possesses market dominance because:

4. { [REDACTED] }
5. {{ [REDACTED] }}
6. {{ [REDACTED] }}
7. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
8. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
9. Transload rate does not apply because transloading would require at least two transloads (once at Belpre to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
10. The need for rail on this lane is consistent with {{ [REDACTED] }}.
11. Even if trucks could be sent on this lane, CSXT must be used (for service from Apple Grove) to stage the PET at Belpre.
12. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-15: Belpre, OH to Orlando, FL

A-15		Belpre, OH to Orlando, FL		CSXT tariff \$8329		R/VC 283%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	\$8480	2008	{ }	{{ }}	{{ }}		
Direct truck	{{ [REDACTED] }}	2009	{ }	{{ }}	{{ }}		
Transload	item #8 below	2010	{ }	{{ }}	{{ }}		

Lane Facts

- The customers are { [REDACTED] }.
- Transportation is from the Bulkmatic Terminal in Belpre, OH to delivery locations in Orlando, FL.

CSXT possesses market dominance because:

- { [REDACTED] }
- {{ [REDACTED] }}
- {{ [REDACTED] }}
- Customers use rail cars for storage. See Part II-B-3.a.(1)(b).
- Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
- Transload rate does not apply because transloading would require at least three transloads (at Apple Grove to load the bulk truck and at the bulk terminals near the origin and destination), thus implicating product integrity concerns. See Part II-B-3.a.(2).
- The need for rail on this lane is consistent with {{ [REDACTED] }}.
- Even if trucks could be sent on this lane, CSXT must be used (for service from Apple Grove) to stage the PET at Belpre.
- Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-16: Belpre, OH to Paris, IL

A-16	Belpre, OH to Paris, IL	CSXT tariff \$5279	R/VC 320%		
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume	
				rail cars	trucks
Rail using CSXT tariff	\$5357	2008	{ }	{{ }}	{{ }}
Direct truck	{{ }}	2009	{ }	{{ }}	{{ }}
Transload	item #5 below	2010	{ }	{{ }}	{{ }}

Lane Facts

1. The customer is { }.
2. Transportation is from the Bulkmatic Terminal in Belpre, OH to the delivery location in Paris, IL.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct Truck rate is {{ }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate does not apply because transloading would require at least three transloads (at Apple Grove to load the bulk truck and at the bulk terminals near the origin and destination), thus implicating product integrity concerns. See Part II-B-3.a.(2).
6. The need for rail on this lane is consistent with {{ }}.
7. Even if trucks could be sent on this lane, CSXT must be used (for service from Apple Grove) to stage the PET at Belpre.
8. Cumulative 2008-2010 CSXT rate increase: { } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-17: Parkersburg, WV to Apple Grove, WV

A-17		Parkersburg, WV to Apple Grove, WV		CSXT tariff \$3181		R/VC 385%	
Transportation modes to reach M&G customer		Rate	Year	Rail car volume	Truck volume		
					rail cars	trucks	
Rail using CSXT tariff		\$3196	2008	{ }	{{ }}	{{ }}	
Direct truck		item #3 below	2009	{ }	{{ }}	{{ }}	
Transload		item #3 below	2010	{ }	{{ }}	{{ }}	

Lane Facts

1. Transportation in this lane from Parkersburg to Apple Grove consists of PET returned for recycling or packaging.
2. Transportation is from the CSXT track in Parkersburg, WV to M&G’s facility in Apple Grove, WV.

CSXT possesses market dominance because:

3. Truck and transload rates are not applicable because it would be irrational to ship trucks from a lease track. Moreover, truck shipments from Parkersburg would require CSXT’s consent because CSXT owns the track.
4. Any savings from truck shipments would be offset by the need to transport the empty rail car back to Apple Grove via CSXT, which effectively forecloses transloading as an option.
5. M&G uses the rail cars to store the product at Apple Grove. See Part II-B-3.a.(1)(b).
6. Even if truck transportation could occur, inbound rail shipments to Parkersburg remain captive to CSXT.
7. The need for rail on this lane is consistent with {{ [REDACTED] }}.
8. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane A-18: Rains, SC to Cartersville, GA

A-18	Rains, SC to Cartersville, GA	CSXT tariff \$4263	R/VC 248%		
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume	
				rail cars	trucks
Rail using CSXT tariff	\$4297	2008	{ }	{{ }}	{{ }}
Direct truck	{{ [REDACTED] }}	2009	{ }	{{ }}	{{ }}
Transload	item #9 below	2010	{ }	{{ }}	{{ }}

Lane Facts

1. The customers are { [REDACTED] }.
2. Transportation is from a CSXT owned rail car storage and transload facility in Rains, SC to the delivery locations in Cartersville, GA.
3. The Rains facility is leased by A&R Transport.
4. Lane A-9 is the inbound movement to Rains.

CSXT possesses market dominance because:

5. {{ [REDACTED] }}  
[REDACTED] }}
6. {{ [REDACTED] }}  
[REDACTED] }}
7. Customers use rail cars for storage. See Part II-B-3.a.(1)(b).
8. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
9. Transload rate does not apply because transloading would require at least three transloads (at Apple Grove to load the bulk truck and at the bulk terminals near the origin and destination), thus implicating product integrity concerns. See Part II-B-3.a.(2).
10. The need for rail on this lane is consistent with {{ [REDACTED] }}.
11. Even if trucks could be used on this lane, CSXT must transport the rail cars from Apple Grove to Rains via Lane A-9, which is captive to CSXT.
12. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-1: Altamira, MX to Apple Grove, WV

B-1		Altamira, MX to Apple Grove, WV		CSXT tariff \$5757		R/VC 382%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	item #3 below	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	{{ [REDACTED] }}	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. PET is transported from M&G's Altamira facility to the Apple Grove facility for recycling or packaging.
2. Transportation is from interchange with BNSF at Chicago to M&G's facility in Apple Grove, WV.

CSXT possesses market dominance because:

3. Direct truck rates are not applicable because it is impossible to send a through truck of PET across the Mexico-U.S. border.
4. The need for rail on this lane is consistent with {{ [REDACTED] }}.
5. { [REDACTED] }
6. Transloading would be inefficient because it would require the rail car to return empty to Altamira from the bulk terminal when it otherwise could be loaded at Apple Grove. In order to do the same thing on a transload shipment, M&G would have to pay both Norfolk Southern and CSXT to deliver the empty car to Apple Grove, which would completely consume any savings from transloading.
7. M&G uses the rail cars to store the product at Apple Grove. See Part II-B-3.a.(1)(b).
8. Although the transload rate is {{ [REDACTED] }} the through rail rate, CSXT has increased its rates by { [REDACTED] } from 2008-2010, without a loss of rail traffic to this alternative. See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-2: Altamira, MX to Belpre, OH

B-2		Altamira, MX to Belpre, OH		CSXT tariff \$5698		R/VC 336%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	item #3 below	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	{{ [REDACTED] }}	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. PET is transported from M&G’s Altamira facility to Belpre for storage and/or transload to truck.
2. Transportation is from interchange with BNSF at Chicago to the Bulkmatic Terminal in Belpre, OH.

CSXT possesses market dominance because:

3. Direct truck rates are not applicable because it is impossible to send a through truck of PET across the Mexico-U.S. border. Additionally, it would be irrational to send trucks to a lease track and transload terminal which has no storage silos. Even if silos existed, truck transportation to Belpre would mean that the ultimate transportation to M&G’s customers would require an excessive number of transloads from a product quality perspective. See Part II-B-3.a.(2).
4. Because most shipments from Belpre are via truck; transloading just to reach Belpre (where storage would be in rail cars) would result in an excessive number of transloads from a product quality perspective. See Part II-B-3.a.(2).
5. Transloading would be inefficient because it would require the rail car to return empty to Altamira from the bulk terminal when it otherwise could be loaded at nearby Apple Grove. In order to do the same thing on a transload shipment, M&G would have to pay both Norfolk Southern and CSXT to deliver the empty car to Apple Grove, which would completely consume any savings from transloading.
6. M&G needs the rail cars to store the product at Belpre. See Part II-B-3.a.(1)(b).
7. The need for rail on this lane is consistent with {{ [REDACTED] }}.
8. Although the transload rate is {{ [REDACTED] }} the through rail rate, CSXT has increased its rate by { [REDACTED] } from 2008-2010, without a loss of rail traffic to this alternative. See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-3: Altamira, MX to Cambridge, OH

B-3		Altamira, MX to Cambridge, OH		CSXT tariff \$5039		R/VC 599%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		{{ [REDACTED] }}		2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		item #4 below		2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		{{ [REDACTED] }}		2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] }.
2. Transportation is from interchange with BNSF at Chicago to interchange with the Columbus & Ohio River Railroad (“CUOH”) in Columbus, OH.
3. { [REDACTED] } rail cars shipped on this lane in 2006.

CSXT possesses market dominance because:

4. Truck rates are not applicable because it is impossible to send a through truck of PET across the Mexico-U.S. border.
5. The need for rail on this lane is consistent with {{ [REDACTED] }}.
6. Although the transload rate is {{ [REDACTED] }} the through rail rate, CSXT has increased its rate by { [REDACTED] } from 2008-2010, without a loss of rail traffic to this alternative. See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-4: Altamira, MX to Cartersville, GA

B-4		Altamira, MX to Cartersville, GA		CSXT tariff \$6020		R/VC 401%	
Transportation modes to reach M&G customer		Rate	Year	Rail car volume	Truck volume		
					rail cars	trucks	
Rail using CSXT tariff		{{ [REDACTED] }}	2008	{ }	{{ [REDACTED] }}	{{ [REDACTED] }}	
Direct truck		item #6 below	2009	{ }	{{ [REDACTED] }}	{{ [REDACTED] }}	
Transload		{{ [REDACTED] }}	2010	{ }	{{ [REDACTED] }}	{{ [REDACTED] }}	

Lane Facts

1. The customers are { [REDACTED] }.
2. Transportation is from interchange with BNSF at New Orleans to the delivery locations in Cartersville, GA.

CSXT possesses market dominance because:

3. {{ [REDACTED] }}
4. {{ [REDACTED] }}
5. Customers use rail cars for storage. See Part II-B-3.a.(1)(b).
6. Truck rate is not applicable because it is impossible to send a through truck of PET across the Mexico-U.S. border.
7. The need for rail on this lane is consistent with {{ [REDACTED] }}.

PUBLIC VERSION

Lane B-5: Altamira, MX to Clifton Forge, VA

B-5		Altamira, MX to Clifton Forge, VA		CSXT tariff \$7544		R/VC 251%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		{{ [REDACTED] }}		2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		item #4 below		2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		{{ [REDACTED] }}		2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] }.
2. Transportation is from interchange with BNSF at New Orleans to the delivery location in Clifton Forge, VA.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Truck rate is not applicable because it is impossible to send a through truck of PET across the Mexico-U.S. border.
5. Transload rate is {{ [REDACTED] }} the through rail rate.
6. The need for rail on this lane is consistent with {{ [REDACTED] }}.
7. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-6: Altamira, MX to Orlando, FL

B-6		Altamira, MX to Orlando, FL		CSXT tariff \$7697		R/VC 354%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume		rail cars	trucks
				Rail using CSXT tariff	{{ [REDACTED] }}		
Direct truck	item #7 below	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	{{ [REDACTED] }}	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customers are { [REDACTED] }.
2. Transportation is from interchange with BNSF at New Orleans to delivery locations in Orlando, FL.

CSXT possesses market dominance because:

3. { [REDACTED] }
4. {{ [REDACTED] }}
5. {{ [REDACTED] }}
6. Customers use rail cars for storage. See Part II-B-3.a.(1)(b).
7. Truck rate is not applicable because it is impossible to send a through truck of PET across the Mexico-U.S. border.
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.
9. Although the transload rate is {{ [REDACTED] }} the through rail rate, the Cumulative 2008-2010 CSXT rate increase has been { [REDACTED] }, without a loss of rail traffic to this alternative. See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-7: Apple Grove, WV to Aguila, AZ

B-7		Apple Grove, WV to Aguila, AZ		CSXT tariff \$5705		R/VC 378%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	item #8 below	2010	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. PET is transported from Apple Grove to Aguila, AZ for storage and/or transload at a facility owned and operated by the Arizona Central Railroad (“AZRC”). Storage would be followed by rail delivery to a customer or transload to a truck for delivery to a customer.
2. Transportation is from M&G’s facility in Apple Grove, WV to interchange with BNSF in Chicago.
3. Most rail cars at Aguila are used for {{ [REDACTED] }}.
4. {{ [REDACTED] }}.

CSXT possesses market dominance because:

5. Truck shipments to Aguila would require at least two transloads, once at Apple Grove and once at Aguila (for transfer into rail car for storage), and additional transloads would be needed for any eventual truck shipments to customers. Product quality concerns prevent any route that requires more than one transload. See Part II-B-3.a.(2).
6. Directly trucking to the customer in Tolleson would eliminate M&G’s ability to stage product close to the customer.
7. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
8. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
9. Rail cars are used for storage at destination SIT yard. See Part II-B-3.a.(1)(b).
10. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
11. The need for rail on this lane is consistent with {{ [REDACTED] }}.
12. Cumulative 2008-2010 CSXT rate increase: {{ [REDACTED] }} See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-8: Apple Grove, WV to Allentown, PA

B-8		Apple Grove, WV to Allentown, PA		CSXT tariff \$5430		R/VC 452%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	item #7 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. The customer is { [REDACTED] } in Allentown, PA.
2. Transportation is from M&G's Apple Grove origin to interchange with the Norfolk Southern Railway at Hagerstown, MD.
3. M&G also has a non-rail served customer in the Allentown area { [REDACTED] } that receives PET exclusively via truck. Historical truck transportation data reflects only shipments to { [REDACTED] } in the chart above.

CSXT possesses market dominance because:

4. { [REDACTED] }
5. {{ [REDACTED] }}
6. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
7. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
8. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
9. The need for rail on this lane is consistent with {{ [REDACTED] }}.
10. Although the truck rate is {{ [REDACTED] }} the through rail rate, the Cumulative 2008-2010 CSXT rate increase has been { [REDACTED] }, without a loss of traffic to this alternative. See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-9: Apple Grove, WV to Altamira, MX

B-9		Apple Grove, WV to Altamira, MX		CSXT tariff \$5705		R/VC 378%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		{{ [REDACTED] }}		2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		item #3 below		2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		item #4 below		2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. PET is transported from M&G's Apple Grove facility to the Altamira facility for recycling, sampling, or bagging purposes.
2. Transportation is from M&G's Apple Grove origin to interchange with BNSF at Chicago.

CSXT possesses market dominance because:

3. Truck rate is not applicable because it is impossible to send a through truck of PET across the Mexico-U.S. border.
4. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
5. M&G uses the rail cars to store the product at Altamira. See Part II-B-3.a.(1)(b).
6. The need for rail on this lane is consistent with {{ [REDACTED] }}.
7. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-10: Apple Grove, WV to Champaign, IL

B-10		Apple Grove, WV to Champaign, IL	CSXT tariff \$5680	R/VC 416%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume	
				rail cars	trucks
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	item #6 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Champaign, IL.
2. Transportation is from M&G's Apple Grove origin to interchange with the Canadian National Railway in Chicago.
3. This is an alternate route to Lane B-11; the customer is the same.

CSXT possesses market dominance because:

4. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
5. Although the Direct Truck rate is {{ [REDACTED] }} the through rail rate, CSXT has increased rates by { [REDACTED] } from 2008-2010 without a loss of traffic to trucks. See Part II-B-3.a.(4)(b).
6. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
7. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.

PUBLIC VERSION

Lane B-11: Apple Grove, WV to Champaign, IL

B-11		Apple Grove, WV to Champaign, IL		CSXT tariff \$5712		R/VC 437%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	item #6 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. The customer is { [REDACTED] } in Champaign, IL.
2. Transportation is from M&G's Apple Grove origin to interchange with the Canadian National Railway in Effingham, IL.
3. This is an alternate route to Lane B-10; the customer is the same.

CSXT possesses market dominance because:

4. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
5. Although the Direct Truck rate is {{ [REDACTED] }} the through rail rate, CSXT has increased rates by { [REDACTED] } from 2008-2010 without a loss of traffic to trucks. See Part II-B-3.a(4)(b).
6. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
7. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.

PUBLIC VERSION

Lane B-12: Apple Grove, WV to Darlington, SC

B-12		Apple Grove, WV to Darlington, SC		CSXT tariff \$5550		R/VC 327%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		{{ [REDACTED] }}		2008	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		{{ [REDACTED] }}		2009	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		item #8 below		2010	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Darlington, SC. { [REDACTED] }.
2. Transportation is from M&G's Apple Grove origin to interchange with the South Carolina Central Railroad Company ("SCRF") in Florence, SC.
3. The { [REDACTED] } traffic is new business recently acquired by M&G.

CSXT possesses market dominance because:

4. {{ [REDACTED] }}
5. {{ [REDACTED] }}
6. Customers use rail cars for storage. See Part II-B-3.a.(1)(b).
7. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
8. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
9. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
10. The need for rail on this lane is consistent with {{ [REDACTED] }}.

PUBLIC VERSION

Lane B-13: Apple Grove, WV to Doney Spur, PQ

B-13		Apple Grove, WV to Doney Spur, PQ		CSXT tariff \$2965		R/VC 318%	
Transportation modes to reach M&G customer		Rate	Year	Rail car volume	Truck volume		
					rail cars	trucks	
Rail using CSXT tariff		{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	
Direct truck		{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	
Transload		item #5 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	

Lane Facts

1. The customer is { [REDACTED] } in Doney Spur, PQ.
2. Transportation is from M&G's Apple Grove origin to interchange with the Canadian National Railway in Toledo, OH.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
6. The need for rail on this lane is consistent with { [REDACTED] }.
7. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
8. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-14: Apple Grove, WV to Franklin, IN

B-14		Apple Grove, WV to Franklin, IN		CSXT tariff \$3779		R/VC 370%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	item #7 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. The customer is { [REDACTED] } in Franklin, IN.
2. Transportation is from M&G's Apple Grove origin to interchange with the Louisville & Indiana Railroad Company at Louisville, KY.

CSXT possesses market dominance because:

3. { [REDACTED] }
4. {{ [REDACTED] }}
5. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
6. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
7. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.
9. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
10. {{ [REDACTED] }} See Exhibit II-B-13.
11. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).



PUBLIC VERSION



} See

Exhibit II-B-29, which include documents with the Bates number: M&G-HC-

000326 to 000328  
000495  
000496  
000497 to 000498  
000499  
000532  
000577 to 000580  
000584  
001224 to 1225

001582  
002456  
002983 to 002984  
003301 to 003302  
003514 to 003517  
003518 to 003520  
003762 to 003763  
003916 to 003925  
003939

004933  
005538 to 005539  
005812 to 005813  
005981  
006035 to 006036  
006512 to 006513  
006516  
006903

PUBLIC VERSION

Lane B-16: Apple Grove, WV to Glendale, AZ

B-16		Apple Grove, WV to Glendale, AZ		CSXT tariff \$5705		R/VC 378%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	item #6 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. PET is transported from Apple Grove to Glendale, AZ for storage and/or transload. Storage would be followed by rail delivery to a customer or transload to a truck for delivery to a customer.
2. Transportation is from M&G's facility in Apple Grove, WV to interchange with BNSF in Chicago.
3. Most rail cars at Glendale are used for {{ [REDACTED] }}  
 [REDACTED]  
 [REDACTED] }}.

CSXT possesses market dominance because:

4. Truck shipments to Glendale would require at least two transloads, once at Apple Grove and once at Glendale (for transfer into rail car for storage), and additional transloads would be needed for any subsequent truck shipments to customers. Product quality concerns prevent any route that requires more than one transload. See Part II-B-3.a.(2).
5. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4). Direct trucking is not only prohibitively expensive, but it would eliminate M&G's ability to stage product close to the customer.
6. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
7. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.
9. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-17: Apple Grove, WV to Hamilton, ON

B-17		Apple Grove, WV to Hamilton, ON		CSXT tariff \$2965		R/VC 317%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		{{ [REDACTED] }}		2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		{{ [REDACTED] }}		2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		item #6 below		2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Hamilton, ON.
2. Transportation is from M&G's Apple Grove origin to interchange with Canadian National Railway at Toledo, OH.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b)
4. { [REDACTED] }
5. Direct Truck rate {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
6. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
7. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.
9. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-18: Apple Grove, WV to Havre de Grace, MD

B-18   Apple Grove, WV to Havre de Grace, MD		CSXT tariff \$5430		R/VC 452%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume	
				rail cars	trucks
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	item #7 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Havre de Grace, MD.
2. Transportation is from M&G's Apple Grove origin to interchange with Norfolk Southern Railway at Hagerstown, MD.

CSXT possesses market dominance because:

3. { [REDACTED] }
4. {{ [REDACTED] }}
5. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
6. Although the direct truck rate is {{ [REDACTED] }} the through rail rate, CSXT has increased rates from 2008-2010 by { [REDACTED] } without a loss of traffic to trucks. See Part II-B-3.a.(4)(b).
7. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
8. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
9. The need for rail on this lane is consistent with {{ [REDACTED] }}.

PUBLIC VERSION

Lane B-19: Apple Grove, WV to Hazleton, PA

B-19		Apple Grove, WV to Hazleton, PA		CSXT tariff \$5430		R/VC 452%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	item #7 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. The customers are { [REDACTED] } in Hazleton, PA.
2. Transportation is from M&G's Apple Grove origin to interchange with Norfolk Southern Railway at Hagerstown, MD.

CSXT possesses market dominance because:

3. {{ [REDACTED] }}
4. {{ [REDACTED] }}
5. Customers use rail cars for storage. See Part II-B-3.a.(1)(b).
6. Although the direct truck rate is {{ [REDACTED] }} the through rail rate, CSXT has increased rates from 2008-2010 by { [REDACTED] } without a loss of traffic to trucks. See Part II-B-3.a.(4)(b).
7. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
8. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
9. The need for rail on this lane is consistent with {{ [REDACTED] }}.
10. The increased number of bulk trucks in 2010 was due to emergency shipments or other unusual circumstances, which are described by the documents in Exhibit II-B-30, with the Bates numbers: M&G-HC-

000322	003940
001569 to 001571	003941
002519	005140
002436	005212

PUBLIC VERSION

Lane B-20: Apple Grove, WV to Hebron, OH

B-20		Apple Grove, WV to Hebron, OH		CSXT tariff \$3056		R/VC 282%	
Transportation modes to reach M&G customer		Rate	Year	Rail car volume	Truck volume		
					rail cars	trucks	
Rail using CSXT tariff		{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	
Direct truck		{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	
Transload		item #7 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	

Lane Facts

1. The customer is { [REDACTED] } in Hebron, OH.
2. Transportation is from M&G's Apple Grove origin to interchange with Norfolk Southern Railway at Columbus, OH.

CSXT possesses market dominance because:

3. { [REDACTED] }
4. {{ [REDACTED] }}
5. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
6. Although the direct truck rate is {{ [REDACTED] }} the through rail rate, CSXT has increased rates from 2008-2010 by { [REDACTED] } without a loss of traffic to trucks. See Part II-B-3.a.(4)(b).
7. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
8. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
9. The need for rail on this lane is consistent with {{ [REDACTED] }}.

PUBLIC VERSION

Lane B-21: Apple Grove, WV to Lenexa, KS

B-21		Apple Grove, WV to Lenexa, KS		CSXT tariff \$5705		R/VC 377%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		{{ [REDACTED] }}		2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		{{ [REDACTED] }}		2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		item #7 below		2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Lenexa, KS.
2. Transportation is from M&G's Apple Grove origin to interchange with BNSF in Chicago.

CSXT possesses market dominance because:

3. { [REDACTED] }
4. {{ [REDACTED] }}
5. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
6. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
7. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
8. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
9. The need for rail is consistent with {{ [REDACTED] }}.
10. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).
11. Customer requested numerous emergency bulk truck shipments in 2009 and 2010 in order to prevent its Lenexa production facility from shutting down. Descriptions of the need for many of these bulk trucks are provided in Exhibit II-B-31, which includes documents with the Bates number: M&G-HC-

001862 to 001864	005438
002639 to 002643	005511 to 005514
002928 to 002933	005575 to 005576
003049 to 003051	005577 to 005579
003052 to 003055	006024 to 006026
004101	006152 to 006155
004102	006160 to 006163
005368 to 005372	007394 <sup>47</sup>

<sup>47</sup> Some of these documents describe the same incident in several different ways, thus giving the Board a more complete perspective on the incident described therein.

PUBLIC VERSION

Lane B-22: Apple Grove, WV to Little Rock, AR

B-22		Apple Grove, WV to Little Rock, AR		CSXT tariff \$5705		R/VC 377%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		{{ [REDACTED] }}		2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		{{ [REDACTED] }}		2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		item #5 below		2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Little Rock, AR.
2. Transportation is from M&G's Apple Grove origin to interchange with BNSF in Chicago.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
6. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
7. The need for rail on this lane is consistent with {{ [REDACTED] }}.
8. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-23: Apple Grove, WV to Memphis, TN

B-23		Apple Grove, WV to Memphis, TN		CSXT tariff \$6195		R/VC 333%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		{{ [REDACTED] }}		2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		{{ [REDACTED] }}		2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		item #7 below		2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Memphis, TN.
2. Transportation is from M&G's Apple Grove origin to interchange with BNSF in Memphis.

CSXT possesses market dominance because:

3. {{ [REDACTED] }}
4. {{ [REDACTED] }}
5. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
6. Direct Truck rate {{ [REDACTED] }}. See Part II-B-3.a.(4).
7. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
8. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
9. The need for rail on this lane is consistent with {{ [REDACTED] }}.
10. Cumulative 2009-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-24: Apple Grove, WV to Nicholasville, KY

B-24		Apple Grove, WV to Nicholasville, KY		CSXT tariff \$2995		R/VC 433%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	item #7 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. The customer is { [REDACTED] } in Nicholasville, KY.
2. Transportation is from M&G's Apple Grove origin to interchange with Norfolk Southern Railway in Columbus, OH.

CSXT possesses market dominance because:

3. { [REDACTED] }
4. {{ [REDACTED] }}
5. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
6. Although the Direct Truck rate is {{ [REDACTED] }} the through rail rate, CSXT increased its rate by ( [REDACTED] ) from 2008-2010, without a loss of traffic to trucks. See Part II-B-3.a.(4)(b).
7. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
8. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
9. The need for rail on this lane is consistent with {{ [REDACTED] }}.
10. The increase in bulk trucks in 2010 resulted from situations such as railroad delays, customer's increased PET use, and M&G running low on product at Apple Grove. Exhibit II-B-32, describes the reasons for many of these bulk truck shipments in documents with the Bates number: M&G-HC-

001473	005113
003636 to 003638	005541
003639 to 003640	006517 to 006518
005082	006816 to 006817
005086	007422 to 007423 <sup>48</sup>

<sup>48</sup> Some of these documents describe the same incident in different ways, thus giving the Board a more complete perspective on the incident described therein.



PUBLIC VERSION

Lane B-25: Apple Grove, WV to Rockford, IL

B-25		Apple Grove, WV to Rockford, IL		CSXT tariff \$5705		R/VC 376%	
Transportation modes to reach M&G customer		Rate	Year	Rail car volume	Truck volume		
					rail cars	trucks	
Rail using CSXT tariff		{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	
Direct truck		{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	
Transload		item #5 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	

Lane Facts

1. The customer is { [REDACTED] } in Rockford, IL.
2. Transportation is from M&G's Apple Grove origin to interchange with BNSF in Chicago.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct Truck rate {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
6. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
7. The need for rail on this lane is consistent with {{ [REDACTED] }}.
8. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

**PUBLIC VERSION**

**Lane B-26: Apple Grove, WV to Rogers, MN**

<b>B-26</b>	<b>Apple Grove, WV to Rogers, MN</b>	<b>CSXT tariff \$5705</b>	<b>R/VC 377%</b>		
<b>Transportation modes to reach M&amp;G customer</b>	<b>Rate</b>	<b>Year</b>	<b>Rail car volume</b>	<b>Truck volume</b>	
				<b>rail cars</b>	<b>trucks</b>
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	item #5 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Rogers, MN.
2. Transportation is from M&G's Apple Grove origin to interchange with BNSF in Chicago.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
6. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
7. The need for rail on this lane is consistent with {{ [REDACTED] }}.
8. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-27: Apple Grove, WV to Russellville, AR

B-27		Apple Grove, WV to Russellville, AR		CSXT tariff \$5742		R/VC 387%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume		rail cars	trucks
				Rail using CSXT tariff	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	item #6 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. The customer is { [REDACTED] }.
2. Transportation is from M&G's Apple Grove origin to interchange with Union Pacific Railroad in East St. Louis, IL.

CSXT possesses market dominance because:

3. { [REDACTED] }
4. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
5. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
6. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
7. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.
9. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-28: Apple Grove, WV to St. Jean, PQ

B-28		Apple Grove, WV to St. Jean, PQ		CSXT tariff \$2965		R/VC 318%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		{{ [REDACTED] }}		2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		{{ [REDACTED] }}		2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		item #5 below		2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in St. Jean, PQ.
2. Transportation is from M&G's Apple Grove origin to interchange with Canadian National Railway in Toledo, OH.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
6. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
7. The need for rail on this lane is consistent with {{ [REDACTED] }}.
8. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-29: Apple Grove, WV to Suisun Fairfield, CA

B-29		Apple Grove, WV to Suisun Fairfield, CA		CSXT tariff \$5742		R/VC 388%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	item #6 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. The customer is { [REDACTED] } in Suisun Fairfield, CA.
2. Transportation is from M&G's Apple Grove origin to interchange with Union Pacific Railroad in East St. Louis, IL.

CSXT possesses market dominance because:

3. {{ [REDACTED] }}
4. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
5. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
6. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
7. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.
9. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-30: Apple Grove, WV to Sweetwater, TX

B-30		Apple Grove, WV to Sweetwater, TX		CSXT tariff \$5705		R/VC 377%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume		rail cars	trucks
				Rail using CSXT tariff	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	item #8 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. PET is transported from Apple Grove to Sweetwater, TX for storage and/or transload. Storage would be followed by rail delivery to a customer or transload to a truck for delivery to a customer.
2. Transportation is from M&G's facility in Apple Grove, WV to interchange with BNSF in Chicago.
3. The Sweetwater facility is owned, operated, and served by BNSF, though the transload track at Sweetwater is operated by A&R Transport pursuant to a contract with BNSF.

CSXT possesses market dominance because:

4. Truck shipments to Sweetwater would require at least two transloads, once at Apple Grove and once at Sweetwater (for transfer into rail car for storage), and additional transloads would be needed for any eventual truck shipments to customers. Product quality concerns prevent any route that requires more than one transload. See Part II-B-3.a.(2).
5. Directly trucking to the customers served from Sweetwater is not only prohibitively expensive, but it would also eliminate M&G's ability to stage product close to the customers.
6. The need for rail on this lane is consistent with {{ [REDACTED] }}.
7. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4). This rate is based on direct trucking to the main customer served via Sweetwater.
8. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
9. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
10. Rail cars are used for storage at Sweetwater. See Part II-B-3.a.(1)(b).
11. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

**PUBLIC VERSION**

**Lane B-31: Apple Grove, WV to Texarkana, TX**

<b>B-31</b>	Apple Grove, WV to Texarkana, TX	CSXT tariff \$5742	R/VC 387%		
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume	
				rail cars	trucks
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	item #5 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Texarkana, TX.
2. Transportation is from M&G's Apple Grove origin to interchange with Union Pacific Railroad in East St. Louis, IL.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct Truck rate {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
6. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
7. The need for rail on this lane is consistent with {{ [REDACTED] }}.
8. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-32: Apple Grove, WV to University Park, IL

B-32		Apple Grove, WV to University Park, IL	CSXT tariff \$5696	R/VC 390%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume	
				rail cars	trucks
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	item #5 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

1. The customer is { [REDACTED] } in Univesity Park, IL.
2. Transportation is from M&G's Apple Grove origin to interchange with Canadian National Railway in Chicago.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct Truck rate {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
6. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
7. The need for rail on this lane is consistent with {{ [REDACTED] }}.
8. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-33: Apple Grove, WV to Vado, NM

B-33		Apple Grove, WV to Vado, NM		CSXT tariff \$5705		R/VC 378%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume		rail cars	trucks
				Rail using CSXT tariff	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	{{ [REDACTED] }}	
Transload	item #6 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	{{ [REDACTED] }}	

Lane Facts

1. PET is transported from Apple Grove to Vado, NM for storage at a SIT facility on BNSF. Storage would be followed by rail delivery to a customer. No transloading occurs at Vado.
2. Transportation is from M&G’s facility in Apple Grove, WV to interchange with BNSF in Chicago.

CSXT possesses market dominance because:

3. Truck shipments to Vado would require at least two transloads, once at Apple Grove and once at Vado (for transfer into rail car for storage), but no transloading is possible at Vado. Product quality concerns prevent any route that requires more than one transload. See Part II-B-3.a.(2).
4. Directly trucking to the customers served from Vado is not only prohibitively expensive, but it would also eliminate M&G’s ability to stage product close to the customers.
5. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4). This rate is based on direct trucking to the main customer served via Vado.
6. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
7. Rail cars are used for storage at Vado. See Part II-B-3.a.(1)(b).
8. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
9. The need for rail on this lane is consistent with {{ [REDACTED] }}.
10. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-34: Apple Grove, WV to W. Chicago, IL

B-34		Apple Grove, WV to W. Chicago, IL		CSXT tariff \$5705		R/VC 376%	
Transportation modes to reach M&G customer		Rate	Year	Rail car volume	Truck volume		
					rail cars	trucks	
Rail using CSXT tariff		{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	{ [REDACTED] }
Direct truck		{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	{ [REDACTED] }
Transload		item #6 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	{ [REDACTED] }

Lane Facts

1. The customer is { [REDACTED] } in W. Chicago, IL.
2. Transportation is from M&G's Apple Grove origin to interchange with Union Pacific Railroad in Chicago.

CSXT possesses market dominance because:

3. {{ [REDACTED] }}  
[REDACTED]
4. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
5. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
6. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
7. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.
9. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-35: Apple Grove, WV to Waynesville, NC

B-35		Apple Grove, WV to Waynesville, NC		CSXT tariff \$4079		R/VC 266%	
Transportation modes to reach M&G customer		Rate	Year	Rail car volume	Truck volume		
					rail cars	trucks	
Rail using CSXT tariff		{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	{ [REDACTED] }
Direct truck		{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	{ [REDACTED] }
Transload		item #5 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	{ [REDACTED] }

Lane Facts

1. The customer is { [REDACTED] } in Waynesville, NC.
2. Transportation is from M&G's Apple Grove origin to interchange with Norfolk Southern Railway in Lynchburg, VA.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Although the Direct Truck rate is {{ [REDACTED] }} the through rail rate, CSXT has increased rates by { [REDACTED] } from 2008-2010 without a loss of traffic to trucks. See Part II-B-3.a.(4)(b).
5. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
6. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
7. The need for rail on this lane is consistent with {{ [REDACTED] }}.

PUBLIC VERSION

Lane B-36: Belpre, OH to Aguila, AZ

B-36		Belpre, OH to Aguila, AZ		CSXT tariff \$5910		R/VC 347%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume		rail cars	trucks
				Rail using CSXT tariff	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	{ [REDACTED] }	
Transload	item #7 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	{ [REDACTED] }	

Lane Facts

1. PET is transported from Belpre to Aguila, AZ for storage and/or transload at a facility owned and operated by the Arizona Central Railroad (“AZRC”). Storage would be followed by rail delivery to a customer or transload to a truck for delivery to a customer.
2. Transportation is from the Bulkmatic Terminal on CSXT in Belpre, OH to interchange with BNSF in Chicago.
3. Most rail cars at Aguila are transloaded into trucks for transportation to {{ [REDACTED] }}.
4. { [REDACTED] }.

CSXT possesses market dominance because:

5. Directly trucking to the destination would eliminate M&G’s ability to stage product close to the customer.
6. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
7. Transload rate does not apply because transloading would require at least two transloads (once at Belpre to load the bulk truck, and once at the transload terminal to load a rail car), and additional transloads would be needed for any subsequent truck shipments to customers. Product integrity concerns prevent any route that requires more than one transload. See Part II-B-3.a.(2). Moreover, any PET in a rail car at Belpre must be delivered by CSXT.
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.
9. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-37: Belpre, OH to Allentown, PA

B-37		Belpre, OH to Allentown, PA		CSXT tariff \$4762		R/VC 469%	
Transportation modes to reach M&G customer		Rate	Year	Rail car volume	Truck volume		
					rail cars	trucks	
Rail using CSXT tariff		{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		item #8 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Allentown, PA.
2. Transportation is from the Bulkmatic Terminal on CSXT in Belpre, OH to interchange with the Norfolk Southern Railway at Hagerstown, MD.
3. M&G also has a non-rail served customer in the Allentown area { [REDACTED] } that receives PET exclusively via truck. Historical truck transportation data to in the chart above includes only { [REDACTED] }.

CSXT possesses market dominance because:

4. { [REDACTED] }
5. {{ [REDACTED] }}
6. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
7. Although the Direct Truck rate is {{ [REDACTED] }} the through rail rate, CSXT has increased rates by { [REDACTED] } from 2008-2010 without a loss of traffic to trucks. See Part II-B-3.a.(4)(b).
8. Transload rate does not apply because transloading would require at least two transloads (once at Belpre to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2). Moreover, any PET in a rail car at Belpre must be delivered by CSXT.
9. The need for rail on this lane is consistent with {{ [REDACTED] }}.

PUBLIC VERSION

Lane B-38: Belpre, OH to Cambridge, ON

<b>B-38</b>	Belpre, OH to Cambridge, ON	CSXT tariff \$4219	R/VC 310%		
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume	
				rail cars	trucks
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	item #5 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Cambridge, ON.
2. Transportation is from the Bulkmatic Terminal on CSXT in Belpre, OH to interchange with Canadian National Railway in Toledo, OH.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct Truck rate {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate does not apply because transloading would require at least two transloads (once at Belpre to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2). Moreover, any PET in a rail car at Belpre was transported there by CSXT.
6. The need for rail on this lane is consistent with {{ [REDACTED] }}.
7. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-39: Belpre, OH to Franklin, IN

B-39		Belpre, OH to Franklin, IN		CSXT tariff \$5245		R/VC 437%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		{{ [REDACTED] }}		2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		{{ [REDACTED] }}		2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		item #7 below		2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Franklin, IN.
2. Transportation is from the Bulkmatic Terminal on CSXT in Belpre, OH to interchange with the Louisville & Indiana Railroad Company at Louisville, KY.

CSXT possesses market dominance because:

3. { [REDACTED] }
4. {{ [REDACTED] }}
5. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
6. Although the Direct Truck rate is {{ [REDACTED] }} the through rail rate, CSXT has increased rates by { [REDACTED] } from 2008-2010 without a loss of traffic to trucks. See Part II-B-3.a.(4)(b).
7. Transload rate does not apply because transloading would require at least two transloads (once at Belpre to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2). Moreover, any PET in a rail car at Belpre was transported there by CSXT.
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.
9. {{ [REDACTED] }} This is the reason for the truck volumes in 2009. See Exhibit II-B-13.

PUBLIC VERSION

Lane B-40: Belpre, OH to Fremont, OH

B-40	Belpre, OH to Fremont, OH	CSXT tariff \$3580	R/VC 402%		
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume	
				rail cars	trucks
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	item #8 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Fremont, OH.
2. Transportation is from the Bulkmatic Terminal on CSXT in Belpre, OH to interchange with Norfolk Southern Railway at Columbus, OH.

CSXT possesses market dominance because:

3. { [REDACTED] }  
[REDACTED]
4. {{ [REDACTED] }}  
[REDACTED]
5. {{ [REDACTED] }}  
[REDACTED]
6. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
7. Although the Direct Truck rate is {{ [REDACTED] }} the through rail rate, CSXT has increased rates by { [REDACTED] } from 2008-2010 without a loss of traffic to trucks. See Part II-B-3.a.(4)(b).
8. Transload rate does not apply because transloading would require at least two transloads (once at Belpre to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2). Moreover, any PET in a rail car at Belpre was transported there by CSXT.
9. The need for rail on this lane is consistent with {{ [REDACTED] }}.

PUBLIC VERSION

Lane B-41: Belpre, OH to Hazleton, PA

B-41		Belpre, OH to Hazleton, PA		CSXT tariff \$4762		R/VC 470%	
Transportation modes to reach M&G customer		Rate	Year	Rail car volume	Truck volume		
					rail cars	trucks	
Rail using CSXT tariff		{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	
Direct truck		{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	
Transload		item #7 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}	

Lane Facts

1. The customers are { [REDACTED] } in Hazleton, PA.
2. Transportation is from the Bulkmatic Terminal on CSXT in Belpre, OH to interchange with Norfolk Southern Railway at Hagerstown, MD.

CSXT possesses market dominance because:

3. {{ [REDACTED] }}
4. {{ [REDACTED] }}
5. Customers use rail cars for storage. See Part II-B-3.a.(1)(b).
6. Although the Direct Truck rate is {{ [REDACTED] }} the through rail rate, CSXT has increased rates by { [REDACTED] } from 2008-2010 without a loss of traffic to trucks. See Part II-B-3.a.(4)(b).
7. Transload rate does not apply because transloading would require at least two transloads (once at Belpre to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2). Moreover, any PET in a rail car at Belpre was transported there by CSXT.
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.

PUBLIC VERSION

Lane B-42: Belpre, OH to Lenexa, KS

B-42	Belpre, OH to Lenexa, KS	CSXT tariff \$5910	R/VC 346%		
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume	
				rail cars	trucks
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck	{{ [REDACTED] }}	2009	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	item #7 below	2010	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Lenexa, KS.
2. Transportation is from the Bulkmatic Terminal on CSXT in Belpre, OH to interchange with BNSF in Chicago.

CSXT possesses market dominance because:

3. { [REDACTED] }
4. {{ [REDACTED] }}
5. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
6. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
7. Transload rate does not apply because transloading would require at least two transloads (once at Belpre to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2). Moreover, any PET in a rail car at Belpre was transported there by CSXT.
8. The need for rail on this lane is consistent with {{ [REDACTED] }}.
9. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-43: Belpre, OH to Russellville, AR

B-43		Belpre, OH to Russellville, AR		CSXT tariff \$6322		R/VC 375%	
Transportation modes to reach M&G customer		Rate	Year	Rail car volume	Truck volume		
					rail cars	trucks	
Rail using CSXT tariff		{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	
Direct truck		{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	
Transload		item #6 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{ [REDACTED] }	

Lane Facts

1. The customer is { [REDACTED] }.
2. Transportation is from the Bulkmatic Terminal on CSXT in Belpre, OH to interchange with Union Pacific Railroad in East St. Louis, IL.

CSXT possesses market dominance because:

3. { [REDACTED] }
4. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
5. Direct Truck rate {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
6. Transload rate does not apply because transloading would require at least two transloads (once at Belpre to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2). Moreover, any PET in a rail car at Belpre was transported there by CSXT.
7. The need for rail on this lane is consistent with {{ [REDACTED] }}.
8. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-44: Belpre, OH to St. Jean, PQ

B-44		Belpre, OH to St. Jean, PQ		CSXT tariff \$4219		R/VC 311%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		{{ [REDACTED] }}		2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		{{ [REDACTED] }}		2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		item #5 below		2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in St. Jean, PQ.
2. Transportation is from the Bulkmatic Terminal on CSXT in Belpre, OH to interchange with Canadian National Railway in Toledo, OH.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct Truck rate {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate does not apply because transloading would require at least two transloads (once at Belpre to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2). Moreover, any PET in a rail car at Belpre was transported there by CSXT.
6. The need for rail on this lane is consistent with {{ [REDACTED] }}.
7. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-45: Belpre, OH to Suisun Fairfield, CA

B-45		Belpre, OH to Suisun Fairfield, CA		CSXT tariff \$6322		R/VC 376%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	item #6 below	2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. The customer is { [REDACTED] } in Suisun Fairfield, CA.
2. Transportation is from the Bulkmatic Terminal on CSXT in Belpre, OH to interchange with Union Pacific Railroad in East St. Louis, IL.

CSXT possesses market dominance because:

3. {{ [REDACTED] }}
4. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
5. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
6. Transload rate does not apply because transloading would require at least two transloads (once at Belpre to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2). Moreover, any PET in a rail car at Belpre was transported there by CSXT.
7. The need for rail on this lane is consistent with {{ [REDACTED] }}.
8. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

**PUBLIC VERSION**

**Lane B-46: Belpre, OH to Sweetwater, TX**

<b>B-46</b>	Belpre, OH to Sweetwater, TX	CSXT tariff \$5910	R/VC 347%		
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume	
				rail cars	trucks
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{ }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck	{{ [REDACTED] }}	2009	{ }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	item #7 below	2010	{ }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. PET is transported from Belpre to Sweetwater, TX for storage and/or transload. Storage would be followed by rail delivery to a customer or transload to a truck for delivery to a customer.
2. Transportation is from the Bulkmatic Terminal on CSXT in Belpre, OH to interchange with BNSF in Chicago.
3. The Sweetwater facility is owned, operated, and served by BNSF, though the transload track at Sweetwater is operated by A&R Transport pursuant to a contract with BNSF.

CSXT possesses market dominance because:

4. Directly trucking to the customers served from Sweetwater is not only prohibitively expensive, but it would also eliminate M&G's ability to stage product close to the customers.
5. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4). This rate is based on direct trucking to the main customer served via Sweetwater.
6. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).
7. Transload rate does not apply because shipments to Sweetwater would require at least two transloads, once at Belpre Grove and once at Sweetwater (for transfer into rail car for storage), and additional transloads would be needed for any subsequent truck shipments to customers. Product integrity concerns prevent any route that requires more than one transload. See Part II-B-3.a.(2). Moreover, any PET in a rail car at Belpre must be transported there by CSXT.
8. Rail cars are needed for storage at Sweetwater. See Part II-B-3.a.(1)(b).
9. The need for rail on this lane is consistent with {{ [REDACTED] }}.

PUBLIC VERSION

Lane B-47: Spring, TX to Apple Grove, WV

B-47		Spring, TX to Apple Grove, WV		CSXT tariff \$5602		R/VC 354%	
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume			
				rail cars	trucks		
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}		
Direct truck	{{ [REDACTED] }}	2009	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}		
Transload	{{ [REDACTED] }}	2010	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}		

Lane Facts

1. PET is transported from the SIT yard at Spring, TX on the Union Pacific Railroad to the Apple Grove facility for recycling.
2. Transportation is from interchange with the Union Pacific Railroad at East St. Louis, IL to M&G's facility in Apple Grove, WV.

CSXT possesses market dominance because:

3. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
4. Although transload rate is {{ [REDACTED] }} the through rail rate, CSXT has increased its rate by { [REDACTED] } from 2008-2010, without a loss of rail traffic to this alternative. See Part II-B-3.a.(4)(b).
5. Because this lane is for product returns, the rail car also must return to Apple Grove.
6. The need for rail on this lane is consistent with {{ [REDACTED] }}.

**PUBLIC VERSION**

**Lane B-48: Sweetwater, TX to Apple Grove, WV**

B-48		Sweetwater, TX to Apple Grove, WV		CSXT tariff \$5757		R/VC 381%	
Transportation modes to reach M&G customer		Rate	Year	Rail car volume	Truck volume		
					rail cars	trucks	
Rail using CSXT tariff		{{ [REDACTED] }}	2008	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}	
Direct truck		{{ [REDACTED] }}	2009	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}	
Transload		{{ [REDACTED] }}	2010	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}	

Lane Facts

1. PET is transported from the SIT yard at Sweetwater, TX on BNSF to the Apple Grove facility for recycling.
2. Transportation is from interchange with BNSF at Chicago to M&G's facility in Apple Grove, WV.

CSXT possesses market dominance because:

3. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
4. Although the transload rate is {{ [REDACTED] }} the through rail rate, CSXT has increased its rate by { [REDACTED] } from 2008-2010, without a loss of rail traffic to this alternative. See Part II-B-3.a.(4)(b).
5. Because this lane is for product returns, the rail car also must return to Apple Grove, which makes transloading an inefficient option.
6. The need for rail on this lane is consistent with {{ [REDACTED] }}.

PUBLIC VERSION

Lane B-49: Sweetwater, TX to Cartersville, GA

B-49	Sweetwater, TX to Cartersville, GA	CSXT tariff \$6020	R/VC 400%		
Transportation modes to reach M&G customer	Rate	Year	Rail car volume	Truck volume	
				rail cars	trucks
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck	{{ [REDACTED] }}	2009	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	{{ [REDACTED] }}	2010	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customers are { [REDACTED] }.
2. Transportation is from interchange with BNSF in New Orleans to the delivery locations in Cartersville, GA
3. Sweetwater is a SIT yard owned, operated, and served by BNSF, though A&R Transport operates the transload track at Sweetwater.

CSXT possesses market dominance because:

4. {{ [REDACTED] }}
5. {{ [REDACTED] }}
6. Customers use rail cars for storage. See Part II-B-3.a.(1)(b).
7. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
8. Although transload rate is {{ [REDACTED] }} the through rail rate, CSXT has not lost any traffic to trucks. See Part II-B-3.a.(4)(b).
9. The need for rail on this lane is consistent with {{ [REDACTED] }}.

**PUBLIC VERSION**

**Lane B-50: Sweetwater, TX to Clifton Forge, VA**

<b>B-50</b>	<b>Sweetwater, TX to Clifton Forge, VA</b>	<b>CSXT tariff \$7544</b>	<b>R/VC 251%</b>		
<b>Transportation modes to reach M&amp;G customer</b>	<b>Rate</b>	<b>Year</b>	<b>Rail car volume</b>	<b>Truck volume</b>	
				<b>rail cars</b>	<b>trucks</b>
Rail using CSXT tariff	{{ [REDACTED] }}	2008	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck	{{ [REDACTED] }}	2009	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload	{{ [REDACTED] }}	2010	{{ [REDACTED] }}	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] }.
2. Transportation is from interchange with BNSF at New Orleans to the delivery location in Clifton Forge, VA.

CSXT possesses market dominance because:

3. Customer uses rail cars for storage. See Part II-B-3.a.(1)(b).
4. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
5. Transload rate is {{ [REDACTED] }} the through rail rate.
6. The need for rail on this lane is consistent with {{ [REDACTED] }}.
7. Cumulative 2009-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

PUBLIC VERSION

Lane B-52: Apple Grove, WV to Prattville, AL

B-52		Apple Grove, WV to Prattville, AL		CSXT tariff \$2854		R/VC 379%	
Transportation modes to reach M&G customer		Rate		Year	Rail car volume	Truck volume	
						rail cars	trucks
Rail using CSXT tariff		{{ [REDACTED] }}		2008	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Direct truck		{{ [REDACTED] }}		2009	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}
Transload		item #8 below		2010	{ [REDACTED] }	{{ [REDACTED] }}	{{ [REDACTED] }}

Lane Facts

1. The customer is { [REDACTED] } in Prattville, AL. This is { [REDACTED] }.
2. Transportation is from M&G's Apple Grove origin to interchange with Norfolk Southern Railway at Cincinnati, OH.
3. M&G lost this business in 2008 and recently regained it.

CSXT possesses market dominance because:

4. {{ [REDACTED] }}
5. {{ [REDACTED] }}
6. Customers use rail cars for storage. See Part II-B-3.a.(1)(b).
7. Direct Truck rate is {{ [REDACTED] }} the through rail rate. See Part II-B-3.a.(4).
8. Transload rate does not apply because transloading would require at least two transloads (once at Apple Grove to load the bulk truck, and once at the transload terminal to load a rail car), thus implicating product integrity concerns. See Part II-B-3.a.(2).
9. M&G cannot cost-effectively reconfigure Apple Grove for direct truck loading or expand its transloading capacity. See Part II-B-3.a.(3).
10. The need for rail on this lane is consistent with {{ [REDACTED] }}.
11. Cumulative 2008-2010 CSXT rate increase: { [REDACTED] } See Part II-B-3.a.(4)(b).

# Part IV

## PART IV

### WITNESS QUALIFICATIONS AND VERIFICATIONS

This Part contains the Statements of Qualifications of the witnesses who are responsible for the Narrative portions of M&G's Opening Evidence (and the exhibits and workpapers referred to therein) identified with respect to each witness.

#### 1. THOMAS D. CROWLEY

Mr. Crowley is an economist and President of L.E. Peabody & Associates, Inc., an economic consulting firm that specializes in solving economic, financial, marketing, and transportation problems. The Firm's offices are located at 1501 Duke Street, Suite 200, Alexandria, VA, 22314, 760 E. Pusch View Lane, Tucson, AZ 85737 and 21 Founders Way, Queensbury, NY 12804.

Mr. Crowley is sponsoring portions of M&G's Opening Evidence in Part II. Specifically, Mr. Crowley is co-sponsoring Part II-A with Witness Timothy D. Crowley.

Mr. Crowley is a graduate of the University of Maine from which he obtained a Bachelor of Science degree in Economics. He has also taken graduate courses in transportation at The George Washington University in Washington, D.C. He spent three years in the United States Army and has been employed by L.E. Peabody & Associates, Inc. since February, 1971. He is a member of the

American Economic Association, the Transportation Research Forum, and the American Railway Engineering Association.

As an economic consultant, Mr. Crowley has organized and directed economic studies and prepared reports for railroads, freight forwarders and other carriers, shippers, associations, and state governments and other public bodies dealing with transportation and related economic and financial matters. Examples of studies in which he has participated include organizing and directing traffic, operational and cost analyses in connection with multiple car movements, unit train operations for coal and other commodities, freight forwarder facilities, TOFC/COFC rail facilities, divisions of through rail rates, operating commuter passenger service, and other studies dealing with markets and the transportation by different modes of various commodities from both eastern and western origins to various destinations in the United States. The nature of these studies has enabled Mr. Crowley to become familiar with the operating and accounting procedures utilized by railroads in the normal course of business.

Additionally, Mr. Crowley has inspected both railroad terminal and line-haul facilities used in handling general freight, intermodal and unit train movements of coal and other commodities in all portions of the United States. The determination of the traffic and operating characteristics for specific movements was based, in part, on these field trips.

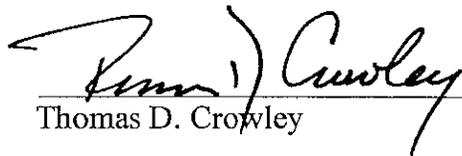
In addition to utilizing the methodology for developing a maximum rail rate based on stand-alone costs, Mr. Crowley also presented testimony before the ICC

in Ex Parte No. 347 (Sub-No. 1), *Coal Rate Guidelines - Nationwide*, the proceeding that established this methodology and before the STB in Ex Parte No. 657 (Sub-No. 1), *Major Issues In Rail Rate Cases*, the proceeding that modified the application of the stand-alone cost test. Mr. Crowley also presented testimony in a number of the annual proceedings at the STB to determine the railroad industry current cost of capital, i.e., STB Ex Parte No. 558, *Railroad Cost of Capital*. He has submitted evidence applying ICC (now the STB) stand-alone cost procedures in numerous rail rate cases. He has also developed and presented numerous calculations utilizing the various formulas employed by the ICC and STB (both Rail Form A and Uniform Railroad Costing System ("URCS")) to develop variable costs for rail common carriers. In this regard, Mr. Crowley was actively involved in the development of the URCS formula, and presented evidence to the ICC analyzing the formula in Ex Parte No. 431, *Adoption of the Uniform Railroad Costing System for Determining Variable Costs for the Purposes of Surcharge and Jurisdictional Threshold Calculations*.

As a result of his extensive economic consulting practice since 1971 and his participating in maximum-rate, rail merger, and rule-making proceedings before the ICC and the STB, Mr. Crowley has become thoroughly familiar with the operations, practices and costs of the rail carriers that move traffic over the major rail routes in the United States.

**VERIFICATION**

I, Thomas D. Crowley, verify under penalty of perjury that I have read the Opening Evidence of M&G Polymers USA, LLC. in this proceeding that I have sponsored, as described in the foregoing Statement of Qualifications, that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.

  
Thomas D. Crowley

Executed on June 6, 2011

2.

**PHILIP H. BURRIS**

Mr. Burris is Senior Vice President of L.E. Peabody & Associates, Inc., an economic consulting firm with offices in Alexandria, VA. The specific evidence Mr. Burris is sponsoring relates to the development of qualitative market dominance in Part II-B, Exhibit II-B-23 which he is co-sponsoring with Witness Sean D. Nolan.

Mr. Burris received his Bachelors in Science in Business Administration from Virginia Polytechnic Institute and State University in 1971. He was awarded a Masters in Business Administration, specializing in transportation economics, from American University in 1978. Mr. Burris has worked in the consulting industry for a period of 33 years. In addition to his current position as Senior Vice President of L.E. Peabody & Associates, Inc., Mr. Burris has been an employee of the following consulting firms: A. T. Kearney, Wyer Dick & Associates, Inc. and George C. Shaffer & Associates.

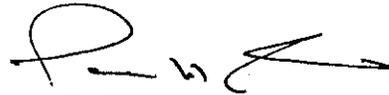
Mr. Burris has extensive experience in the field of transportation economics as it pertains to transportation supply alternatives, plant location analysis, regulatory policy and dispute resolution before regulatory agencies as well as state and federal courts. He has designed, directed and executed analyses of the costs of moving various commodities by different modes of transportation including rail, barge, truck, pipeline and intermodal. He has also performed economic analyses of maximum reasonable rate levels for the movement of coal and other

commodities using the Board's CMP methodology, and specifically the stand-alone cost constraint. Mr. Burris has submitted evidence regarding market dominance issues and maximum reasonable rate levels using the stand-alone cost constraint to the Board and its predecessor and testified before the Railroad Commission of Texas, the Colorado Public Utilities Commission, the Illinois Commerce Commission, the Public Service Commission of Nevada and various state and federal courts.

In the public sector, Mr. Burris has performed studies and written draft reports for the Railroad Accounting Principles Board, an independent body created by Congress to establish cost accounting principles for use in implementing the regulatory provisions of the Staggers Act of 1980.

**VERIFICATION**

I, Philip H. Burris, verify under penalty of perjury that I have read the Opening Evidence of M&G Polymers USA, LLC in this proceeding that I have sponsored, as described in the foregoing Statement of Qualifications, that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.



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Philip H. Burris

Executed on June 6, 2011

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### 3. TIMOTHY D. CROWLEY

Mr. Crowley is a Vice President of L.E. Peabody & Associates, Inc., an economic consulting firm that specializes in solving economic, financial, marketing, and transportation problems. Mr. Timothy Crowley is co-sponsoring M&G's opening quantitative market dominance evidence in Part II-A with Mr. Thomas D. Crowley.

Mr. Crowley received a Bachelor of Science degree in Management with a concentration in Finance from Boston College in 2001. He graduated cum laude. He has been employed by L.E. Peabody & Associates, Inc. since 2002.

Mr. Crowley has provided analytical support for both market place and litigation projects sponsored by L. E. Peabody & Associates, Inc. The analytical support included the gathering, reviewing and analyzing of data from the major Class I railroads, the Surface Transportation Board and various other government and public sources. The analyses conducted by Mr. Crowley have included the development of the transportation costs associated with the movement of chemicals, coal and other products to different destinations located throughout the country.

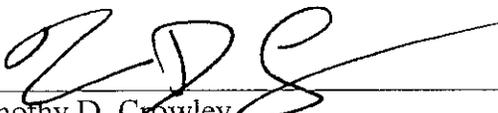
Mr. Crowley has also assisted in developing the return on road property investment realized by major western railroads for specific sections of rail. These studies were used in variable, avoidable, and stand-alone cost analyses. He has forecasted transportation revenues included in transportation contracts entered into by major companies, taking into account the adjustment factors used in

specific contracts. Additionally, Mr. Crowley has reviewed virtually all major transportation coal contracts between eastern and western railroads and the major consumers of coal in the United States. The results of this review were presented to the Surface Transportation Board in various maximum rate cases.

Mr. Crowley has experience with the Surface Transportation Board's Simplified Standards For Rail Rate Cases issued in Ex Parte 646 (Sub No. 1). He has undertaken extensive analyses related to the revised guidelines for Non-Coal Proceedings, which incorporates a three benchmark methodology. This methodology includes calculations using the Revenue Shortfall Allocation Method (RSAM), in which Mr. Crowley was trained by members of the Surface Transportation Board. Mr. Crowley also has extensive experience with the Surface Transportation Board's recently revised full stand alone cost procedures. Mr. Crowley sponsored the quantitative market dominance evidence in STB Docket No. NOR 42121, *Total Petrochemicals USA, Inc. v. CSXT Transportation, Inc.*

**VERIFICATION**

I, Timothy D. Crowley, verify under penalty of perjury that I have read the Opening Evidence of M&G Polymers USA, LLC in this proceeding that I have sponsored, as described in the foregoing Statement of Qualifications, that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.

  
\_\_\_\_\_  
Timothy D. Crowley

Executed on June 6, 2011

4. SEAN D. NOLAN

Mr. Nolan is a Vice President of L. E. Peabody & Associates, Inc. an economic consulting firm with offices in Alexandria, VA, Tucson, AZ and Queensbury, NY. Mr. Nolan is co-sponsoring the development of qualitative market dominance included in Part II-B, Exhibit II-B-23 along with Witness Philip H. Burris.

Mr. Nolan received a Bachelor of Arts degree in Psychology with a minor in Economics from Bates College in 1988, and a Master of Business Administration degree from the University of Phoenix in 2006, specializing in managerial accounting. Mr. Nolan first joined the firm of L. E. Peabody & Associates, Inc. in November 1989.

Since 1989, Mr. Nolan participated in the development of cost of service analyses for the movement of coal over the major eastern and western coal-hauling railroads and he has conducted on-site studies of switching, detention and line-haul activities relating to the handling of coal. He has also participated in several projects providing potential build-out opportunities as effective competition in utilities' fuel procurement initiatives. Procurement initiatives have included the purchasing of fuel, transportation services, equipment, and management of inventories. Alternative scenarios have been supported by tailored financial models developed to estimate cost reductions and savings, actual versus budgeted variances, revenue to variable cost of service relationships, cash flows, and break-even and sensitivity analysis.

In his tenure with L. E. Peabody & Associates, Inc., Mr. Nolan collected and analyzed information needed to efficiently calculate rail costs utilizing the Surface Transportation Board's ("STB") Uniform Railroad Costing System ("URCS") to determine the maximum rate a captive shipper should pay based on the STB's constrained market pricing principles, and has supported the development and presentation of traffic and revenue forecasts, operating expense forecasts, and discounted cash-flow models presented in proceedings before the STB.

Mr. Nolan has submitted evidence to the STB regarding market dominance issues.

**VERIFICATION**

I, Sean D. Nolan, verify under penalty of perjury that I have read the Opening Evidence of M&G Polymers USA, LLC in this proceeding that I have sponsored, as described in the foregoing Statement of Qualifications, that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.



\_\_\_\_\_  
Sean D. Nolan

Executed on June 6, 2011

**ANDRE MEYER**

Americas Supply Chain Manager  
M&G Polymers USA, LLC

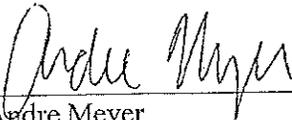
Mr. Meyer is sponsoring factual evidence pertaining to the Apple Grove facility, customers of M&G Polymers USA, LLC ("M&G"), and the distribution network used by M&G to transport polyethylene terephthalate ("PET") to its customers. Mr. Meyer's testimony encompasses the transportation needs and requirements of M&G's customers and M&G's supply contracts with its customers. Additionally, Mr. Meyer's testimony addresses the configuration and operations at the PET production facility in Apple Grove, WV, with particular emphasis on the limitations in transportation options available to M&G resulting from such configuration and operations. He also supports other supply chain issues. These issues are discussed in Part I ("Counsel's Argument and Summary of Evidence") and Part II-B ("Qualitative Market Dominance").

Mr. Meyer is qualified and competent to provide testimony in this proceeding. In his role as the Americas Supply Chain Manager for M&G, he is responsible for supply chain operations including Production Planning, Customer Service, and Delivery for the Americas region which includes operations in Brazil, Mexico, and the United States. Mr. Meyer has worked in the PET business since 1989, staying with the operations that are the focus of this proceeding through the sale from Goodyear to Shell Chemical to M&G. During this period, he has had roles ranging from Research and Development Engineer to Site Manager at the Apple Grove facility.

Mr. Meyer has a degree in Chemical Engineering from the University of Michigan.

VERIFICATION

I, Andre Meyer, verify under penalty of perjury that I have read the Opening Evidence of M&G Polymers USA, LLC in this proceeding that I have sponsored, as described in the foregoing Statement of Qualifications, that I know the contents thereof, and that the same are true and correct based on my knowledge, information, and belief. Further, I certify that I am qualified and authorized to file this statement.

  
\_\_\_\_\_  
Andre Meyer  
Americas Supply Chain Manager

Executed on 5/26/2011



**MELBA AGUILAR**

North America Traffic Manager  
M&G Polymers USA, LLC

Ms. Aguilar is sponsoring factual evidence pertaining to transportation costs and the distribution network used by M&G to transport polyethylene terephthalate (“PET”) to its customers. Ms. Aguilar’s testimony encompasses the transportation providers engaged by M&G to transport PET to its customers, the contracts and agreements between M&G and those transportation providers, and M&G’s use of lease tracks, transload sites, and SIT yards. Additionally, Ms. Aguilar’s testimony addresses the transportation needs and requirements of M&G’s customers and M&G’s supply contracts with its customers. Ms. Aguilar also supports transportation costs that are or would be incurred by M&G under various scenarios. These issues are discussed in Part I (“Counsel’s Argument and Summary of Evidence”) and Part II-B (“Qualitative Market Dominance”).

Ms. Aguilar is qualified and competent to provide testimony in this proceeding. Since January 2008, Ms. Aguilar has held the position of North America Traffic Manager for M&G. In this position, her responsibilities include: rate negotiations with North American (Mexico, US, and Canada) railroads, van and bulk carriers, freight forwarders, and sea lines. She also engages in contract negotiation and execution for supply chain services and transportation in North America (rail, truck, warehousing, packaging, terminals, and freight forwarders), rail-route determination and optimization, intermodal and bulk terminal selection, set up, and rate negotiations. Ms. Aguilar also handles contract negotiation and procurement of utilities for Mexico and US plants. Prior to becoming the North America Traffic Manager, Ms. Aguilar was the Supply Chain Manager for M&G Polímeros México, S.A. de C.V. Ms. Aguilar has worked in the procurement, supply chain, and transportation industry since 1995, and she has specifically

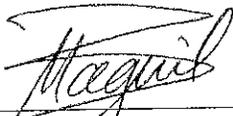
worked in the field of PET packaging, transportation, warehousing, and terminal operations since 1998.

Ms. Aguilar is a member of the North American Rail Shippers Association (since 2008). Ms. Aguilar has been licensed by the Mexican federal government as a Business Administrator since 1995. She was the president of the Logistics council at the AISTAC (Southern Tamaulipas Industrial Association) from 2006 to 2007, and has been a Logistics professor at the Tecnológico de Monterrey University (Altamira, Mexico) since 2007.

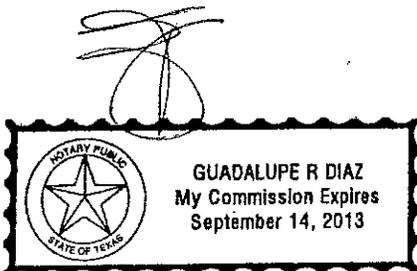
Ms. Aguilar has a Masters degree in Science from the Tecnológico de Monterrey University (Altamira, Mexico) and a degree in Business Administration and International Commerce from the same university.

VERIFICATION

I, Melba Aguilar, verify under penalty of perjury that I have read the Opening Evidence of M&G Polymers USA, LLC in this proceeding that I have sponsored, as described in the foregoing Statement of Qualifications, that I know the contents thereof, and that the same are true and correct based on my knowledge, information, and belief. Further, I certify that I am qualified and authorized to file this statement.

  
\_\_\_\_\_  
Melba Aguilar  
North America Traffic Manager

Executed on 5/26/2011



**GIL ROGERS**

Senior Project Engineer  
M&G Polymers USA, LLC

Mr. Rogers is sponsoring factual evidence pertaining to the changes that would need to be made to the Apple Grove facility of M&G Polymers USA, LLC ("M&G") to avoid rail service for transportation of polyethylene terephthalate ("PET"). Mr. Rogers' testimony encompasses the construction necessary, and costs that would be incurred, if M&G reconfigured the Apple Grove facility so that all bulk PET shipments were transported via motor carrier after being transloaded from railcars at Apple Grove. Additionally, his testimony also addresses the construction necessary, and costs that would be incurred, if M&G reconfigured the Apple Grove facility so that all bulk PET shipments were directly loaded into, and transported by, motor carriers, thereby forgoing use of railcars for PET storage.

Mr. Rogers is qualified and competent to provide testimony in this proceeding. Since June 1, 2000, Mr. Rogers has held the position of Senior Project Engineer with M&G. In this position, his responsibilities include estimating construction projects, cost control of construction projects, equipment, material and fabrication quotations and requisitions, and management of local construction contractor and engineering companies. Prior to becoming the Senior Project Engineer for M&G, Mr. Rogers was the a Senior Project Engineer for six years and Engineering Manager for two years with Shell Chemical LLC at the same plant site. Mr. Rogers has worked in the PET industry for 30 years in project/construction management. He also worked four years for Goodyear Tire and Rubber Company in a petrochemical plant as a Department Manager.

Mr. Rogers has been a member of the Appalachian Construction User Council for the last 18 years. The Appalachian Construction User Council deals with construction labor issues. He

held the position of Chairman and Assistant Chairman in the Appalachian Construction User Council in the past.

Mr. Rogers has a BS degree in Chemical Engineering from the West Virginia Institute of Technology.

VERIFICATION

I, Gil Rogers, verify under penalty of perjury that I have read the Opening Evidence of M&G Polymers USA, LLC in this proceeding that I have sponsored, as described in the foregoing Statement of Qualifications, that I know the contents thereof, and that the same are true and correct based on my knowledge, information, and belief. Further, I certify that I am qualified and authorized to file this statement.

  
\_\_\_\_\_  
Gil Rogers  
Senior Project Engineer

Executed on JUNE 1, 2011

  
MY COMMISSION EXPIRES: JUNE 14, 2012

# Exhibit II-A-1

Variable Cost, Jurisdictional Threshold, Tariff Rate  
and Revenue/Variable Cost Ratios Per Car for M&G Movements -- 1Q10

Origin 1/ (1)	Destination (2)	Railroad (3)	Commodity (4)	Phase III Cost Base Year 2009 (5)	Index to 1Q10 (6)	1Q2010				
						Phase III Cost 2/ (7)	Jurisdictional Threshold 3/ (8)	Tariff Rate 4/ (9)	Revenue/Variable Cost Ratio 5/ (10)	
<b>Exhibit A - Local Moves</b>										
1.	APPLE GROVE WV	BELPRE OH	CSXT Polyethylene Terephthalate	\$759	1.04806	\$795	\$1,431	\$2,563	322%	
2.	APPLE GROVE WV	BORDENTOWN NJ	CSXT Polyethylene Terephthalate	\$1,869	1.04806	\$1,959	\$3,525	\$5,848	299%	
3.	APPLE GROVE WV	CARTERSVILLE GA	CSXT Polyethylene Terephthalate	\$1,920	1.04806	\$2,013	\$3,623	\$5,665	281%	
4.	APPLE GROVE WV	CLIFTON FORGE VA	CSXT Polyethylene Terephthalate	\$1,122	1.04806	\$1,175	\$2,116	\$3,893	331%	
5.	APPLE GROVE WV	DEVON KY	CSXT Polyethylene Terephthalate	\$933	1.04806	\$978	\$1,760	\$2,788	285%	
6.	APPLE GROVE WV	ORLANDO FL	CSXT Polyethylene Terephthalate	\$2,499	1.04806	\$2,619	\$4,714	\$8,012	306%	
7.	APPLE GROVE WV	PARIS IL	CSXT Polyethylene Terephthalate	\$1,317	1.04806	\$1,380	\$2,485	\$5,451	395%	
8.	APPLE GROVE WV	PARKERSBURG WV	CSXT Polyethylene Terephthalate	\$755	1.04806	\$791	\$1,424	\$2,563	324%	
9.	APPLE GROVE WV	RAINS SC	CSXT Polyethylene Terephthalate	\$2,131	1.04806	\$2,233	\$4,020	\$5,424	243%	
10.	APPLE GROVE WV	ROCHESTER NY	CSXT Polyethylene Terephthalate	\$1,748	1.04806	\$1,832	\$3,298	\$8,570	468%	
11.	BELPRE OH	APPLE GROVE WV	CSXT Polyethylene Terephthalate	\$754	1.04806	\$790	\$1,422	\$3,111	394%	
12.	BELPRE OH	BORDENTOWN NJ	CSXT Polyethylene Terephthalate	\$1,698	1.04806	\$1,779	\$3,203	\$5,254	295%	
13.	BELPRE OH	CARTERSVILLE GA	CSXT Polyethylene Terephthalate	\$2,077	1.04806	\$2,177	\$3,919	\$6,554	301%	
14.	BELPRE OH	DEVON KY	CSXT Polyethylene Terephthalate	\$1,107	1.04806	\$1,161	\$2,089	\$3,822	329%	
15.	BELPRE OH	ORLANDO FL	CSXT Polyethylene Terephthalate	\$2,678	1.04806	\$2,807	\$5,053	\$7,995	285%	
16.	BELPRE OH	PARIS IL	CSXT Polyethylene Terephthalate	\$1,502	1.04806	\$1,574	\$2,833	\$5,122	325%	
17.	PARKERSBURG WV	APPLE GROVE WV	CSXT Polyethylene Terephthalate	\$754	1.04806	\$790	\$1,423	\$3,111	394%	
18.	RAINS SC	CARTERSVILLE GA	CSXT Polyethylene Terephthalate	\$1,568	1.04806	\$1,643	\$2,957	\$4,133	252%	
<b>Exhibit B - Joint Moves</b>										
1.	ALTAMIRA TM	APPLE GROVE WV	CSXT Polyethylene Terephthalate	\$1,375	1.04806	\$1,441	\$2,594	\$5,584	388%	
2.	ALTAMIRA TM	BELPRE OH	CSXT Polyethylene Terephthalate	\$1,548	1.04806	\$1,622	\$2,920	\$5,515	340%	
3.	ALTAMIRA TM	CAMBRIDGE OH	CSXT Polyethylene Terephthalate	\$767	1.04806	\$804	\$1,447	\$4,903	610%	
4.	ALTAMIRA TM	CARTERSVILLE GA	CSXT Polyethylene Terephthalate	\$1,369	1.04806	\$1,435	\$2,584	\$5,953	415%	
5.	ALTAMIRA TM	CLIFTON FORGE VA	CSXT Polyethylene Terephthalate	\$2,738	1.04806	\$2,870	\$5,166	\$7,253	253%	
6.	ALTAMIRA TM	ORLANDO FL	CSXT Polyethylene Terephthalate	\$1,985	1.04806	\$2,080	\$3,745	\$7,407	356%	
7.	APPLE GROVE WV	AGUILA AZ	CSXT Polyethylene Terephthalate	\$1,377	1.04806	\$1,443	\$2,598	\$5,549	385%	
8.	APPLE GROVE WV	ALLENTOWN PA	CSXT Polyethylene Terephthalate	\$1,095	1.04806	\$1,148	\$2,066	\$5,297	461%	
9.	APPLE GROVE WV	ALTAMIRA TM	CSXT Polyethylene Terephthalate	\$1,377	1.04806	\$1,443	\$2,597	\$5,549	385%	
10.	APPLE GROVE WV	CHAMPAIGN IL	CSXT Polyethylene Terephthalate	\$1,245	1.04806	\$1,305	\$2,350	\$5,534	424%	
11.	APPLE GROVE WV	CHAMPAIGN IL	CSXT Polyethylene Terephthalate	\$1,191	1.04806	\$1,248	\$2,247	\$5,568	446%	
12.	APPLE GROVE WV	DARLINGTON SC	CSXT Polyethylene Terephthalate	\$1,549	1.04806	\$1,623	\$2,922	\$5,387	332%	
13.	APPLE GROVE WV	DONEY SPUR PQ	CSXT Polyethylene Terephthalate	\$851	1.04806	\$892	\$1,606	\$2,861	321%	
14.	APPLE GROVE WV	FRANKLIN IN	CSXT Polyethylene Terephthalate	\$930	1.04806	\$975	\$1,755	\$3,581	367%	
15.	APPLE GROVE WV	FREMONT OH	CSXT Polyethylene Terephthalate	\$632	1.04806	\$662	\$1,192	\$2,854	431%	
16.	APPLE GROVE WV	GLENDALE AZ	CSXT Polyethylene Terephthalate	\$1,377	1.04806	\$1,443	\$2,598	\$5,549	385%	
17.	APPLE GROVE WV	HAMILTON ON	CSXT Polyethylene Terephthalate	\$854	1.04806	\$895	\$1,610	\$2,861	320%	
18.	APPLE GROVE WV	HAVRE DE GRACE MD	CSXT Polyethylene Terephthalate	\$1,095	1.04806	\$1,148	\$2,067	\$5,297	461%	
19.	APPLE GROVE WV	HAZLETON PA	CSXT Polyethylene Terephthalate	\$1,095	1.04806	\$1,147	\$2,065	\$5,297	462%	
20.	APPLE GROVE WV	HEBRON OH	CSXT Polyethylene Terephthalate	\$987	1.04806	\$1,034	\$1,861	\$2,892	280%	
21.	APPLE GROVE WV	LENEXA KS	CSXT Polyethylene Terephthalate	\$1,380	1.04806	\$1,447	\$2,604	\$5,549	384%	
22.	APPLE GROVE WV	LITTLE ROCK AR	CSXT Polyethylene Terephthalate	\$1,379	1.04806	\$1,445	\$2,601	\$5,549	384%	
23.	APPLE GROVE WV	MEMPHIS TN	CSXT Polyethylene Terephthalate	\$1,698	1.04806	\$1,780	\$3,204	\$6,012	338%	
24.	APPLE GROVE WV	NICHOLASVILLE KY	CSXT Polyethylene Terephthalate	\$630	1.04806	\$661	\$1,189	\$2,854	432%	
25.	APPLE GROVE WV	ROCKFORD IL	CSXT Polyethylene Terephthalate	\$1,383	1.04806	\$1,450	\$2,609	\$5,549	383%	
26.	APPLE GROVE WV	ROGERS MN	CSXT Polyethylene Terephthalate	\$1,380	1.04806	\$1,447	\$2,604	\$5,549	384%	
27.	APPLE GROVE WV	RUSSELLVILLE AR	CSXT Polyethylene Terephthalate	\$1,354	1.04806	\$1,419	\$2,554	\$5,587	394%	
28.	APPLE GROVE WV	ST JEAN PQ	CSXT Polyethylene Terephthalate	\$851	1.04806	\$892	\$1,606	\$2,861	321%	
29.	APPLE GROVE WV	SUISUN FAIRFIELD CA	CSXT Polyethylene Terephthalate	\$1,350	1.04806	\$1,415	\$2,548	\$5,587	395%	
30.	APPLE GROVE WV	SWEETWATER TX	CSXT Polyethylene Terephthalate	\$1,378	1.04806	\$1,444	\$2,599	\$5,549	384%	
31.	APPLE GROVE WV	TEXARKANA TX	CSXT Polyethylene Terephthalate	\$1,354	1.04806	\$1,419	\$2,553	\$5,587	394%	
32.	APPLE GROVE WV	UNIVERSITY PARK IL	CSXT Polyethylene Terephthalate	\$1,333	1.04806	\$1,397	\$2,514	\$5,544	397%	
33.	APPLE GROVE WV	VADO NM	CSXT Polyethylene Terephthalate	\$1,377	1.04806	\$1,444	\$2,598	\$5,549	384%	
34.	APPLE GROVE WV	W CHICAGO IL	CSXT Polyethylene Terephthalate	\$1,384	1.04806	\$1,451	\$2,612	\$5,549	382%	
35.	APPLE GROVE WV	WAYNESVILLE NC	CSXT Polyethylene Terephthalate	\$1,399	1.04806	\$1,466	\$2,639	\$5,948	269%	
36.	BELPRE OH	AGUILA AZ	CSXT Polyethylene Terephthalate	\$1,552	1.04806	\$1,627	\$2,928	\$5,723	352%	
37.	BELPRE OH	ALLENTOWN PA	CSXT Polyethylene Terephthalate	\$925	1.04806	\$969	\$1,745	\$4,636	478%	
38.	BELPRE OH	CAMBRIDGE ON	CSXT Polyethylene Terephthalate	\$1,239	1.04806	\$1,299	\$2,338	\$4,060	313%	
39.	BELPRE OH	FRANKLIN IN	CSXT Polyethylene Terephthalate	\$1,095	1.04806	\$1,148	\$2,066	\$5,099	444%	
40.	BELPRE OH	FREMONT OH	CSXT Polyethylene Terephthalate	\$812	1.04806	\$851	\$1,531	\$3,295	387%	
41.	BELPRE OH	HAZLETON PA	CSXT Polyethylene Terephthalate	\$924	1.04806	\$969	\$1,744	\$4,636	479%	
42.	BELPRE OH	LENEXA KS	CSXT Polyethylene Terephthalate	\$1,555	1.04806	\$1,630	\$2,934	\$5,723	351%	
43.	BELPRE OH	RUSSELLVILLE AR	CSXT Polyethylene Terephthalate	\$1,536	1.04806	\$1,610	\$2,898	\$6,128	381%	
44.	BELPRE OH	ST JEAN PQ	CSXT Polyethylene Terephthalate	\$1,237	1.04806	\$1,297	\$2,334	\$4,060	313%	
45.	BELPRE OH	SUISUN FAIRFIELD CA	CSXT Polyethylene Terephthalate	\$1,533	1.04806	\$1,606	\$2,891	\$6,128	382%	
46.	BELPRE OH	SWEETWATER TX	CSXT Polyethylene Terephthalate	\$1,553	1.04806	\$1,628	\$2,930	\$5,723	352%	
47.	SPRING TX	APPLE GROVE WV	CSXT Polyethylene Terephthalate	\$1,444	1.04806	\$1,514	\$2,724	\$5,428	359%	
48.	SWEETWATER TX	APPLE GROVE WV	CSXT Polyethylene Terephthalate	\$1,376	1.04806	\$1,442	\$2,596	\$5,584	387%	
49.	SWEETWATER TX	CARTERSVILLE GA	CSXT Polyethylene Terephthalate	\$1,371	1.04806	\$1,437	\$2,586	\$5,953	414%	
50.	SWEETWATER TX	CLIFTON FORGE VA	CSXT Polyethylene Terephthalate	\$2,740	1.04806	\$2,871	\$5,168	\$7,253	253%	
51.	APPLE GROVE WV	LEXINGTON KY	CSXT Polyethylene Terephthalate	\$858	1.04806	\$899	\$1,618	\$3,128	348%	
52.	APPLE GROVE WV	PRATTVILLE AL	CSXT Polyethylene Terephthalate	\$686	1.04806	\$719	\$1,294	\$2,787	388%	

1/ The issue movement lane numbers correspond to the issue movement lane numbers in M&G's Third Amended Complaint.

2/ Column (5) x Column (6)

3/ Column (7) x 1.8

4/ Average TariffRate including fuel surcharge for 1Q10 - see Exhibit II-A-9

5/ Column (9) ÷ Column (7)

# Exhibit II-A-2

Variable Cost, Jurisdictional Threshold, Tariff Rate  
and Revenue/Variable Cost Ratios Per Car for M&G Movements -- 2Q10

				2Q2010						
Origin 1/ (1)	Destination (2)	Railroad (3)	Commodity (4)	Phase III Cost Base Year 2009 (5)	Index to 2Q10 (6)	Phase III Cost 2/ (7)	Jurisdictional Threshold 3/ (8)	Tariff Rate 4/ (9)	Revenue/Variable Cost Ratio 5/ (10)	
<b>Exhibit A - Local Moves</b>										
1. APPLE GROVE	WV BELPRE	OH CSXT	Polyethylene Terephthalate	\$759	1.06005	\$804	\$1,448	\$2,607	324%	
2. APPLE GROVE	WV BORDENTOWN	NJ CSXT	Polyethylene Terephthalate	\$1,869	1.06005	\$1,981	\$3,566	\$5,961	301%	
3. APPLE GROVE	WV CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$1,920	1.06005	\$2,036	\$3,664	\$5,775	284%	
4. APPLE GROVE	WV CLIFTON FORGE	VA CSXT	Polyethylene Terephthalate	\$1,122	1.06005	\$1,189	\$2,140	\$3,964	333%	
5. APPLE GROVE	WV DEVON	KY CSXT	Polyethylene Terephthalate	\$933	1.06005	\$989	\$1,780	\$2,838	287%	
6. APPLE GROVE	WV ORLANDO	FL CSXT	Polyethylene Terephthalate	\$2,499	1.06005	\$2,649	\$4,768	\$8,169	308%	
7. APPLE GROVE	WV PARIS	IL CSXT	Polyethylene Terephthalate	\$1,317	1.06005	\$1,396	\$2,513	\$5,549	397%	
8. APPLE GROVE	WV PARKERSBURG	WV CSXT	Polyethylene Terephthalate	\$755	1.06005	\$800	\$1,441	\$2,607	326%	
9. APPLE GROVE	WV RAINS	SC CSXT	Polyethylene Terephthalate	\$2,131	1.06005	\$2,259	\$4,066	\$5,534	245%	
10. APPLE GROVE	WV ROCHESTER	NY CSXT	Polyethylene Terephthalate	\$1,748	1.06005	\$1,853	\$3,336	\$8,725	471%	
11. BELPRE	OH APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$754	1.06005	\$799	\$1,438	\$3,173	397%	
12. BELPRE	OH BORDENTOWN	NJ CSXT	Polyethylene Terephthalate	\$1,698	1.06005	\$1,800	\$3,239	\$5,371	298%	
13. BELPRE	OH CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$2,077	1.06005	\$2,202	\$3,963	\$6,701	304%	
14. BELPRE	OH DEVON	KY CSXT	Polyethylene Terephthalate	\$1,107	1.06005	\$1,174	\$2,113	\$3,903	333%	
15. BELPRE	OH ORLANDO	FL CSXT	Polyethylene Terephthalate	\$2,678	1.06005	\$2,839	\$5,111	\$8,226	290%	
16. BELPRE	OH PARIS	IL CSXT	Polyethylene Terephthalate	\$1,502	1.06005	\$1,592	\$2,866	\$5,234	329%	
17. PARKERSBURG	WV APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$754	1.06005	\$799	\$1,439	\$3,173	397%	
18. RAINS	SC CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$1,568	1.06005	\$1,662	\$2,991	\$4,215	254%	
<b>Exhibit B - Joint Moves</b>										
1. ALTAMIRA	TM APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$1,375	1.06005	\$1,458	\$2,624	\$5,706	392%	
2. ALTAMIRA	TM BELPRE	OH CSXT	Polyethylene Terephthalate	\$1,548	1.06005	\$1,641	\$2,954	\$5,639	344%	
3. ALTAMIRA	TM CAMBRIDGE	OH CSXT	Polyethylene Terephthalate	\$767	1.06005	\$813	\$1,464	\$5,007	616%	
4. ALTAMIRA	TM CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$1,369	1.06005	\$1,452	\$2,613	\$5,969	411%	
5. ALTAMIRA	TM CLIFTON FORGE	VA CSXT	Polyethylene Terephthalate	\$2,738	1.06005	\$2,903	\$5,225	\$7,426	256%	
6. ALTAMIRA	TM ORLANDO	FL CSXT	Polyethylene Terephthalate	\$1,985	1.06005	\$2,104	\$3,787	\$7,617	362%	
7. APPLE GROVE	WV AGUILA	AZ CSXT	Polyethylene Terephthalate	\$1,377	1.06005	\$1,460	\$2,627	\$5,654	387%	
8. APPLE GROVE	WV ALLENTOWN	PA CSXT	Polyethylene Terephthalate	\$1,095	1.06005	\$1,161	\$2,090	\$5,393	464%	
9. APPLE GROVE	WV ALTAMIRA	TM CSXT	Polyethylene Terephthalate	\$1,377	1.06005	\$1,459	\$2,627	\$5,654	387%	
10. APPLE GROVE	WV CHAMPAIGN	IL CSXT	Polyethylene Terephthalate	\$1,245	1.06005	\$1,320	\$2,376	\$5,636	427%	
11. APPLE GROVE	WV CHAMPAIGN	IL CSXT	Polyethylene Terephthalate	\$1,191	1.06005	\$1,262	\$2,272	\$5,670	449%	
12. APPLE GROVE	WV DARLINGTON	SC CSXT	Polyethylene Terephthalate	\$1,549	1.06005	\$1,642	\$2,955	\$5,491	334%	
13. APPLE GROVE	WV DONEY SPUR	PQ CSXT	Polyethylene Terephthalate	\$851	1.06005	\$902	\$1,624	\$2,940	326%	
14. APPLE GROVE	WV FRANKLIN	IN CSXT	Polyethylene Terephthalate	\$930	1.06005	\$986	\$1,775	\$3,750	380%	
15. APPLE GROVE	WV FREMONT	OH CSXT	Polyethylene Terephthalate	\$632	1.06005	\$670	\$1,206	\$2,981	445%	
16. APPLE GROVE	WV GLENDALE	AZ CSXT	Polyethylene Terephthalate	\$1,377	1.06005	\$1,460	\$2,627	\$5,654	387%	
17. APPLE GROVE	WV HAMILTON	ON CSXT	Polyethylene Terephthalate	\$854	1.06005	\$905	\$1,629	\$2,940	325%	
18. APPLE GROVE	WV HAVRE DE GRACE	MD CSXT	Polyethylene Terephthalate	\$1,095	1.06005	\$1,161	\$2,090	\$5,393	464%	
19. APPLE GROVE	WV HAZLETON	PA CSXT	Polyethylene Terephthalate	\$1,095	1.06005	\$1,160	\$2,089	\$5,393	465%	
20. APPLE GROVE	WV HEBRON	OH CSXT	Polyethylene Terephthalate	\$987	1.06005	\$1,046	\$1,882	\$3,025	289%	
21. APPLE GROVE	WV LENEXA	KS CSXT	Polyethylene Terephthalate	\$1,380	1.06005	\$1,463	\$2,634	\$5,654	386%	
22. APPLE GROVE	WV LITTLE ROCK	AR CSXT	Polyethylene Terephthalate	\$1,379	1.06005	\$1,462	\$2,631	\$5,654	387%	
23. APPLE GROVE	WV MEMPHIS	TN CSXT	Polyethylene Terephthalate	\$1,698	1.06005	\$1,800	\$3,241	\$6,129	340%	
24. APPLE GROVE	WV NICHOLASVILLE	KY CSXT	Polyethylene Terephthalate	\$630	1.06005	\$668	\$1,203	\$2,981	446%	
25. APPLE GROVE	WV ROCKFORD	IL CSXT	Polyethylene Terephthalate	\$1,383	1.06005	\$1,466	\$2,639	\$5,654	386%	
26. APPLE GROVE	WV ROGERS	MN CSXT	Polyethylene Terephthalate	\$1,380	1.06005	\$1,463	\$2,634	\$5,654	386%	
27. APPLE GROVE	WV RUSSELLVILLE	AR CSXT	Polyethylene Terephthalate	\$1,354	1.06005	\$1,435	\$2,583	\$5,692	397%	
28. APPLE GROVE	WV ST JEAN	PQ CSXT	Polyethylene Terephthalate	\$851	1.06005	\$902	\$1,624	\$2,940	326%	
29. APPLE GROVE	WV SUISUN FAIRFIELD	CA CSXT	Polyethylene Terephthalate	\$1,350	1.06005	\$1,432	\$2,577	\$5,692	398%	
30. APPLE GROVE	WV SWEETWATER	TX CSXT	Polyethylene Terephthalate	\$1,378	1.06005	\$1,461	\$2,629	\$5,654	387%	
31. APPLE GROVE	WV TEXARKANA	TX CSXT	Polyethylene Terephthalate	\$1,354	1.06005	\$1,435	\$2,583	\$5,692	397%	
32. APPLE GROVE	WV UNIVERSITY PARK	IL CSXT	Polyethylene Terephthalate	\$1,333	1.06005	\$1,413	\$2,543	\$5,648	400%	
33. APPLE GROVE	WV VADO	NM CSXT	Polyethylene Terephthalate	\$1,377	1.06005	\$1,460	\$2,628	\$5,654	387%	
34. APPLE GROVE	WV W CHICAGO	IL CSXT	Polyethylene Terephthalate	\$1,384	1.06005	\$1,467	\$2,641	\$5,654	385%	
35. APPLE GROVE	WV WAYNESVILLE	NC CSXT	Polyethylene Terephthalate	\$1,399	1.06005	\$1,483	\$2,669	\$4,028	272%	
36. BELPRE	OH AGUILA	AZ CSXT	Polyethylene Terephthalate	\$1,552	1.06005	\$1,645	\$2,961	\$5,850	356%	
37. BELPRE	OH ALLENTOWN	PA CSXT	Polyethylene Terephthalate	\$925	1.06005	\$980	\$1,765	\$4,734	483%	
38. BELPRE	OH CAMBRIDGE	OH CSXT	Polyethylene Terephthalate	\$1,239	1.06005	\$1,314	\$2,364	\$4,175	318%	
39. BELPRE	OH FRANKLIN	IN CSXT	Polyethylene Terephthalate	\$1,095	1.06005	\$1,161	\$2,090	\$5,208	449%	
40. BELPRE	OH FREMONT	OH CSXT	Polyethylene Terephthalate	\$812	1.06005	\$861	\$1,549	\$3,557	413%	
41. BELPRE	OH HAZLETON	PA CSXT	Polyethylene Terephthalate	\$924	1.06005	\$980	\$1,764	\$4,734	483%	
42. BELPRE	OH LENEXA	KS CSXT	Polyethylene Terephthalate	\$1,555	1.06005	\$1,649	\$2,968	\$5,850	355%	
43. BELPRE	OH RUSSELLVILLE	AR CSXT	Polyethylene Terephthalate	\$1,536	1.06005	\$1,629	\$2,931	\$6,263	385%	
44. BELPRE	OH ST JEAN	PQ CSXT	Polyethylene Terephthalate	\$1,237	1.06005	\$1,311	\$2,361	\$4,175	318%	
45. BELPRE	OH SUISUN FAIRFIELD	CA CSXT	Polyethylene Terephthalate	\$1,533	1.06005	\$1,625	\$2,924	\$6,263	386%	
46. BELPRE	OH SWEETWATER	TX CSXT	Polyethylene Terephthalate	\$1,553	1.06005	\$1,646	\$2,963	\$5,850	355%	
47. SPRING	TX APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$1,444	1.06005	\$1,531	\$2,756	\$5,548	362%	
48. SWEETWATER	TX APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$1,376	1.06005	\$1,459	\$2,626	\$5,706	391%	
49. SWEETWATER	TX CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$1,371	1.06005	\$1,453	\$2,616	\$5,969	411%	
50. SWEETWATER	TX CLIFTON FORGE	VA CSXT	Polyethylene Terephthalate	\$2,740	1.06005	\$2,904	\$5,227	\$7,426	256%	
51. APPLE GROVE	WV LEXINGTON	KY CSXT	Polyethylene Terephthalate	\$858	1.06005	\$909	\$1,636	\$3,186	350%	
52. APPLE GROVE	WV PRATTVILLE	AL CSXT	Polyethylene Terephthalate	\$686	1.06005	\$727	\$1,309	\$2,837	390%	

1/ The issue movement lane numbers correspond to the issue movement lane numbers in M&G's Third Amended Complaint.

2/ Column (5) x Column (6)

3/ Column (7) x 1.8

4/ Average Tariff Rate including fuel surcharge for 2Q10 - see Exhibit II-A-9

5/ Column (9) + Column (7)

# Exhibit II-A-3

Variable Cost, Jurisdictional Threshold, Tariff Rate  
and Revenue/Variable Cost Ratios Per Car for M&G Movements -- 3Q10

Origin 1/ (1)	Destination (2)	Railroad (3)	Commodity (4)	Phase III Cost Base Year 2009 (5)	Index to 3Q10 (6)	3Q2010			
						Phase III Cost 2/ (7)	Jurisdictional Threshold 3/ (8)	Tariff Rate 4/ (9)	Revenue/Variable Cost Ratio 5/ (10)
<b>Exhibit A - Local Moves</b>									
1. APPLE GROVE	WV BELPRE	OH CSXT	Polyethylene Terephthalate	\$759	1.04885	\$796	\$1,432	\$2,609	328%
2. APPLE GROVE	WV BORDENTOWN	NJ CSXT	Polyethylene Terephthalate	\$1,869	1.04885	\$1,960	\$3,528	\$5,975	303%
3. APPLE GROVE	WV CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$1,920	1.04885	\$2,014	\$3,625	\$5,790	287%
4. APPLE GROVE	WV CLIFTON FORGE	VA CSXT	Polyethylene Terephthalate	\$1,122	1.04885	\$1,176	\$2,117	\$3,970	337%
5. APPLE GROVE	WV DEVON	KY CSXT	Polyethylene Terephthalate	\$933	1.04885	\$979	\$1,761	\$2,842	290%
6. APPLE GROVE	WV ORLANDO	FL CSXT	Polyethylene Terephthalate	\$2,499	1.04885	\$2,621	\$4,718	\$8,190	312%
7. APPLE GROVE	WV PARIS	IL CSXT	Polyethylene Terephthalate	\$1,317	1.04885	\$1,381	\$2,487	\$5,557	402%
8. APPLE GROVE	WV PARKERSBURG	WV CSXT	Polyethylene Terephthalate	\$755	1.04885	\$792	\$1,426	\$2,609	329%
9. APPLE GROVE	WV RAINS	SC CSXT	Polyethylene Terephthalate	\$2,131	1.04885	\$2,235	\$4,023	\$5,551	248%
10. APPLE GROVE	WV ROCHESTER	NY CSXT	Polyethylene Terephthalate	\$1,748	1.04885	\$1,834	\$3,301	\$8,738	477%
11. BELPRE	OH APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$754	1.04885	\$791	\$1,423	\$3,175	402%
12. BELPRE	OH BORDENTOWN	NJ CSXT	Polyethylene Terephthalate	\$1,698	1.04885	\$1,781	\$3,205	\$5,383	302%
13. BELPRE	OH CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$2,077	1.04885	\$2,179	\$3,922	\$6,718	308%
14. BELPRE	OH DEVON	KY CSXT	Polyethylene Terephthalate	\$1,107	1.04885	\$1,161	\$2,091	\$3,909	337%
15. BELPRE	OH ORLANDO	FL CSXT	Polyethylene Terephthalate	\$2,678	1.04885	\$2,809	\$5,057	\$8,249	294%
16. BELPRE	OH PARIS	IL CSXT	Polyethylene Terephthalate	\$1,502	1.04885	\$1,575	\$2,835	\$5,244	333%
17. PARKERSBURG	WV APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$754	1.04885	\$791	\$1,424	\$3,175	401%
18. RAINS	SC CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$1,568	1.04885	\$1,644	\$2,959	\$4,225	257%
<b>Exhibit B - Joint Moves</b>									
1. ALTAMIRA	TM APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$1,375	1.04885	\$1,442	\$2,596	\$5,718	396%
2. ALTAMIRA	TM BELPRE	OH CSXT	Polyethylene Terephthalate	\$1,548	1.04885	\$1,624	\$2,923	\$5,652	348%
3. ALTAMIRA	TM CAMBRIDGE	OH CSXT	Polyethylene Terephthalate	\$767	1.04885	\$805	\$1,448	\$5,014	623%
4. ALTAMIRA	TM CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$1,369	1.04885	\$1,436	\$2,585	\$5,981	416%
5. ALTAMIRA	TM CLIFTON FORGE	VA CSXT	Polyethylene Terephthalate	\$2,738	1.04885	\$2,872	\$5,169	\$7,453	259%
6. ALTAMIRA	TM ORLANDO	FL CSXT	Polyethylene Terephthalate	\$1,985	1.04885	\$2,082	\$3,747	\$7,635	367%
7. APPLE GROVE	WV AGUILA	AZ CSXT	Polyethylene Terephthalate	\$1,377	1.04885	\$1,444	\$2,600	\$5,665	392%
8. APPLE GROVE	WV ALLENTOWN	PA CSXT	Polyethylene Terephthalate	\$1,095	1.04885	\$1,149	\$2,068	\$5,401	470%
9. APPLE GROVE	WV ALTAMIRA	TM CSXT	Polyethylene Terephthalate	\$1,377	1.04885	\$1,444	\$2,599	\$5,665	392%
10. APPLE GROVE	WV CHAMPAIGN	IL CSXT	Polyethylene Terephthalate	\$1,245	1.04885	\$1,306	\$2,351	\$5,646	432%
11. APPLE GROVE	WV CHAMPAIGN	IL CSXT	Polyethylene Terephthalate	\$1,191	1.04885	\$1,249	\$2,248	\$5,680	455%
12. APPLE GROVE	WV DARLINGTON	SC CSXT	Polyethylene Terephthalate	\$1,549	1.04885	\$1,625	\$2,924	\$5,505	339%
13. APPLE GROVE	WV DONEY SPUR	PQ CSXT	Polyethylene Terephthalate	\$851	1.04885	\$893	\$1,607	\$2,946	330%
14. APPLE GROVE	WV FRANKLIN	IN CSXT	Polyethylene Terephthalate	\$930	1.04885	\$976	\$1,756	\$3,757	385%
15. APPLE GROVE	WV FREMONT	OH CSXT	Polyethylene Terephthalate	\$632	1.04885	\$663	\$1,193	\$2,984	450%
16. APPLE GROVE	WV GLENDALE	AZ CSXT	Polyethylene Terephthalate	\$1,377	1.04885	\$1,444	\$2,600	\$5,665	392%
17. APPLE GROVE	WV HAMILTON	ON CSXT	Polyethylene Terephthalate	\$854	1.04885	\$895	\$1,611	\$2,946	329%
18. APPLE GROVE	WV HA VRE DE GRACE	MD CSXT	Polyethylene Terephthalate	\$1,095	1.04885	\$1,149	\$2,068	\$5,401	470%
19. APPLE GROVE	WV HAZLETON	PA CSXT	Polyethylene Terephthalate	\$1,095	1.04885	\$1,148	\$2,067	\$5,401	470%
20. APPLE GROVE	WV HEBRON	OH CSXT	Polyethylene Terephthalate	\$987	1.04885	\$1,035	\$1,862	\$3,032	293%
21. APPLE GROVE	WV LENEXA	KS CSXT	Polyethylene Terephthalate	\$1,380	1.04885	\$1,448	\$2,606	\$5,665	391%
22. APPLE GROVE	WV LITTLE ROCK	AR CSXT	Polyethylene Terephthalate	\$1,379	1.04885	\$1,446	\$2,603	\$5,665	392%
23. APPLE GROVE	WV MEMPHIS	TN CSXT	Polyethylene Terephthalate	\$1,698	1.04885	\$1,781	\$3,207	\$6,144	345%
24. APPLE GROVE	WV NICHOLASVILLE	KY CSXT	Polyethylene Terephthalate	\$630	1.04885	\$661	\$1,190	\$2,984	451%
25. APPLE GROVE	WV ROCKFORD	IL CSXT	Polyethylene Terephthalate	\$1,383	1.04885	\$1,451	\$2,611	\$5,665	391%
26. APPLE GROVE	WV ROGERS	MN CSXT	Polyethylene Terephthalate	\$1,380	1.04885	\$1,448	\$2,606	\$5,665	391%
27. APPLE GROVE	WV RUSSELLVILLE	AR CSXT	Polyethylene Terephthalate	\$1,354	1.04885	\$1,420	\$2,556	\$5,704	402%
28. APPLE GROVE	WV ST JEAN	PQ CSXT	Polyethylene Terephthalate	\$851	1.04885	\$893	\$1,607	\$2,946	330%
29. APPLE GROVE	WV SUISUN FAIRFIELD	CA CSXT	Polyethylene Terephthalate	\$1,350	1.04885	\$1,416	\$2,550	\$5,704	403%
30. APPLE GROVE	WV SWEETWATER	TX CSXT	Polyethylene Terephthalate	\$1,378	1.04885	\$1,445	\$2,601	\$5,665	392%
31. APPLE GROVE	WV TEXARKANA	TX CSXT	Polyethylene Terephthalate	\$1,354	1.04885	\$1,420	\$2,555	\$5,704	402%
32. APPLE GROVE	WV UNIVERSITY PARK	IL CSXT	Polyethylene Terephthalate	\$1,333	1.04885	\$1,398	\$2,516	\$5,658	405%
33. APPLE GROVE	WV VADO	NM CSXT	Polyethylene Terephthalate	\$1,377	1.04885	\$1,445	\$2,600	\$5,665	392%
34. APPLE GROVE	WV W CHICAGO	IL CSXT	Polyethylene Terephthalate	\$1,384	1.04885	\$1,452	\$2,613	\$5,665	390%
35. APPLE GROVE	WV WAYNESVILLE	NC CSXT	Polyethylene Terephthalate	\$1,399	1.04885	\$1,467	\$2,641	\$4,039	275%
36. BELPRE	OH AGUILA	AZ CSXT	Polyethylene Terephthalate	\$1,552	1.04885	\$1,628	\$2,930	\$5,864	360%
37. BELPRE	OH ALLENTOWN	PA CSXT	Polyethylene Terephthalate	\$925	1.04885	\$970	\$1,746	\$4,740	489%
38. BELPRE	OH CAMBRIDGE	OH CSXT	Polyethylene Terephthalate	\$1,239	1.04885	\$1,300	\$2,339	\$4,185	322%
39. BELPRE	OH FRANKLIN	IN CSXT	Polyethylene Terephthalate	\$1,095	1.04885	\$1,149	\$2,068	\$5,216	454%
40. BELPRE	OH FREMONT	OH CSXT	Polyethylene Terephthalate	\$812	1.04885	\$851	\$1,533	\$3,563	418%
41. BELPRE	OH HAZLETON	PA CSXT	Polyethylene Terephthalate	\$924	1.04885	\$969	\$1,745	\$4,740	489%
42. BELPRE	OH LENEXA	KS CSXT	Polyethylene Terephthalate	\$1,555	1.04885	\$1,631	\$2,936	\$5,864	359%
43. BELPRE	OH RUSSELLVILLE	AR CSXT	Polyethylene Terephthalate	\$1,536	1.04885	\$1,611	\$2,900	\$6,276	390%
44. BELPRE	OH ST JEAN	PQ CSXT	Polyethylene Terephthalate	\$1,237	1.04885	\$1,298	\$2,336	\$4,185	323%
45. BELPRE	OH SUISUN FAIRFIELD	CA CSXT	Polyethylene Terephthalate	\$1,533	1.04885	\$1,607	\$2,893	\$6,276	390%
46. BELPRE	OH SWEETWATER	TX CSXT	Polyethylene Terephthalate	\$1,553	1.04885	\$1,629	\$2,932	\$5,864	360%
47. SPRING	TX APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$1,444	1.04885	\$1,515	\$2,726	\$5,560	367%
48. SWEETWATER	TX APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$1,376	1.04885	\$1,443	\$2,598	\$5,718	396%
49. SWEETWATER	TX CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$1,371	1.04885	\$1,438	\$2,588	\$5,981	416%
50. SWEETWATER	TX CLIFTON FORGE	VA CSXT	Polyethylene Terephthalate	\$2,740	1.04885	\$2,873	\$5,172	\$7,453	259%
51. APPLE GROVE	WV LEXINGTON	KY CSXT	Polyethylene Terephthalate	\$858	1.04885	\$899	\$1,619	\$3,191	355%
52. APPLE GROVE	WV PRATTVILLE	AL CSXT	Polyethylene Terephthalate	\$686	1.04885	\$720	\$1,295	\$2,841	395%

1/ The issue movement lane numbers correspond to the issue movement lane numbers in M&G's Third Amended Complaint.

2/ Column (5) x Column (6)

3/ Column (7) x 1.8

4/ Average Tariff Rate including fuel surcharge for 3Q10 -- see Exhibit II-A-9

5/ Column (9) ÷ Column (7)

# Exhibit II-A-4

Variable Cost, Jurisdictional Threshold, Tariff Rate  
and Revenue/Variable Cost Ratios Per Car for M&G Movements -- 4Q10

Origin 1/ (1)	Destination (2)	Railroad (3)	Commodity (4)	Phase III Cost Base Year 2009 (5)	Index to 4Q10 (6)	4Q2010				
						Phase III Cost 2/ (7)	Jurisdictional Threshold 3/ (8)	Tariff Rate 4/ (9)	Revenue/Variable Cost Ratio 5/ (10)	
<b>Exhibit A - Local Moves</b>										
1. APPLE GROVE	WV BELPRE	OH CSXT	Polyethylene Terephthalate	\$759	1.06757	\$810	\$1,458	\$2,609	322%	
2. APPLE GROVE	WV BORDENTOWN	NJ CSXT	Polyethylene Terephthalate	\$1,869	1.06757	\$1,995	\$3,591	\$5,975	299%	
3. APPLE GROVE	WV CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$1,920	1.06757	\$2,050	\$3,690	\$5,790	282%	
4. APPLE GROVE	WV CLIFTON FORGE	VA CSXT	Polyethylene Terephthalate	\$1,122	1.06757	\$1,197	\$2,155	\$3,970	332%	
5. APPLE GROVE	WV DEVON	KY CSXT	Polyethylene Terephthalate	\$933	1.06757	\$996	\$1,793	\$2,842	285%	
6. APPLE GROVE	WV ORLANDO	FL CSXT	Polyethylene Terephthalate	\$2,499	1.06757	\$2,668	\$4,802	\$8,190	307%	
7. APPLE GROVE	WV PARIS	IL CSXT	Polyethylene Terephthalate	\$1,317	1.06757	\$1,406	\$2,531	\$5,557	395%	
8. APPLE GROVE	WV PARKERSBURG	WV CSXT	Polyethylene Terephthalate	\$755	1.06757	\$806	\$1,451	\$2,609	324%	
9. APPLE GROVE	WV RAINS	SC CSXT	Polyethylene Terephthalate	\$2,131	1.06757	\$2,275	\$4,095	\$5,551	244%	
10. APPLE GROVE	WV ROCHESTER	NY CSXT	Polyethylene Terephthalate	\$1,748	1.06757	\$1,866	\$3,360	\$8,738	468%	
11. BELPRE	OH APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$754	1.06757	\$805	\$1,448	\$3,175	395%	
12. BELPRE	OH BORDENTOWN	NJ CSXT	Polyethylene Terephthalate	\$1,698	1.06757	\$1,812	\$3,262	\$5,383	297%	
13. BELPRE	OH CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$2,077	1.06757	\$2,218	\$3,992	\$6,718	303%	
14. BELPRE	OH DEVON	KY CSXT	Polyethylene Terephthalate	\$1,107	1.06757	\$1,182	\$2,128	\$3,909	331%	
15. BELPRE	OH ORLANDO	FL CSXT	Polyethylene Terephthalate	\$2,678	1.06757	\$2,859	\$5,147	\$8,249	288%	
16. BELPRE	OH PARIS	IL CSXT	Polyethylene Terephthalate	\$1,502	1.06757	\$1,603	\$2,886	\$5,244	327%	
17. PARKERSBURG	WV APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$754	1.06757	\$805	\$1,449	\$3,175	394%	
18. RAINS	SC CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$1,568	1.06757	\$1,674	\$3,012	\$4,225	252%	
<b>Exhibit B - Joint Moves</b>										
1. ALTAMIRA	TM APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$1,375	1.06757	\$1,468	\$2,642	\$5,718	390%	
2. ALTAMIRA	TM BELPRE	OH CSXT	Polyethylene Terephthalate	\$1,548	1.06757	\$1,653	\$2,975	\$5,652	342%	
3. ALTAMIRA	TM CAMBRIDGE	OH CSXT	Polyethylene Terephthalate	\$767	1.06757	\$819	\$1,474	\$5,014	612%	
4. ALTAMIRA	TM CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$1,369	1.06757	\$1,462	\$2,632	\$5,981	409%	
5. ALTAMIRA	TM CLIFTON FORGE	VA CSXT	Polyethylene Terephthalate	\$2,738	1.06757	\$2,923	\$5,262	\$7,453	255%	
6. ALTAMIRA	TM ORLANDO	FL CSXT	Polyethylene Terephthalate	\$1,985	1.06757	\$2,119	\$3,814	\$7,635	360%	
7. APPLE GROVE	WV AGUILA	AZ CSXT	Polyethylene Terephthalate	\$1,377	1.06757	\$1,470	\$2,646	\$5,665	385%	
8. APPLE GROVE	WV ALLENTOWN	PA CSXT	Polyethylene Terephthalate	\$1,095	1.06757	\$1,169	\$2,105	\$5,401	462%	
9. APPLE GROVE	WV ALTAMIRA	TM CSXT	Polyethylene Terephthalate	\$1,377	1.06757	\$1,470	\$2,646	\$5,665	385%	
10. APPLE GROVE	WV CHAMPAIGN	IL CSXT	Polyethylene Terephthalate	\$1,245	1.06757	\$1,330	\$2,393	\$5,646	425%	
11. APPLE GROVE	WV CHAMPAIGN	IL CSXT	Polyethylene Terephthalate	\$1,191	1.06757	\$1,271	\$2,288	\$5,680	447%	
12. APPLE GROVE	WV DARLINGTON	SC CSXT	Polyethylene Terephthalate	\$1,549	1.06757	\$1,654	\$2,976	\$5,505	333%	
13. APPLE GROVE	WV DONEY SPUR	PQ CSXT	Polyethylene Terephthalate	\$851	1.06757	\$909	\$1,636	\$2,946	324%	
14. APPLE GROVE	WV FRANKLIN	IN CSXT	Polyethylene Terephthalate	\$930	1.06757	\$993	\$1,788	\$3,757	378%	
15. APPLE GROVE	WV FREMONT	OH CSXT	Polyethylene Terephthalate	\$632	1.06757	\$675	\$1,214	\$2,984	442%	
16. APPLE GROVE	WV GLENDALE	AZ CSXT	Polyethylene Terephthalate	\$1,377	1.06757	\$1,470	\$2,646	\$5,665	385%	
17. APPLE GROVE	WV HAMILTON	ON CSXT	Polyethylene Terephthalate	\$854	1.06757	\$911	\$1,640	\$2,946	323%	
18. APPLE GROVE	WV HAVRE DE GRACE	MD CSXT	Polyethylene Terephthalate	\$1,095	1.06757	\$1,169	\$2,105	\$5,401	462%	
19. APPLE GROVE	WV HAZLETON	PA CSXT	Polyethylene Terephthalate	\$1,095	1.06757	\$1,169	\$2,104	\$5,401	462%	
20. APPLE GROVE	WV HEBRON	OH CSXT	Polyethylene Terephthalate	\$987	1.06757	\$1,053	\$1,896	\$3,032	288%	
21. APPLE GROVE	WV LENEXA	KS CSXT	Polyethylene Terephthalate	\$1,380	1.06757	\$1,474	\$2,652	\$5,665	384%	
22. APPLE GROVE	WV LITTLE ROCK	AR CSXT	Polyethylene Terephthalate	\$1,379	1.06757	\$1,472	\$2,650	\$5,665	385%	
23. APPLE GROVE	WV MEMPHIS	TN CSXT	Polyethylene Terephthalate	\$1,698	1.06757	\$1,813	\$3,264	\$6,144	339%	
24. APPLE GROVE	WV NICHOLASVILLE	KY CSXT	Polyethylene Terephthalate	\$630	1.06757	\$673	\$1,211	\$2,984	444%	
25. APPLE GROVE	WV ROCKFORD	IL CSXT	Polyethylene Terephthalate	\$1,383	1.06757	\$1,477	\$2,658	\$5,665	384%	
26. APPLE GROVE	WV ROGERS	MN CSXT	Polyethylene Terephthalate	\$1,380	1.06757	\$1,473	\$2,652	\$5,665	384%	
27. APPLE GROVE	WV RUSSELLVILLE	AR CSXT	Polyethylene Terephthalate	\$1,354	1.06757	\$1,445	\$2,602	\$5,704	395%	
28. APPLE GROVE	WV ST JEAN	PQ CSXT	Polyethylene Terephthalate	\$851	1.06757	\$909	\$1,636	\$2,946	324%	
29. APPLE GROVE	WV SUISUN FAIRFIELD	CA CSXT	Polyethylene Terephthalate	\$1,350	1.06757	\$1,442	\$2,595	\$5,704	396%	
30. APPLE GROVE	WV SWEETWATER	TX CSXT	Polyethylene Terephthalate	\$1,378	1.06757	\$1,471	\$2,648	\$5,665	385%	
31. APPLE GROVE	WV TEXARKANA	TX CSXT	Polyethylene Terephthalate	\$1,354	1.06757	\$1,445	\$2,601	\$5,704	395%	
32. APPLE GROVE	WV UNIVERSITY PARK	IL CSXT	Polyethylene Terephthalate	\$1,333	1.06757	\$1,423	\$2,561	\$5,658	398%	
33. APPLE GROVE	WV VADO	NM CSXT	Polyethylene Terephthalate	\$1,377	1.06757	\$1,470	\$2,647	\$5,665	385%	
34. APPLE GROVE	WV W CHICAGO	IL CSXT	Polyethylene Terephthalate	\$1,384	1.06757	\$1,478	\$2,660	\$5,665	383%	
35. APPLE GROVE	WV WAYNESVILLE	NC CSXT	Polyethylene Terephthalate	\$1,399	1.06757	\$1,493	\$2,688	\$4,039	270%	
36. BELPRE	OH AGUILA	AZ CSXT	Polyethylene Terephthalate	\$1,552	1.06757	\$1,657	\$2,982	\$5,864	354%	
37. BELPRE	OH ALLENTOWN	PA CSXT	Polyethylene Terephthalate	\$925	1.06757	\$987	\$1,777	\$4,740	480%	
38. BELPRE	OH CAMBRIDGE	OH CSXT	Polyethylene Terephthalate	\$1,239	1.06757	\$1,323	\$2,381	\$4,185	316%	
39. BELPRE	OH FRANKLIN	IN CSXT	Polyethylene Terephthalate	\$1,095	1.06757	\$1,169	\$2,104	\$5,216	446%	
40. BELPRE	OH FREMONT	OH CSXT	Polyethylene Terephthalate	\$812	1.06757	\$867	\$1,560	\$3,563	411%	
41. BELPRE	OH HAZLETON	PA CSXT	Polyethylene Terephthalate	\$924	1.06757	\$987	\$1,776	\$4,740	480%	
42. BELPRE	OH LENEXA	KS CSXT	Polyethylene Terephthalate	\$1,555	1.06757	\$1,660	\$2,989	\$5,864	353%	
43. BELPRE	OH RUSSELLVILLE	AR CSXT	Polyethylene Terephthalate	\$1,536	1.06757	\$1,640	\$2,952	\$6,276	383%	
44. BELPRE	OH ST JEAN	PQ CSXT	Polyethylene Terephthalate	\$1,237	1.06757	\$1,321	\$2,377	\$4,185	317%	
45. BELPRE	OH SUISUN FAIRFIELD	CA CSXT	Polyethylene Terephthalate	\$1,533	1.06757	\$1,636	\$2,945	\$6,276	384%	
46. BELPRE	OH SWEETWATER	TX CSXT	Polyethylene Terephthalate	\$1,553	1.06757	\$1,658	\$2,984	\$5,864	354%	
47. SPRING	TX APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$1,444	1.06757	\$1,542	\$2,775	\$5,560	361%	
48. SWEETWATER	TX APPLE GROVE	WV CSXT	Polyethylene Terephthalate	\$1,376	1.06757	\$1,469	\$2,644	\$5,718	389%	
49. SWEETWATER	TX CARTERSVILLE	GA CSXT	Polyethylene Terephthalate	\$1,371	1.06757	\$1,463	\$2,634	\$5,981	409%	
50. SWEETWATER	TX CLIFTON FORGE	VA CSXT	Polyethylene Terephthalate	\$2,740	1.06757	\$2,925	\$5,264	\$7,453	255%	
51. APPLE GROVE	WV LEXINGTON	KY CSXT	Polyethylene Terephthalate	\$858	1.06757	\$915	\$1,648	\$3,191	349%	
52. APPLE GROVE	WV PRATTVILLE	AL CSXT	Polyethylene Terephthalate	\$686	1.06757	\$733	\$1,319	\$2,841	388%	

1/ The issue movement lane numbers correspond to the issue movement lane numbers in M&G's Third Amended Complaint.

2/ Column (5) x Column (6)

3/ Column (7) x 1.8

4/ Average Tariff Rate including fuel surcharge for 4Q10 -- see Exhibit II-A-9

5/ Column (9) + Column (7)

# Exhibit II-A-5

Variable Cost, Jurisdictional Threshold, Tariff Rate  
and Revenue/Variable Cost Ratios Per Car for M&G Movements -- 1Q11

Origin 1/		Destination		Railroad	Commodity	Phase III Cost Base Year 2009	Index to 1Q11	1Q2011				
(1)	(2)	(3)	(4)					Phase III Cost 2/	Jurisdictional Threshold 3/	Tariff Rate 4/	Revenue/Variable Cost Ratio 5/	
<b>Exhibit A - Local Moves</b>												
1.	APPLE GROVE	WV	BELPRE	OH	CSXT	Polyethylene Terephthalate	\$759	1.09693	\$832	\$1,498	\$2,616	314%
2.	APPLE GROVE	WV	BORDENTOWN	NJ	CSXT	Polyethylene Terephthalate	\$1,869	1.09693	\$2,050	\$3,690	\$6,024	294%
3.	APPLE GROVE	WV	CARTERSVILLE	GA	CSXT	Polyethylene Terephthalate	\$1,920	1.09693	\$2,106	\$3,791	\$5,841	277%
4.	APPLE GROVE	WV	CLIFTON FORGE	VA	CSXT	Polyethylene Terephthalate	\$1,122	1.09693	\$1,230	\$2,215	\$3,990	324%
5.	APPLE GROVE	WV	DEVON	KY	CSXT	Polyethylene Terephthalate	\$933	1.09693	\$1,023	\$1,842	\$2,855	279%
6.	APPLE GROVE	WV	ORLANDO	FL	CSXT	Polyethylene Terephthalate	\$2,499	1.09693	\$2,741	\$4,934	\$8,263	301%
7.	APPLE GROVE	WV	PARIS	IL	CSXT	Polyethylene Terephthalate	\$1,317	1.09693	\$1,445	\$2,601	\$5,585	387%
8.	APPLE GROVE	WV	PARKERSBURG	WV	CSXT	Polyethylene Terephthalate	\$755	1.09693	\$828	\$1,491	\$2,615	316%
9.	APPLE GROVE	WV	RAINS	SC	CSXT	Polyethylene Terephthalate	\$2,131	1.09693	\$2,337	\$4,207	\$5,610	240%
10.	APPLE GROVE	WV	ROCHESTER	NY	CSXT	Polyethylene Terephthalate	\$1,748	1.09693	\$1,918	\$3,452	\$8,780	458%
11.	BELPRE	OH	APPLE GROVE	WV	CSXT	Polyethylene Terephthalate	\$754	1.09693	\$827	\$1,488	\$3,182	385%
12.	BELPRE	OH	BORDENTOWN	NJ	CSXT	Polyethylene Terephthalate	\$1,698	1.09693	\$1,862	\$3,352	\$5,425	291%
13.	BELPRE	OH	CARTERSVILLE	GA	CSXT	Polyethylene Terephthalate	\$2,077	1.09693	\$2,279	\$4,101	\$6,775	297%
14.	BELPRE	OH	DEVON	KY	CSXT	Polyethylene Terephthalate	\$1,107	1.09693	\$1,215	\$2,186	\$3,929	323%
15.	BELPRE	OH	ORLANDO	FL	CSXT	Polyethylene Terephthalate	\$2,678	1.09693	\$2,938	\$5,289	\$8,329	283%
16.	BELPRE	OH	PARIS	IL	CSXT	Polyethylene Terephthalate	\$1,502	1.09693	\$1,647	\$2,965	\$5,279	320%
17.	PARKERSBURG	WV	APPLE GROVE	WV	CSXT	Polyethylene Terephthalate	\$754	1.09693	\$827	\$1,489	\$3,181	385%
18.	RAINS	SC	CARTERSVILLE	GA	CSXT	Polyethylene Terephthalate	\$1,568	1.09693	\$1,720	\$3,095	\$4,263	248%
<b>Exhibit B - Joint Moves</b>												
1.	ALTAMIRA	TM	APPLE GROVE	WV	CSXT	Polyethylene Terephthalate	\$1,375	1.09693	\$1,508	\$2,715	\$5,757	382%
2.	ALTAMIRA	TM	BELPRE	OH	CSXT	Polyethylene Terephthalate	\$1,548	1.09693	\$1,698	\$3,057	\$5,698	336%
3.	ALTAMIRA	TM	CAMBRIDGE	OH	CSXT	Polyethylene Terephthalate	\$767	1.09693	\$841	\$1,515	\$5,039	599%
4.	ALTAMIRA	TM	CARTERSVILLE	GA	CSXT	Polyethylene Terephthalate	\$1,369	1.09693	\$1,502	\$2,704	\$6,020	401%
5.	ALTAMIRA	TM	CLIFTON FORGE	VA	CSXT	Polyethylene Terephthalate	\$2,738	1.09693	\$3,004	\$5,406	\$7,544	251%
6.	ALTAMIRA	TM	ORLANDO	FL	CSXT	Polyethylene Terephthalate	\$1,985	1.09693	\$2,177	\$3,919	\$7,697	354%
7.	APPLE GROVE	WV	AGUILA	AZ	CSXT	Polyethylene Terephthalate	\$1,377	1.09693	\$1,510	\$2,719	\$5,705	378%
8.	APPLE GROVE	WV	ALLENTOWN	PA	CSXT	Polyethylene Terephthalate	\$1,095	1.09693	\$1,201	\$2,163	\$5,430	452%
9.	APPLE GROVE	WV	ALTAMIRA	TM	CSXT	Polyethylene Terephthalate	\$1,377	1.09693	\$1,510	\$2,718	\$5,705	378%
10.	APPLE GROVE	WV	CHAMPAIGN	IL	CSXT	Polyethylene Terephthalate	\$1,245	1.09693	\$1,366	\$2,459	\$5,680	416%
11.	APPLE GROVE	WV	CHAMPAIGN	IL	CSXT	Polyethylene Terephthalate	\$1,191	1.09693	\$1,306	\$2,351	\$5,712	437%
12.	APPLE GROVE	WV	DARLINGTON	SC	CSXT	Polyethylene Terephthalate	\$1,549	1.09693	\$1,699	\$3,058	\$5,550	327%
13.	APPLE GROVE	WV	DONEY SPUR	PQ	CSXT	Polyethylene Terephthalate	\$851	1.09693	\$934	\$1,681	\$2,965	318%
14.	APPLE GROVE	WV	FRANKLIN	IN	CSXT	Polyethylene Terephthalate	\$930	1.09693	\$1,020	\$1,837	\$3,779	370%
15.	APPLE GROVE	WV	FREMONT	OH	CSXT	Polyethylene Terephthalate	\$632	1.09693	\$693	\$1,248	\$2,995	432%
16.	APPLE GROVE	WV	GLENDALE	AZ	CSXT	Polyethylene Terephthalate	\$1,377	1.09693	\$1,510	\$2,719	\$5,705	378%
17.	APPLE GROVE	WV	HAMILTON	ON	CSXT	Polyethylene Terephthalate	\$854	1.09693	\$936	\$1,685	\$2,965	317%
18.	APPLE GROVE	WV	HAVRE DE GRACE	MD	CSXT	Polyethylene Terephthalate	\$1,095	1.09693	\$1,202	\$2,163	\$5,430	452%
19.	APPLE GROVE	WV	HAZLETON	PA	CSXT	Polyethylene Terephthalate	\$1,095	1.09693	\$1,201	\$2,161	\$5,430	452%
20.	APPLE GROVE	WV	HEBRON	OH	CSXT	Polyethylene Terephthalate	\$987	1.09693	\$1,082	\$1,948	\$3,056	282%
21.	APPLE GROVE	WV	LENEXA	KS	CSXT	Polyethylene Terephthalate	\$1,380	1.09693	\$1,514	\$2,725	\$5,705	377%
22.	APPLE GROVE	WV	LITTLE ROCK	AR	CSXT	Polyethylene Terephthalate	\$1,379	1.09693	\$1,512	\$2,722	\$5,705	377%
23.	APPLE GROVE	WV	MEMPHIS	TN	CSXT	Polyethylene Terephthalate	\$1,698	1.09693	\$1,863	\$3,354	\$6,195	333%
24.	APPLE GROVE	WV	NICHOLASVILLE	KY	CSXT	Polyethylene Terephthalate	\$630	1.09693	\$691	\$1,244	\$2,995	433%
25.	APPLE GROVE	WV	ROCKFORD	IL	CSXT	Polyethylene Terephthalate	\$1,383	1.09693	\$1,517	\$2,731	\$5,705	376%
26.	APPLE GROVE	WV	ROGERS	MN	CSXT	Polyethylene Terephthalate	\$1,380	1.09693	\$1,514	\$2,725	\$5,705	377%
27.	APPLE GROVE	WV	RUSSELLVILLE	AR	CSXT	Polyethylene Terephthalate	\$1,354	1.09693	\$1,485	\$2,673	\$5,742	387%
28.	APPLE GROVE	WV	ST JEAN	PQ	CSXT	Polyethylene Terephthalate	\$851	1.09693	\$934	\$1,681	\$2,965	318%
29.	APPLE GROVE	WV	SUTSUN FAIRFIELD	CA	CSXT	Polyethylene Terephthalate	\$1,350	1.09693	\$1,481	\$2,666	\$5,742	388%
30.	APPLE GROVE	WV	SWEETWATER	TX	CSXT	Polyethylene Terephthalate	\$1,378	1.09693	\$1,511	\$2,721	\$5,705	377%
31.	APPLE GROVE	WV	TEXARKANA	TX	CSXT	Polyethylene Terephthalate	\$1,354	1.09693	\$1,485	\$2,672	\$5,742	387%
32.	APPLE GROVE	WV	UNIVERSITY PARK	IL	CSXT	Polyethylene Terephthalate	\$1,333	1.09693	\$1,462	\$2,632	\$5,696	390%
33.	APPLE GROVE	WV	VADO	NM	CSXT	Polyethylene Terephthalate	\$1,377	1.09693	\$1,511	\$2,720	\$5,705	378%
34.	APPLE GROVE	WV	W CHICAGO	IL	CSXT	Polyethylene Terephthalate	\$1,384	1.09693	\$1,519	\$2,733	\$5,705	376%
35.	APPLE GROVE	WV	WAYNESVILLE	NC	CSXT	Polyethylene Terephthalate	\$1,399	1.09693	\$1,534	\$2,762	\$4,079	266%
36.	BELPRE	OH	AGUILA	AZ	CSXT	Polyethylene Terephthalate	\$1,552	1.09693	\$1,702	\$3,064	\$5,910	347%
37.	BELPRE	OH	ALLENTOWN	PA	CSXT	Polyethylene Terephthalate	\$925	1.09693	\$1,015	\$1,826	\$4,762	469%
38.	BELPRE	OH	CAMBRIDGE	ON	CSXT	Polyethylene Terephthalate	\$1,239	1.09693	\$1,359	\$2,447	\$4,219	310%
39.	BELPRE	OH	FRANKLIN	IN	CSXT	Polyethylene Terephthalate	\$1,095	1.09693	\$1,201	\$2,162	\$5,245	437%
40.	BELPRE	OH	FREMONT	OH	CSXT	Polyethylene Terephthalate	\$812	1.09693	\$890	\$1,603	\$3,580	402%
41.	BELPRE	OH	HAZLETON	PA	CSXT	Polyethylene Terephthalate	\$924	1.09693	\$1,014	\$1,825	\$4,762	470%
42.	BELPRE	OH	LENEXA	KS	CSXT	Polyethylene Terephthalate	\$1,555	1.09693	\$1,706	\$3,071	\$5,910	346%
43.	BELPRE	OH	RUSSELLVILLE	AR	CSXT	Polyethylene Terephthalate	\$1,536	1.09693	\$1,685	\$3,033	\$6,322	375%
44.	BELPRE	OH	ST JEAN	PQ	CSXT	Polyethylene Terephthalate	\$1,237	1.09693	\$1,357	\$2,443	\$4,219	311%
45.	BELPRE	OH	SUTSUN FAIRFIELD	CA	CSXT	Polyethylene Terephthalate	\$1,533	1.09693	\$1,681	\$3,026	\$6,322	376%
46.	BELPRE	OH	SWEETWATER	TX	CSXT	Polyethylene Terephthalate	\$1,553	1.09693	\$1,703	\$3,066	\$5,910	347%
47.	SPRING	TX	APPLE GROVE	WV	CSXT	Polyethylene Terephthalate	\$1,444	1.09693	\$1,584	\$2,851	\$5,602	354%
48.	SWEETWATER	TX	APPLE GROVE	WV	CSXT	Polyethylene Terephthalate	\$1,376	1.09693	\$1,509	\$2,717	\$5,757	381%
49.	SWEETWATER	TX	CARTERSVILLE	GA	CSXT	Polyethylene Terephthalate	\$1,371	1.09693	\$1,504	\$2,707	\$6,020	400%
50.	SWEETWATER	TX	CLIFTON FORGE	VA	CSXT	Polyethylene Terephthalate	\$2,740	1.09693	\$3,005	\$5,409	\$7,544	251%
51.	APPLE GROVE	WV	LEXINGTON	KY	CSXT	Polyethylene Terephthalate	\$858	1.09693	\$941	\$1,693	\$3,211	341%
52.	APPLE GROVE	WV	PRATTVILLE	AL	CSXT	Polyethylene Terephthalate	\$686	1.09693	\$753	\$1,355	\$2,854	379%

1/ The issue movement lane numbers correspond to the issue movement lane numbers in M&G's Third Amended Complaint.

2/ Column (5) x Column (6)

3/ Column (7) x 1.8

4/ Average Tariff Rate including fuel surcharge for 1Q11 -- see Exhibit II-A-9

5/ Column (9) + Column (7)

# Exhibit II-A-6

Joint Submission of M&G/CSXT Operating Characteristics

Origin 1/ (1)	Destination (2)	Railroad (3)	Shipment Type 2/ (4)	Cars Per Train (5)	Car Type (6)	Car Owner (7)	Commodity Description (8)	Full STCC (9)	Movement Type (10)
<b>Exhibit A - Local Moves</b>									
1. APPLE GROVE	WV BELPRE	OH CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
2. APPLE GROVE	WV BORDENTOWN	NJ CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
3. APPLE GROVE	WV CARTERSVILLE	GA CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
4. APPLE GROVE	WV CLIFTON FORGE	VA CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
5. APPLE GROVE	WV DEVON	KY CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
6. APPLE GROVE	WV ORLANDO	FL CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
7. APPLE GROVE	WV PARIS	IL CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
8. APPLE GROVE	WV PARKERSBURG	WV CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
9. APPLE GROVE	WV RAINS	SC CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
10. APPLE GROVE	WV ROCHESTER	NY CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
11. BELPRE	OH APPLE GROVE	WV CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
12. BELPRE	OH BORDENTOWN	NJ CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
13. BELPRE	OH CARTERSVILLE	GA CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
14. BELPRE	OH DEVON	KY CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
15. BELPRE	OH ORLANDO	FL CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
16. BELPRE	OH PARIS	IL CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
17. PARKERSBURG	WV APPLE GROVE	WV CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
18. RAINS	SC CARTERSVILLE	GA CSXT	OT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car

Exhibit B - Joint Moves

1. ALTAMIRA	TM APPLE GROVE	WV CSXT	RT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
2. ALTAMIRA	TM BELPRE	OH CSXT	RT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
3. ALTAMIRA	TM CAMBRIDGE	OH CSXT	RD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
4. ALTAMIRA	TM CARTERSVILLE	GA CSXT	RT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
5. ALTAMIRA	TM CLIFTON FORGE	VA CSXT	RT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
6. ALTAMIRA	TM ORLANDO	FL CSXT	RT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
7. APPLE GROVE	WV AGUILA	AZ CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
8. APPLE GROVE	WV ALLENTOWN	PA CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
9. APPLE GROVE	WV ALTAMIRA	TM CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
10. APPLE GROVE	WV CHAMPAIGN	IL CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
11. APPLE GROVE	WV CHAMPAIGN	IL CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
12. APPLE GROVE	WV DARLINGTON	SC CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
13. APPLE GROVE	WV DONEY SPUR	PQ CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
14. APPLE GROVE	WV FRANKLIN	IN CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
15. APPLE GROVE	WV FREMONT	OH CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
16. APPLE GROVE	WV GLENDALE	AZ CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
17. APPLE GROVE	WV HAMILTON	ON CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car
18. APPLE GROVE	WV HAVRE DE GRACE	MD CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car

Joint Submission of M&G/CSXT Operating Characteristics

Origin 1/ (1)	Destination (2)		Railroad (3)	Shipment (4)		Cars Per Train (5)		Car Type (6)	Car Owner (7)	Commodity (8)		Full STCC (9)	Movement Type (10)
	WV	HAZLETON		Type 2/ OD	1	Covered Hopper	Private			Polyethylene Terephthalate	2821156		
19. APPLE GROVE	WV	HAZLETON	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
20. APPLE GROVE	WV	HEBRON	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
21. APPLE GROVE	WV	LENEXA	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
22. APPLE GROVE	WV	LITTLE ROCK	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
23. APPLE GROVE	WV	MEMPHIS	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
24. APPLE GROVE	WV	NICHOLASVILLE	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
25. APPLE GROVE	WV	ROCKFORD	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
26. APPLE GROVE	WV	ROGERS	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
27. APPLE GROVE	WV	RUSSELLVILLE	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
28. APPLE GROVE	WV	ST JEAN	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
29. APPLE GROVE	WV	SUISUN FAIRFIELD	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
30. APPLE GROVE	WV	SWEETWATER	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
31. APPLE GROVE	WV	TEXARKANA	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
32. APPLE GROVE	WV	UNIVERSITY PARK	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
33. APPLE GROVE	WV	VADO	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
34. APPLE GROVE	WV	W CHICAGO	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
35. APPLE GROVE	WV	WAYNESVILLE	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
36. BELPRE	OH	AGUILA	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
37. BELPRE	OH	ALLENTOWN	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
38. BELPRE	OH	CAMBRIDGE	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
39. BELPRE	OH	FRANKLIN	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
40. BELPRE	OH	FREMONT	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
41. BELPRE	OH	HAZLETON	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
42. BELPRE	OH	LENEXA	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
43. BELPRE	OH	RUSSELLVILLE	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
44. BELPRE	OH	ST JEAN	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
45. BELPRE	OH	SUISUN FAIRFIELD	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
46. BELPRE	OH	SWEETWATER	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
47. SPRING	TX	APPLE GROVE	CSXT	RT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
48. SWEETWATER	TX	APPLE GROVE	CSXT	RT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
49. SWEETWATER	TX	CARTERSVILLE	CSXT	RT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
50. SWEETWATER	TX	CLIFTON FORGE	CSXT	RT	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
51. APPLE GROVE	WV	LEXINGTON	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			
52. APPLE GROVE	WV	PRATTVILLE	CSXT	OD	1	Covered Hopper	Private	Polyethylene Terephthalate	2821156	Single Car			

1/ The issue movement lane numbers correspond to the issue movement lane numbers in M&G's Third Amended Complaint.

2/ OT = Originate and Terminate, OD = Originate and Deliver, RD = Receive and Deliver, RT = Receive and Terminate

**Exhibit II-A-7**

**CONFIDENTIAL INFORMATION  
REDACTED**

# Exhibit II-A-8

## Traffic and Operating Characteristics Used For Variable Cost calculations

Origin 1/ (1)	Destination (2)	Railroad (3)	Miles (4)	Shipment Type (5)	Cars Per Train (6)	Car Type (7)	Car Owner (8)	Tons Per Car (9)	Commodity (Full STCC) (10)	Movement Type (11)
<b>Exhibit A - Local Moves</b>										
1. APPLE GROVE	WV BELPRE	OH	CSXT 97	ORIGINATE & TERM	1	Covered Hopper	Private	96.7	2821156	Single Car
2. APPLE GROVE	WV BORDENTOWN	NJ	CSXT 700	ORIGINATE & TERM	1	Covered Hopper	Private	97.0	2821156	Single Car
3. APPLE GROVE	WV CARTERSVILLE	GA	CSXT 728	ORIGINATE & TERM	1	Covered Hopper	Private	97.0	2821156	Single Car
4. APPLE GROVE	WV CLIFTON FORGE	VA	CSXT 294	ORIGINATE & TERM	1	Covered Hopper	Private	97.0	2821156	Single Car
5. APPLE GROVE	WV DEVON	KY	CSXT 192	ORIGINATE & TERM	1	Covered Hopper	Private	96.6	2821156	Single Car
6. APPLE GROVE	WV ORLANDO	FL	CSXT 1,043	ORIGINATE & TERM	1	Covered Hopper	Private	96.9	2821156	Single Car
7. APPLE GROVE	WV PARIS	IL	CSXT 401	ORIGINATE & TERM	1	Covered Hopper	Private	96.7	2821156	Single Car
8. APPLE GROVE	WV PARKERSBURG	WV	CSXT 95	ORIGINATE & TERM	1	Covered Hopper	Private	96.8	2821156	Single Car
9. APPLE GROVE	WV RAINS	SC	CSXT 840	ORIGINATE & TERM	1	Covered Hopper	Private	97.5	2821156	Single Car
10. APPLE GROVE	WV ROCHESTER	NY	CSXT 614	ORIGINATE & TERM	1	Covered Hopper	Private	102.6	2821156	Single Car
11. BELPRE	OH APPLE GROVE	WV	CSXT 97	ORIGINATE & TERM	1	Covered Hopper	Private	93.0	2821156	Single Car
12. BELPRE	OH BORDENTOWN	NJ	CSXT 607	ORIGINATE & TERM	1	Covered Hopper	Private	97.0	2821156	Single Car
13. BELPRE	OH CARTERSVILLE	GA	CSXT 823	ORIGINATE & TERM	1	Covered Hopper	Private	95.0	2821156	Single Car
14. BELPRE	OH DEVON	KY	CSXT 289	ORIGINATE & TERM	1	Covered Hopper	Private	95.5	2821156	Single Car
15. BELPRE	OH ORLANDO	FL	CSXT 1,140	ORIGINATE & TERM	1	Covered Hopper	Private	97.0	2821156	Single Car
16. BELPRE	OH PARIS	IL	CSXT 500	ORIGINATE & TERM	1	Covered Hopper	Private	97.2	2821156	Single Car
17. PARKERSBURG	WV APPLE GROVE	WV	CSXT 95	ORIGINATE & TERM	1	Covered Hopper	Private	96.0	2821156	Single Car
18. RAINS	SC CARTERSVILLE	GA	CSXT 537	ORIGINATE & TERM	1	Covered Hopper	Private	96.8	2821156	Single Car
<b>Exhibit B - Joint Moves</b>										
1. ALTAMIRA	TM APPLE GROVE	WV	CSXT 563	RECEIVE & TERM	1	Covered Hopper	Private	97.0	2821156	Single Car
2. ALTAMIRA	TM BELPRE	OH	CSXT 660	RECEIVE & TERM	1	Covered Hopper	Private	96.2	2821156	Single Car
3. ALTAMIRA	TM CAMBRIDGE	OH	CSXT 359	RECEIVE & DELIVER	1	Covered Hopper	Private	97.5	2821156	Single Car
4. ALTAMIRA	TM CARTERSVILLE	GA	CSXT 558	RECEIVE & TERM	1	Covered Hopper	Private	97.5	2821156	Single Car
5. ALTAMIRA	TM CLIFTON FORGE	VA	CSXT 1,306	RECEIVE & TERM	1	Covered Hopper	Private	96.5	2821156	Single Car
6. ALTAMIRA	TM ORLANDO	FL	CSXT 895	RECEIVE & TERM	1	Covered Hopper	Private	96.7	2821156	Single Car
7. APPLE GROVE	WV AGUILA	AZ	CSXT 565	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
8. APPLE GROVE	WV ALLENTOWN	PA	CSXT 409	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
9. APPLE GROVE	WV ALTAMIRA	TM	CSXT 565	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
10. APPLE GROVE	WV CHAMPAIGN	IL	CSXT 488	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.5	2821156	Single Car
11. APPLE GROVE	WV CHAMPAIGN	IL	CSXT 458	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.5	2821156	Single Car
12. APPLE GROVE	WV DARLINGTON	SC	CSXT 654	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.8	2821156	Single Car
13. APPLE GROVE	WV DONEY SPUR	PQ	CSXT 279	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.4	2821156	Single Car
14. APPLE GROVE	WV FRANKLIN	IN	CSXT 319	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.6	2821156	Single Car
15. APPLE GROVE	WV FREMONT	OH	CSXT 157	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.2	2821156	Single Car
16. APPLE GROVE	WV GLENDALE	AZ	CSXT 565	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
17. APPLE GROVE	WV HAMILTON	ON	CSXT 279	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.4	2821156	Single Car
18. APPLE GROVE	WV HAVRE DE GRACE	MD	CSXT 409	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
19. APPLE GROVE	WV HAZLETON	PA	CSXT 409	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
20. APPLE GROVE	WV HEBRON	OH	CSXT 347	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.5	2821156	Single Car
21. APPLE GROVE	WV LENEXA	KS	CSXT 565	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
22. APPLE GROVE	WV LITTLE ROCK	AR	CSXT 565	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
23. APPLE GROVE	WV MEMPHIS	TN	CSXT 734	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.1	2821156	Single Car
24. APPLE GROVE	WV NICHOLASVILLE	KY	CSXT 157	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.2	2821156	Single Car
25. APPLE GROVE	WV ROCKFORD	IL	CSXT 565	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
26. APPLE GROVE	WV ROGERS	MN	CSXT 565	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
27. APPLE GROVE	WV RUSSELLVILLE	AR	CSXT 554	ORIGINATE & DELIVER	1	Covered Hopper	Private	95.7	2821156	Single Car
28. APPLE GROVE	WV ST JEAN	PQ	CSXT 279	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.4	2821156	Single Car
29. APPLE GROVE	WV SUISUN FAIRFIELD	CA	CSXT 554	ORIGINATE & DELIVER	1	Covered Hopper	Private	95.7	2821156	Single Car
30. APPLE GROVE	WV SWEETWATER	TX	CSXT 565	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
31. APPLE GROVE	WV TEXARKANA	TX	CSXT 554	ORIGINATE & DELIVER	1	Covered Hopper	Private	95.7	2821156	Single Car
32. APPLE GROVE	WV UNIVERSITY PARK	IL	CSXT 537	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
33. APPLE GROVE	WV VADO	NM	CSXT 565	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
34. APPLE GROVE	WV W CHICAGO	IL	CSXT 565	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.7	2821156	Single Car
35. APPLE GROVE	WV WAYNESVILLE	NC	CSXT 572	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.5	2821156	Single Car
36. BELPRE	OH AGUILA	AZ	CSXT 662	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.2	2821156	Single Car
37. BELPRE	OH ALLENTOWN	PA	CSXT 316	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.0	2821156	Single Car
38. BELPRE	OH CAMBRIDGE	ON	CSXT 487	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.0	2821156	Single Car
39. BELPRE	OH FRANKLIN	IN	CSXT 416	ORIGINATE & DELIVER	1	Covered Hopper	Private	93.6	2821156	Single Car
40. BELPRE	OH FREMONT	OH	CSXT 254	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.2	2821156	Single Car
41. BELPRE	OH HAZLETON	PA	CSXT 316	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.0	2821156	Single Car
42. BELPRE	OH LENEXA	KS	CSXT 662	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.2	2821156	Single Car
43. BELPRE	OH RUSSELLVILLE	AR	CSXT 649	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.9	2821156	Single Car
44. BELPRE	OH ST JEAN	PQ	CSXT 487	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.0	2821156	Single Car
45. BELPRE	OH SUISUN FAIRFIELD	CA	CSXT 649	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.9	2821156	Single Car
46. BELPRE	OH SWEETWATER	TX	CSXT 662	ORIGINATE & DELIVER	1	Covered Hopper	Private	96.2	2821156	Single Car
47. SPRING	TX APPLE GROVE	WV	CSXT 603	RECEIVE & TERM	1	Covered Hopper	Private	96.0	2821156	Single Car
48. SWEETWATER	TX APPLE GROVE	WV	CSXT 563	RECEIVE & TERM	1	Covered Hopper	Private	97.0	2821156	Single Car
49. SWEETWATER	TX CARTERSVILLE	GA	CSXT 558	RECEIVE & TERM	1	Covered Hopper	Private	97.5	2821156	Single Car
50. SWEETWATER	TX CLIFTON FORGE	VA	CSXT 1,306	RECEIVE & TERM	1	Covered Hopper	Private	96.5	2821156	Single Car
51. APPLE GROVE	WV LEXINGTON	KY	CSXT 277	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.5	2821156	Single Car
52. APPLE GROVE	WV PRATTVILLE	AL	CSXT 188	ORIGINATE & DELIVER	1	Covered Hopper	Private	97.5	2821156	Single Car

1/ The issue movement lane numbers correspond to the issue movement lane numbers in M&amp;G's Third Amended Complaint.

# Exhibit II-A-9

Summary of CSXT Tariff Rates for M&G Movements 1Q10-1Q11

Origin 1/ (1)	Destination (2)	Miles (3)	Base Tariff Rate	Base Tariff Rate	Base Tariff Rate	1Q10		Rate	
			Ex Fuel Eff.	Ex Fuel Eff.	Ex Fuel Eff.	Fuel Surcharge		Inc. Fuel 4/	
			10/10/08-1/31/10 (4)	2/1/10-7/31/10 (5)	8/1/10-Present (6)	Per Mile 2/ (7)	Per Car 3/ (8)	(9)	
<b>Exhibit A - Local Moves</b>									
1. APPLE GROVE	WV BELPRE	OH 97	\$2,462	\$2,585	\$2,585	\$0.20	\$19	\$2,563	
2. APPLE GROVE	WV BORDENTOWN	NJ 700	\$5,524	\$5,800	\$5,800	\$0.20	\$140	\$5,848	
3. APPLE GROVE	WV CARTERSVILLE	GA 728	\$5,341	\$5,608	\$5,608	\$0.20	\$146	\$5,665	
4. APPLE GROVE	WV CLIFTON FORGE	VA 294	\$3,710	\$3,896	\$3,896	\$0.20	\$59	\$3,893	
5. APPLE GROVE	WV DEVON	KY 192	\$2,661	\$2,794	\$2,794	\$0.20	\$38	\$2,788	
6. APPLE GROVE	WV ORLANDO	FL 1,043	\$7,551	\$7,929	\$7,929	\$0.20	\$209	\$8,012	
7. APPLE GROVE	WV PARIS	IL 401	\$5,197	\$5,457	\$5,457	\$0.20	\$80	\$5,451	
8. APPLE GROVE	WV PARKERSBURG	WV 95	\$2,462	\$2,585	\$2,585	\$0.20	\$19	\$2,563	
9. APPLE GROVE	WV RAINS	SC 840	\$5,087	\$5,341	\$5,341	\$0.20	\$168	\$5,424	
10. APPLE GROVE	WV ROCHESTER	NY 614	\$8,175	\$8,584	\$8,584	\$0.20	\$123	\$8,570	
11. BELPRE	OH APPLE GROVE	WV 97	\$2,973	\$3,151	\$3,151	\$0.20	\$19	\$3,111	
12. BELPRE	OH BORDENTOWN	NJ 607	\$4,935	\$5,231	\$5,231	\$0.20	\$121	\$5,254	
13. BELPRE	OH CARTERSVILLE	GA 823	\$6,143	\$6,512	\$6,512	\$0.20	\$165	\$6,554	
14. BELPRE	OH DEVON	KY 289	\$3,620	\$3,837	\$3,837	\$0.20	\$58	\$3,822	
15. BELPRE	OH ORLANDO	FL 1,140	\$7,374	\$7,964	\$7,964	\$0.20	\$228	\$7,995	
16. BELPRE	OH PARIS	IL 500	\$4,829	\$5,119	\$5,119	\$0.20	\$100	\$5,122	
17. PARKERSBURG	WV APPLE GROVE	WV 95	\$2,973	\$3,151	\$3,151	\$0.20	\$19	\$3,111	
18. RAINS	SC CARTERSVILLE	GA 537	\$3,896	\$4,091	\$4,091	\$0.20	\$107	\$4,133	
<b>Exhibit B - Joint Moves</b>									
1. ALTAMIRA	TM APPLE GROVE	WV 563	\$5,261	\$5,577	\$5,577	\$0.20	\$113	\$5,584	
2. ALTAMIRA	TM BELPRE	OH 660	\$5,176	\$5,487	\$5,487	\$0.20	\$132	\$5,515	
3. ALTAMIRA	TM CAMBRIDGE	OH 359	\$4,645	\$4,924	\$4,924	\$0.20	\$72	\$4,903	
4. ALTAMIRA	TM CARTERSVILLE	GA 558	\$5,841	\$5,841	\$5,841	\$0.20	\$112	\$5,953	
5. ALTAMIRA	TM CLIFTON FORGE	VA 1,306	\$6,723	\$7,126	\$7,126	\$0.20	\$261	\$7,253	
6. ALTAMIRA	TM ORLANDO	FL 895	\$6,862	\$7,411	\$7,411	\$0.20	\$179	\$7,407	
7. APPLE GROVE	WV AGUILA	AZ 565	\$5,261	\$5,524	\$5,524	\$0.20	\$113	\$5,549	
8. APPLE GROVE	WV ALLENTOWN	PA 409	\$5,047	\$5,299	\$5,299	\$0.20	\$82	\$5,297	
9. APPLE GROVE	WV ALTAMIRA	TM 565	\$5,261	\$5,524	\$5,524	\$0.20	\$113	\$5,549	
10. APPLE GROVE	WV CHAMPAIGN	IL 488	\$5,261	\$5,524	\$5,524	\$0.20	\$98	\$5,534	
11. APPLE GROVE	WV CHAMPAIGN	IL 458	\$5,300	\$5,565	\$5,565	\$0.20	\$92	\$5,568	
12. APPLE GROVE	WV DARLINGTON	SC 654	\$5,087	\$5,341	\$5,341	\$0.20	\$131	\$5,387	
13. APPLE GROVE	WV DONEY SPUR	PQ 279	\$2,663	\$2,876	\$2,876	\$0.20	\$56	\$2,861	
14. APPLE GROVE	WV FRANKLIN	IN 319	\$3,198	\$3,677	\$3,677	\$0.20	\$64	\$3,581	
15. APPLE GROVE	WV FREMONT	OH 157	\$2,577	\$2,945	\$2,945	\$0.20	\$31	\$2,854	
16. APPLE GROVE	WV GLENDALE	AZ 565	\$5,261	\$5,524	\$5,524	\$0.20	\$113	\$5,549	
17. APPLE GROVE	WV HAMILTON	ON 279	\$2,663	\$2,876	\$2,876	\$0.20	\$56	\$2,861	
18. APPLE GROVE	WV HAVRE DE GRACE	MD 409	\$5,047	\$5,299	\$5,299	\$0.20	\$82	\$5,297	
19. APPLE GROVE	WV HAZLETON	PA 409	\$5,047	\$5,299	\$5,299	\$0.20	\$82	\$5,297	
20. APPLE GROVE	WV HEBRON	OH 347	\$2,577	\$2,945	\$2,945	\$0.20	\$69	\$2,892	
21. APPLE GROVE	WV LENEXA	KS 565	\$5,261	\$5,524	\$5,524	\$0.20	\$113	\$5,549	
22. APPLE GROVE	WV LITTLE ROCK	AR 565	\$5,261	\$5,524	\$5,524	\$0.20	\$113	\$5,549	
23. APPLE GROVE	WV MEMPHIS	TN 734	\$5,676	\$5,960	\$5,960	\$0.20	\$147	\$6,012	
24. APPLE GROVE	WV NICHOLASVILLE	KY 157	\$2,577	\$2,945	\$2,945	\$0.20	\$31	\$2,854	
25. APPLE GROVE	WV ROCKFORD	IL 565	\$5,261	\$5,524	\$5,524	\$0.20	\$113	\$5,549	
26. APPLE GROVE	WV ROGERS	MN 565	\$5,261	\$5,524	\$5,524	\$0.20	\$113	\$5,549	
27. APPLE GROVE	WV RUSSELLVILLE	AR 554	\$5,300	\$5,565	\$5,565	\$0.20	\$111	\$5,587	
28. APPLE GROVE	WV ST JEAN	PQ 279	\$2,663	\$2,876	\$2,876	\$0.20	\$56	\$2,861	
29. APPLE GROVE	WV SUISUN FAIRFIELD	CA 554	\$5,300	\$5,565	\$5,565	\$0.20	\$111	\$5,587	
30. APPLE GROVE	WV SWEETWATER	TX 565	\$5,261	\$5,524	\$5,524	\$0.20	\$113	\$5,549	
31. APPLE GROVE	WV TEXARKANA	TX 554	\$5,300	\$5,565	\$5,565	\$0.20	\$111	\$5,587	
32. APPLE GROVE	WV UNIVERSITY PARK	IL 537	\$5,261	\$5,524	\$5,524	\$0.20	\$107	\$5,544	
33. APPLE GROVE	WV VADO	NM 565	\$5,261	\$5,524	\$5,524	\$0.20	\$113	\$5,549	
34. APPLE GROVE	WV W CHICAGO	IL 565	\$5,261	\$5,524	\$5,524	\$0.20	\$113	\$5,549	
35. APPLE GROVE	WV WAYNESVILLE	NC 572	\$3,710	\$3,896	\$3,896	\$0.20	\$114	\$3,948	
36. BELPRE	OH AGUILA	AZ 662	\$5,375	\$5,698	\$5,698	\$0.20	\$132	\$5,723	
37. BELPRE	OH ALLENTOWN	PA 316	\$4,397	\$4,661	\$4,661	\$0.20	\$63	\$4,636	
38. BELPRE	OH CAMBRIDGE	ON 487	\$3,762	\$4,063	\$4,063	\$0.20	\$97	\$4,060	
39. BELPRE	OH FRANKLIN	IN 416	\$4,823	\$5,112	\$5,112	\$0.20	\$83	\$5,099	
40. BELPRE	OH FREMONT	OH 254	\$2,735	\$3,499	\$3,499	\$0.20	\$51	\$3,295	
41. BELPRE	OH HAZLETON	PA 316	\$4,397	\$4,661	\$4,661	\$0.20	\$63	\$4,636	
42. BELPRE	OH LENEXA	KS 662	\$5,375	\$5,698	\$5,698	\$0.20	\$132	\$5,723	
43. BELPRE	OH RUSSELLVILLE	AR 649	\$5,768	\$6,114	\$6,114	\$0.20	\$130	\$6,128	
44. BELPRE	OH ST JEAN	PQ 487	\$3,762	\$4,063	\$4,063	\$0.20	\$97	\$4,060	
45. BELPRE	OH SUISUN FAIRFIELD	CA 649	\$5,768	\$6,114	\$6,114	\$0.20	\$130	\$6,128	
46. BELPRE	OH SWEETWATER	TX 662	\$5,375	\$5,698	\$5,698	\$0.20	\$132	\$5,723	
47. SPRING	TX APPLE GROVE	WV 603	\$5,103	\$5,409	\$5,409	\$0.20	\$121	\$5,428	
48. SWEETWATER	TX APPLE GROVE	WV 563	\$5,261	\$5,577	\$5,577	\$0.20	\$113	\$5,584	
49. SWEETWATER	TX CARTERSVILLE	GA 558	\$5,841	\$5,841	\$5,841	\$0.20	\$112	\$5,953	
50. SWEETWATER	TX CLIFTON FORGE	VA 1,306	\$6,723	\$7,126	\$7,126	\$0.20	\$261	\$7,253	
51. APPLE GROVE	WV LEXINGTON	KY 277	\$2,973	\$3,122	\$3,122	\$0.20	\$55	\$3,128	
52. APPLE GROVE	WV PRATTVILLE	AL 188	\$2,661	\$2,794	\$2,794	\$0.20	\$38	\$2,787	

Summary of CSXT Tariff Rates for M&G Movements 1Q10-1Q11

Origin 1/ (1)	Destination (2)	Miles (3)	Base Tariff Rate	Base Tariff Rate	Base Tariff Rate	2Q10		Rate	
			Ex Fuel Eff. 10/10/08-1/31/10 (4)	Ex Fuel Eff. 2/1/10-7/31/10 (5)	Ex Fuel Eff. 8/1/10-Present (6)	Fuel Surcharge Per Mile 5/ (10)	Per Car 6/ (11)	Inc. Fuel 7/ (12)	
<b>Exhibit A - Local Moves</b>									
1. APPLE GROVE	WV BELPRE	OH 97	\$2,462	\$2,585	\$2,585	\$0.23	\$22	\$2,607	
2. APPLE GROVE	WV BORDENTOWN	NJ 700	\$5,524	\$5,800	\$5,800	\$0.23	\$161	\$5,961	
3. APPLE GROVE	WV CARTERSVILLE	GA 728	\$5,341	\$5,608	\$5,608	\$0.23	\$167	\$5,775	
4. APPLE GROVE	WV CLIFTON FORGE	VA 294	\$3,710	\$3,896	\$3,896	\$0.23	\$68	\$3,964	
5. APPLE GROVE	WV DEVON	KY 192	\$2,661	\$2,794	\$2,794	\$0.23	\$44	\$2,838	
6. APPLE GROVE	WV ORLANDO	FL 1,043	\$7,551	\$7,929	\$7,929	\$0.23	\$240	\$8,169	
7. APPLE GROVE	WV PARIS	IL 401	\$5,197	\$5,457	\$5,457	\$0.23	\$92	\$5,549	
8. APPLE GROVE	WV PARKERSBURG	WV 95	\$2,462	\$2,585	\$2,585	\$0.23	\$22	\$2,607	
9. APPLE GROVE	WV RAINS	SC 840	\$5,087	\$5,341	\$5,341	\$0.23	\$193	\$5,534	
10. APPLE GROVE	WV ROCHESTER	NY 614	\$8,175	\$8,584	\$8,584	\$0.23	\$141	\$8,725	
11. BELPRE	OH APPLE GROVE	WV 97	\$2,973	\$3,151	\$3,151	\$0.23	\$22	\$3,173	
12. BELPRE	OH BORDENTOWN	NJ 607	\$4,935	\$5,231	\$5,231	\$0.23	\$140	\$5,371	
13. BELPRE	OH CARTERSVILLE	GA 823	\$6,143	\$6,512	\$6,512	\$0.23	\$189	\$6,701	
14. BELPRE	OH DEVON	KY 289	\$3,620	\$3,837	\$3,837	\$0.23	\$66	\$3,903	
15. BELPRE	OH ORLANDO	FL 1,140	\$7,374	\$7,964	\$7,964	\$0.23	\$262	\$8,226	
16. BELPRE	OH PARIS	IL 500	\$4,829	\$5,119	\$5,119	\$0.23	\$115	\$5,234	
17. PARKERSBURG	WV APPLE GROVE	WV 95	\$2,973	\$3,151	\$3,151	\$0.23	\$22	\$3,173	
18. RAINS	SC CARTERSVILLE	GA 537	\$3,896	\$4,091	\$4,091	\$0.23	\$124	\$4,215	
<b>Exhibit B - Joint Moves</b>									
1. ALTAMIRA	TM APPLE GROVE	WV 563	\$5,261	\$5,577	\$5,577	\$0.23	\$129	\$5,706	
2. ALTAMIRA	TM BELPRE	OH 660	\$5,176	\$5,487	\$5,487	\$0.23	\$152	\$5,639	
3. ALTAMIRA	TM CAMBRIDGE	OH 359	\$4,645	\$4,924	\$4,924	\$0.23	\$83	\$5,007	
4. ALTAMIRA	TM CARTERSVILLE	GA 558	\$5,841	\$5,841	\$5,841	\$0.23	\$128	\$5,969	
5. ALTAMIRA	TM CLIFTON FORGE	VA 1,306	\$6,723	\$7,126	\$7,126	\$0.23	\$300	\$7,426	
6. ALTAMIRA	TM ORLANDO	FL 895	\$6,862	\$7,411	\$7,411	\$0.23	\$206	\$7,617	
7. APPLE GROVE	WV AGUILA	AZ 565	\$5,261	\$5,524	\$5,524	\$0.23	\$130	\$5,654	
8. APPLE GROVE	WV ALLENTOWN	PA 409	\$5,047	\$5,299	\$5,299	\$0.23	\$94	\$5,393	
9. APPLE GROVE	WV ALTAMIRA	TM 565	\$5,261	\$5,524	\$5,524	\$0.23	\$130	\$5,654	
10. APPLE GROVE	WV CHAMPAIGN	IL 488	\$5,261	\$5,524	\$5,524	\$0.23	\$112	\$5,636	
11. APPLE GROVE	WV CHAMPAIGN	IL 458	\$5,300	\$5,565	\$5,565	\$0.23	\$105	\$5,670	
12. APPLE GROVE	WV DARLINGTON	SC 654	\$5,087	\$5,341	\$5,341	\$0.23	\$150	\$5,491	
13. APPLE GROVE	WV DONEY SPUR	PQ 279	\$2,663	\$2,876	\$2,876	\$0.23	\$64	\$2,940	
14. APPLE GROVE	WV FRANKLIN	IN 319	\$3,198	\$3,677	\$3,677	\$0.23	\$73	\$3,750	
15. APPLE GROVE	WV FREMONT	OH 157	\$2,577	\$2,945	\$2,945	\$0.23	\$36	\$2,981	
16. APPLE GROVE	WV GLENDALE	AZ 565	\$5,261	\$5,524	\$5,524	\$0.23	\$130	\$5,654	
17. APPLE GROVE	WV HAMILTON	ON 279	\$2,663	\$2,876	\$2,876	\$0.23	\$64	\$2,940	
18. APPLE GROVE	WV HAVRE DE GRACE	MD 409	\$5,047	\$5,299	\$5,299	\$0.23	\$94	\$5,393	
19. APPLE GROVE	WV HAZLETON	PA 409	\$5,047	\$5,299	\$5,299	\$0.23	\$94	\$5,393	
20. APPLE GROVE	WV HEBRON	OH 347	\$2,577	\$2,945	\$2,945	\$0.23	\$80	\$3,025	
21. APPLE GROVE	WV LENEXA	KS 565	\$5,261	\$5,524	\$5,524	\$0.23	\$130	\$5,654	
22. APPLE GROVE	WV LITTLE ROCK	AR 565	\$5,261	\$5,524	\$5,524	\$0.23	\$130	\$5,654	
23. APPLE GROVE	WV MEMPHIS	TN 734	\$5,676	\$5,960	\$5,960	\$0.23	\$169	\$6,129	
24. APPLE GROVE	WV NICHOLASVILLE	KY 157	\$2,577	\$2,945	\$2,945	\$0.23	\$36	\$2,981	
25. APPLE GROVE	WV ROCKFORD	IL 565	\$5,261	\$5,524	\$5,524	\$0.23	\$130	\$5,654	
26. APPLE GROVE	WV ROGERS	MN 565	\$5,261	\$5,524	\$5,524	\$0.23	\$130	\$5,654	
27. APPLE GROVE	WV RUSSELLVILLE	AR 554	\$5,300	\$5,565	\$5,565	\$0.23	\$127	\$5,692	
28. APPLE GROVE	WV ST JEAN	PQ 279	\$2,663	\$2,876	\$2,876	\$0.23	\$64	\$2,940	
29. APPLE GROVE	WV SUISUN FAIRFIELD	CA 554	\$5,300	\$5,565	\$5,565	\$0.23	\$127	\$5,692	
30. APPLE GROVE	WV SWEETWATER	TX 565	\$5,261	\$5,524	\$5,524	\$0.23	\$130	\$5,654	
31. APPLE GROVE	WV TEXARKANA	TX 554	\$5,300	\$5,565	\$5,565	\$0.23	\$127	\$5,692	
32. APPLE GROVE	WV UNIVERSITY PARK	IL 537	\$5,261	\$5,524	\$5,524	\$0.23	\$124	\$5,648	
33. APPLE GROVE	WV VADO	NM 565	\$5,261	\$5,524	\$5,524	\$0.23	\$130	\$5,654	
34. APPLE GROVE	WV W CHICAGO	IL 565	\$5,261	\$5,524	\$5,524	\$0.23	\$130	\$5,654	
35. APPLE GROVE	WV WAYNESVILLE	NC 572	\$3,710	\$3,896	\$3,896	\$0.23	\$132	\$4,028	
36. BELPRE	OH AGUILA	AZ 662	\$5,375	\$5,698	\$5,698	\$0.23	\$152	\$5,850	
37. BELPRE	OH ALLENTOWN	PA 316	\$4,397	\$4,661	\$4,661	\$0.23	\$73	\$4,734	
38. BELPRE	OH CAMBRIDGE	ON 487	\$3,762	\$4,063	\$4,063	\$0.23	\$112	\$4,175	
39. BELPRE	OH FRANKLIN	IN 416	\$4,823	\$5,112	\$5,112	\$0.23	\$96	\$5,208	
40. BELPRE	OH FREMONT	OH 254	\$2,735	\$3,499	\$3,499	\$0.23	\$58	\$3,557	
41. BELPRE	OH HAZLETON	PA 316	\$4,397	\$4,661	\$4,661	\$0.23	\$73	\$4,734	
42. BELPRE	OH LENEXA	KS 662	\$5,375	\$5,698	\$5,698	\$0.23	\$152	\$5,850	
43. BELPRE	OH RUSSELLVILLE	AR 649	\$5,768	\$6,114	\$6,114	\$0.23	\$149	\$6,263	
44. BELPRE	OH ST JEAN	PQ 487	\$3,762	\$4,063	\$4,063	\$0.23	\$112	\$4,175	
45. BELPRE	OH SUISUN FAIRFIELD	CA 649	\$5,768	\$6,114	\$6,114	\$0.23	\$149	\$6,263	
46. BELPRE	OH SWEETWATER	TX 662	\$5,375	\$5,698	\$5,698	\$0.23	\$152	\$5,850	
47. SPRING	TX APPLE GROVE	WV 603	\$5,103	\$5,409	\$5,409	\$0.23	\$139	\$5,548	
48. SWEETWATER	TX APPLE GROVE	WV 563	\$5,261	\$5,577	\$5,577	\$0.23	\$129	\$5,706	
49. SWEETWATER	TX CARTERSVILLE	GA 558	\$5,841	\$5,841	\$5,841	\$0.23	\$128	\$5,969	
50. SWEETWATER	TX CLIFTON FORGE	VA 1,306	\$6,723	\$7,126	\$7,126	\$0.23	\$300	\$7,426	
51. APPLE GROVE	WV LEXINGTON	KY 277	\$2,973	\$3,122	\$3,122	\$0.23	\$64	\$3,186	
52. APPLE GROVE	WV PRATTVILLE	AL 188	\$2,661	\$2,794	\$2,794	\$0.23	\$43	\$2,837	

Summary of CSXT Tariff Rates for M&G Movements 1Q10-1Q11

Origin 1/ (1)	Destination (2)	Miles (3)	Base Tariff Rate	Base Tariff Rate	Base Tariff Rate	3Q10		Rate
			Ex Fuel Eff. 10/10/08-1/31/10 (4)	Ex Fuel Eff. 2/1/10-7/31/10 (5)	Ex Fuel Eff. 8/1/10-Present (6)	Fuel Surcharge	Rate	
						Per Mile 8/ (13)	Per Car 9/ (14)	Inc. Fuel 10/ (15)
<b>Exhibit A - Local Moves</b>								
1. APPLE GROVE	WV BELPRE	OH 97	\$2,462	\$2,585	\$2,585	\$0.25	\$24	\$2,609
2. APPLE GROVE	WV BORDENTOWN	NJ 700	\$5,524	\$5,800	\$5,800	\$0.25	\$175	\$5,975
3. APPLE GROVE	WV CARTERSVILLE	GA 728	\$5,341	\$5,608	\$5,608	\$0.25	\$182	\$5,790
4. APPLE GROVE	WV CLIFTON FORGE	VA 294	\$3,710	\$3,896	\$3,896	\$0.25	\$74	\$3,970
5. APPLE GROVE	WV DEVON	KY 192	\$2,661	\$2,794	\$2,794	\$0.25	\$48	\$2,842
6. APPLE GROVE	WV ORLANDO	FL 1,043	\$7,551	\$7,929	\$7,929	\$0.25	\$261	\$8,190
7. APPLE GROVE	WV PARIS	IL 401	\$5,197	\$5,457	\$5,457	\$0.25	\$100	\$5,557
8. APPLE GROVE	WV PARKERSBURG	WV 95	\$2,462	\$2,585	\$2,585	\$0.25	\$24	\$2,609
9. APPLE GROVE	WV RAINS	SC 840	\$5,087	\$5,341	\$5,341	\$0.25	\$210	\$5,551
10. APPLE GROVE	WV ROCHESTER	NY 614	\$8,175	\$8,584	\$8,584	\$0.25	\$154	\$8,738
11. BELPRE	OH APPLE GROVE	WV 97	\$2,973	\$3,151	\$3,151	\$0.25	\$24	\$3,175
12. BELPRE	OH BORDENTOWN	NJ 607	\$4,935	\$5,231	\$5,231	\$0.25	\$152	\$5,383
13. BELPRE	OH CARTERSVILLE	GA 823	\$6,143	\$6,512	\$6,512	\$0.25	\$206	\$6,718
14. BELPRE	OH DEVON	KY 289	\$3,620	\$3,837	\$3,837	\$0.25	\$72	\$3,909
15. BELPRE	OH ORLANDO	FL 1,140	\$7,374	\$7,964	\$7,964	\$0.25	\$285	\$8,249
16. BELPRE	OH PARIS	IL 500	\$4,829	\$5,119	\$5,119	\$0.25	\$125	\$5,244
17. PARKERSBURG	WV APPLE GROVE	WV 95	\$2,973	\$3,151	\$3,151	\$0.25	\$24	\$3,175
18. RAINS	SC CARTERSVILLE	GA 537	\$3,896	\$4,091	\$4,091	\$0.25	\$134	\$4,225
<b>Exhibit B - Joint Moves</b>								
1. ALTAMIRA	TM APPLE GROVE	WV 563	\$5,261	\$5,577	\$5,577	\$0.25	\$141	\$5,718
2. ALTAMIRA	TM BELPRE	OH 660	\$5,176	\$5,487	\$5,487	\$0.25	\$165	\$5,652
3. ALTAMIRA	TM CAMBRIDGE	OH 359	\$4,645	\$4,924	\$4,924	\$0.25	\$90	\$5,014
4. ALTAMIRA	TM CARTERSVILLE	GA 558	\$5,841	\$5,841	\$5,841	\$0.25	\$140	\$5,981
5. ALTAMIRA	TM CLIFTON FORGE	VA 1,306	\$6,723	\$7,126	\$7,126	\$0.25	\$327	\$7,453
6. ALTAMIRA	TM ORLANDO	FL 895	\$6,862	\$7,411	\$7,411	\$0.25	\$224	\$7,635
7. APPLE GROVE	WV AGUILA	AZ 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665
8. APPLE GROVE	WV ALLENTOWN	PA 409	\$5,047	\$5,299	\$5,299	\$0.25	\$102	\$5,401
9. APPLE GROVE	WV ALTAMIRA	TM 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665
10. APPLE GROVE	WV CHAMPAIGN	IL 488	\$5,261	\$5,524	\$5,524	\$0.25	\$122	\$5,646
11. APPLE GROVE	WV CHAMPAIGN	IL 458	\$5,300	\$5,565	\$5,565	\$0.25	\$115	\$5,680
12. APPLE GROVE	WV DARLINGTON	SC 654	\$5,087	\$5,341	\$5,341	\$0.25	\$164	\$5,505
13. APPLE GROVE	WV DONEY SPUR	PQ 279	\$2,663	\$2,876	\$2,876	\$0.25	\$70	\$2,946
14. APPLE GROVE	WV FRANKLIN	IN 319	\$3,198	\$3,677	\$3,677	\$0.25	\$80	\$3,757
15. APPLE GROVE	WV FREMONT	OH 157	\$2,577	\$2,945	\$2,945	\$0.25	\$39	\$2,984
16. APPLE GROVE	WV GLENDALE	AZ 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665
17. APPLE GROVE	WV HAMILTON	ON 279	\$2,663	\$2,876	\$2,876	\$0.25	\$70	\$2,946
18. APPLE GROVE	WV HAVRE DE GRACE	MD 409	\$5,047	\$5,299	\$5,299	\$0.25	\$102	\$5,401
19. APPLE GROVE	WV HAZLETON	PA 409	\$5,047	\$5,299	\$5,299	\$0.25	\$102	\$5,401
20. APPLE GROVE	WV HEBRON	OH 347	\$2,577	\$2,945	\$2,945	\$0.25	\$87	\$3,032
21. APPLE GROVE	WV LENEXA	KS 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665
22. APPLE GROVE	WV LITTLE ROCK	AR 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665
23. APPLE GROVE	WV MEMPHIS	TN 734	\$5,676	\$5,960	\$5,960	\$0.25	\$184	\$6,144
24. APPLE GROVE	WV NICHOLASVILLE	KY 157	\$2,577	\$2,945	\$2,945	\$0.25	\$39	\$2,984
25. APPLE GROVE	WV ROCKFORD	IL 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665
26. APPLE GROVE	WV ROGERS	MN 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665
27. APPLE GROVE	WV RUSSELLVILLE	AR 554	\$5,300	\$5,565	\$5,565	\$0.25	\$139	\$5,704
28. APPLE GROVE	WV ST JEAN	PQ 279	\$2,663	\$2,876	\$2,876	\$0.25	\$70	\$2,946
29. APPLE GROVE	WV SUISUN FAIRFIELD	CA 554	\$5,300	\$5,565	\$5,565	\$0.25	\$139	\$5,704
30. APPLE GROVE	WV SWEETWATER	TX 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665
31. APPLE GROVE	WV TEXARKANA	TX 554	\$5,300	\$5,565	\$5,565	\$0.25	\$139	\$5,704
32. APPLE GROVE	WV UNIVERSITY PARK	IL 537	\$5,261	\$5,524	\$5,524	\$0.25	\$134	\$5,658
33. APPLE GROVE	WV VADO	NM 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665
34. APPLE GROVE	WV W CHICAGO	IL 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665
35. APPLE GROVE	WV WAYNESVILLE	NC 572	\$3,710	\$3,896	\$3,896	\$0.25	\$143	\$4,039
36. BELPRE	OH AGUILA	AZ 662	\$5,375	\$5,698	\$5,698	\$0.25	\$166	\$5,864
37. BELPRE	OH ALLENTOWN	PA 316	\$4,397	\$4,661	\$4,661	\$0.25	\$79	\$4,740
38. BELPRE	OH CAMBRIDGE	ON 487	\$3,762	\$4,063	\$4,063	\$0.25	\$122	\$4,185
39. BELPRE	OH FRANKLIN	IN 416	\$4,823	\$5,112	\$5,112	\$0.25	\$104	\$5,216
40. BELPRE	OH FREMONT	OH 254	\$2,735	\$3,499	\$3,499	\$0.25	\$64	\$3,563
41. BELPRE	OH HAZLETON	PA 316	\$4,397	\$4,661	\$4,661	\$0.25	\$79	\$4,740
42. BELPRE	OH LENEXA	KS 662	\$5,375	\$5,698	\$5,698	\$0.25	\$166	\$5,864
43. BELPRE	OH RUSSELLVILLE	AR 649	\$5,768	\$6,114	\$6,114	\$0.25	\$162	\$6,276
44. BELPRE	OH ST JEAN	PQ 487	\$3,762	\$4,063	\$4,063	\$0.25	\$122	\$4,185
45. BELPRE	OH SUISUN FAIRFIELD	CA 649	\$5,768	\$6,114	\$6,114	\$0.25	\$162	\$6,276
46. BELPRE	OH SWEETWATER	TX 662	\$5,375	\$5,698	\$5,698	\$0.25	\$166	\$5,864
47. SPRING	TX APPLE GROVE	WV 603	\$5,103	\$5,409	\$5,409	\$0.25	\$151	\$5,560
48. SWEETWATER	TX APPLE GROVE	WV 563	\$5,261	\$5,577	\$5,577	\$0.25	\$141	\$5,718
49. SWEETWATER	TX CARTERSVILLE	GA 558	\$5,841	\$5,841	\$5,841	\$0.25	\$140	\$5,981
50. SWEETWATER	TX CLIFTON FORGE	VA 1,306	\$6,723	\$7,126	\$7,126	\$0.25	\$327	\$7,453
51. APPLE GROVE	WV LEXINGTON	KY 277	\$2,973	\$3,122	\$3,122	\$0.25	\$69	\$3,191
52. APPLE GROVE	WV PRATTVILLE	AL 188	\$2,661	\$2,794	\$2,794	\$0.25	\$47	\$2,841

Summary of CSXT Tariff Rates for M&G Movements 1Q10-1Q11

Origin 1/ (1)	Destination (2)	Miles (3)	Base Tariff Rate	Base Tariff Rate	Base Tariff Rate	4Q10		Rate	
			Ex Fuel Eff.	Ex Fuel Eff.	Ex Fuel Eff.	Fuel Surcharge		Inc. Fuel 13/	
			10/10/08-1/31/10 (4)	2/1/10-7/31/10 (5)	8/1/10-Present (6)	Per Mile 11/ (16)	Per Car 12/ (17)	(18)	
<b>Exhibit A - Local Moves</b>									
1. APPLE GROVE	WV BELPRE	OH 97	\$2,462	\$2,585	\$2,585	\$0.25	\$24	\$2,609	
2. APPLE GROVE	WV BORDENTOWN	NJ 700	\$5,524	\$5,800	\$5,800	\$0.25	\$175	\$5,975	
3. APPLE GROVE	WV CARTERSVILLE	GA 728	\$5,341	\$5,608	\$5,608	\$0.25	\$182	\$5,790	
4. APPLE GROVE	WV CLIFTON FORGE	VA 294	\$3,710	\$3,896	\$3,896	\$0.25	\$74	\$3,970	
5. APPLE GROVE	WV DEVON	KY 192	\$2,661	\$2,794	\$2,794	\$0.25	\$48	\$2,842	
6. APPLE GROVE	WV ORLANDO	FL 1,043	\$7,551	\$7,929	\$7,929	\$0.25	\$261	\$8,190	
7. APPLE GROVE	WV PARIS	IL 401	\$5,197	\$5,457	\$5,457	\$0.25	\$100	\$5,557	
8. APPLE GROVE	WV PARKERSBURG	WV 95	\$2,462	\$2,585	\$2,585	\$0.25	\$24	\$2,609	
9. APPLE GROVE	WV RAINS	SC 840	\$5,087	\$5,341	\$5,341	\$0.25	\$210	\$5,551	
10. APPLE GROVE	WV ROCHESTER	NY 614	\$8,175	\$8,584	\$8,584	\$0.25	\$154	\$8,738	
11. BELPRE	OH APPLE GROVE	WV 97	\$2,973	\$3,151	\$3,151	\$0.25	\$24	\$3,175	
12. BELPRE	OH BORDENTOWN	NJ 607	\$4,935	\$5,231	\$5,231	\$0.25	\$152	\$5,383	
13. BELPRE	OH CARTERSVILLE	GA 823	\$6,143	\$6,512	\$6,512	\$0.25	\$206	\$6,718	
14. BELPRE	OH DEVON	KY 289	\$3,620	\$3,837	\$3,837	\$0.25	\$72	\$3,909	
15. BELPRE	OH ORLANDO	FL 1,140	\$7,374	\$7,964	\$7,964	\$0.25	\$285	\$8,249	
16. BELPRE	OH PARIS	IL 500	\$4,829	\$5,119	\$5,119	\$0.25	\$125	\$5,244	
17. PARKERSBURG	WV APPLE GROVE	WV 95	\$2,973	\$3,151	\$3,151	\$0.25	\$24	\$3,175	
18. RAINS	SC CARTERSVILLE	GA 537	\$3,896	\$4,091	\$4,091	\$0.25	\$134	\$4,225	
<b>Exhibit B - Joint Moves</b>									
1. ALTAMIRA	TM APPLE GROVE	WV 563	\$5,261	\$5,577	\$5,577	\$0.25	\$141	\$5,718	
2. ALTAMIRA	TM BELPRE	OH 660	\$5,176	\$5,487	\$5,487	\$0.25	\$165	\$5,652	
3. ALTAMIRA	TM CAMBRIDGE	OH 359	\$4,645	\$4,924	\$4,924	\$0.25	\$90	\$5,014	
4. ALTAMIRA	TM CARTERSVILLE	GA 558	\$5,841	\$5,841	\$5,841	\$0.25	\$140	\$5,981	
5. ALTAMIRA	TM CLIFTON FORGE	VA 1,306	\$6,723	\$7,126	\$7,126	\$0.25	\$327	\$7,453	
6. ALTAMIRA	TM ORLANDO	FL 895	\$6,862	\$7,411	\$7,411	\$0.25	\$224	\$7,635	
7. APPLE GROVE	WV AGUILA	AZ 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665	
8. APPLE GROVE	WV ALLENTOWN	PA 409	\$5,047	\$5,299	\$5,299	\$0.25	\$102	\$5,401	
9. APPLE GROVE	WV ALTAMIRA	TM 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665	
10. APPLE GROVE	WV CHAMPAIGN	IL 488	\$5,261	\$5,524	\$5,524	\$0.25	\$122	\$5,646	
11. APPLE GROVE	WV CHAMPAIGN	IL 458	\$5,300	\$5,565	\$5,565	\$0.25	\$115	\$5,680	
12. APPLE GROVE	WV DARLINGTON	SC 654	\$5,087	\$5,341	\$5,341	\$0.25	\$164	\$5,505	
13. APPLE GROVE	WV DONEY SPUR	PQ 279	\$2,663	\$2,876	\$2,876	\$0.25	\$70	\$2,946	
14. APPLE GROVE	WV FRANKLIN	IN 319	\$3,198	\$3,677	\$3,677	\$0.25	\$80	\$3,757	
15. APPLE GROVE	WV FREMONT	OH 157	\$2,577	\$2,945	\$2,945	\$0.25	\$39	\$2,984	
16. APPLE GROVE	WV GLENDALE	AZ 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665	
17. APPLE GROVE	WV HAMILTON	ON 279	\$2,663	\$2,876	\$2,876	\$0.25	\$70	\$2,946	
18. APPLE GROVE	WV HAVRE DE GRACE	MD 409	\$5,047	\$5,299	\$5,299	\$0.25	\$102	\$5,401	
19. APPLE GROVE	WV HAZLETON	PA 409	\$5,047	\$5,299	\$5,299	\$0.25	\$102	\$5,401	
20. APPLE GROVE	WV HEBRON	OH 347	\$2,577	\$2,945	\$2,945	\$0.25	\$87	\$3,032	
21. APPLE GROVE	WV LENEXA	KS 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665	
22. APPLE GROVE	WV LITTLE ROCK	AR 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665	
23. APPLE GROVE	WV MEMPHIS	TN 734	\$5,676	\$5,960	\$5,960	\$0.25	\$184	\$6,144	
24. APPLE GROVE	WV NICHOLASVILLE	KY 157	\$2,577	\$2,945	\$2,945	\$0.25	\$39	\$2,984	
25. APPLE GROVE	WV ROCKFORD	IL 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665	
26. APPLE GROVE	WV ROGERS	MN 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665	
27. APPLE GROVE	WV RUSSELLVILLE	AR 554	\$5,300	\$5,565	\$5,565	\$0.25	\$139	\$5,704	
28. APPLE GROVE	WV ST JEAN	PQ 279	\$2,663	\$2,876	\$2,876	\$0.25	\$70	\$2,946	
29. APPLE GROVE	WV SUISUN FAIRFIELD	CA 554	\$5,300	\$5,565	\$5,565	\$0.25	\$139	\$5,704	
30. APPLE GROVE	WV SWEETWATER	TX 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665	
31. APPLE GROVE	WV TEXARKANA	TX 554	\$5,300	\$5,565	\$5,565	\$0.25	\$139	\$5,704	
32. APPLE GROVE	WV UNIVERSITY PARK	IL 537	\$5,261	\$5,524	\$5,524	\$0.25	\$134	\$5,658	
33. APPLE GROVE	WV VADO	NM 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665	
34. APPLE GROVE	WV W CHICAGO	IL 565	\$5,261	\$5,524	\$5,524	\$0.25	\$141	\$5,665	
35. APPLE GROVE	WV WAYNESVILLE	NC 572	\$3,710	\$3,896	\$3,896	\$0.25	\$143	\$4,039	
36. BELPRE	OH AGUILA	AZ 662	\$5,375	\$5,698	\$5,698	\$0.25	\$166	\$5,864	
37. BELPRE	OH ALLENTOWN	PA 316	\$4,397	\$4,661	\$4,661	\$0.25	\$79	\$4,740	
38. BELPRE	OH CAMBRIDGE	ON 487	\$3,762	\$4,063	\$4,063	\$0.25	\$122	\$4,185	
39. BELPRE	OH FRANKLIN	IN 416	\$4,823	\$5,112	\$5,112	\$0.25	\$104	\$5,216	
40. BELPRE	OH FREMONT	OH 254	\$2,735	\$3,499	\$3,499	\$0.25	\$64	\$3,563	
41. BELPRE	OH HAZLETON	PA 316	\$4,397	\$4,661	\$4,661	\$0.25	\$79	\$4,740	
42. BELPRE	OH LENEXA	KS 662	\$5,375	\$5,698	\$5,698	\$0.25	\$166	\$5,864	
43. BELPRE	OH RUSSELLVILLE	AR 649	\$5,768	\$6,114	\$6,114	\$0.25	\$162	\$6,276	
44. BELPRE	OH ST JEAN	PQ 487	\$3,762	\$4,063	\$4,063	\$0.25	\$122	\$4,185	
45. BELPRE	OH SUISUN FAIRFIELD	CA 649	\$5,768	\$6,114	\$6,114	\$0.25	\$162	\$6,276	
46. BELPRE	OH SWEETWATER	TX 662	\$5,375	\$5,698	\$5,698	\$0.25	\$166	\$5,864	
47. SPRING	TX APPLE GROVE	WV 603	\$5,103	\$5,409	\$5,409	\$0.25	\$151	\$5,560	
48. SWEETWATER	TX APPLE GROVE	WV 563	\$5,261	\$5,577	\$5,577	\$0.25	\$141	\$5,718	
49. SWEETWATER	TX CARTERSVILLE	GA 558	\$5,841	\$5,841	\$5,841	\$0.25	\$140	\$5,981	
50. SWEETWATER	TX CLIFTON FORGE	VA 1,306	\$6,723	\$7,126	\$7,126	\$0.25	\$327	\$7,453	
51. APPLE GROVE	WV LEXINGTON	KY 277	\$2,973	\$3,122	\$3,122	\$0.25	\$69	\$3,191	
52. APPLE GROVE	WV PRATTVILLE	AL 188	\$2,661	\$2,794	\$2,794	\$0.25	\$47	\$2,841	

Summary of CSXT Tariff Rates for M&G Movements 1Q10-1Q11

Origin 1/ (1)	Destination (2)	Miles (3)	Base Tariff Rate	Base Tariff Rate	Base Tariff Rate	1Q11		Rate	
			Ex Fuel Eff. 10/10/08-1/31/10 (4)	Ex Fuel Eff. 2/1/10-7/31/10 (5)	Ex Fuel Eff. 8/1/10-Present (6)	Fuel Surcharge Per Mile 14/ (19)	Per Car 15/ (20)	Inc. Fuel 16/ (21)	
<b>Exhibit A - Local Moves</b>									
1. APPLE GROVE	WV BELPRE	OH 97	\$2,462	\$2,585	\$2,585	\$0.32	\$31	\$2,616	
2. APPLE GROVE	WV BORDENTOWN	NJ 700	\$5,524	\$5,800	\$5,800	\$0.32	\$224	\$6,024	
3. APPLE GROVE	WV CARTERSVILLE	GA 728	\$5,341	\$5,608	\$5,608	\$0.32	\$233	\$5,841	
4. APPLE GROVE	WV CLIFTON FORGE	VA 294	\$3,710	\$3,896	\$3,896	\$0.32	\$94	\$3,990	
5. APPLE GROVE	WV DEVON	KY 192	\$2,661	\$2,794	\$2,794	\$0.32	\$61	\$2,855	
6. APPLE GROVE	WV ORLANDO	FL 1,043	\$7,551	\$7,929	\$7,929	\$0.32	\$334	\$8,263	
7. APPLE GROVE	WV PARIS	IL 401	\$5,197	\$5,457	\$5,457	\$0.32	\$128	\$5,585	
8. APPLE GROVE	WV PARKERSBURG	WV 95	\$2,462	\$2,585	\$2,585	\$0.32	\$30	\$2,615	
9. APPLE GROVE	WV RAINS	SC 840	\$5,087	\$5,341	\$5,341	\$0.32	\$269	\$5,610	
10. APPLE GROVE	WV ROCHESTER	NY 614	\$8,175	\$8,584	\$8,584	\$0.32	\$196	\$8,780	
11. BELPRE	OH APPLE GROVE	WV 97	\$2,973	\$3,151	\$3,151	\$0.32	\$31	\$3,182	
12. BELPRE	OH BORDENTOWN	NJ 607	\$4,935	\$5,231	\$5,231	\$0.32	\$194	\$5,425	
13. BELPRE	OH CARTERSVILLE	GA 823	\$6,143	\$6,512	\$6,512	\$0.32	\$263	\$6,775	
14. BELPRE	OH DEVON	KY 289	\$3,620	\$3,837	\$3,837	\$0.32	\$92	\$3,929	
15. BELPRE	OH ORLANDO	FL 1,140	\$7,374	\$7,964	\$7,964	\$0.32	\$365	\$8,329	
16. BELPRE	OH PARIS	IL 500	\$4,829	\$5,119	\$5,119	\$0.32	\$160	\$5,279	
17. PARKERSBURG	WV APPLE GROVE	WV 95	\$2,973	\$3,151	\$3,151	\$0.32	\$30	\$3,181	
18. RAINS	SC CARTERSVILLE	GA 537	\$3,896	\$4,091	\$4,091	\$0.32	\$172	\$4,263	
<b>Exhibit B - Joint Moves</b>									
1. ALTAMIRA	TM APPLE GROVE	WV 563	\$5,261	\$5,577	\$5,577	\$0.32	\$180	\$5,757	
2. ALTAMIRA	TM BELPRE	OH 660	\$5,176	\$5,487	\$5,487	\$0.32	\$211	\$5,698	
3. ALTAMIRA	TM CAMBRIDGE	OH 359	\$4,645	\$4,924	\$4,924	\$0.32	\$115	\$5,039	
4. ALTAMIRA	TM CARTERSVILLE	GA 558	\$5,841	\$5,841	\$5,841	\$0.32	\$179	\$6,020	
5. ALTAMIRA	TM CLIFTON FORGE	VA 1,306	\$6,723	\$7,126	\$7,126	\$0.32	\$418	\$7,544	
6. ALTAMIRA	TM ORLANDO	FL 895	\$6,862	\$7,411	\$7,411	\$0.32	\$286	\$7,697	
7. APPLE GROVE	WV AGUILA	AZ 565	\$5,261	\$5,524	\$5,524	\$0.32	\$181	\$5,705	
8. APPLE GROVE	WV ALLENTOWN	PA 409	\$5,047	\$5,299	\$5,299	\$0.32	\$131	\$5,430	
9. APPLE GROVE	WV ALTAMIRA	TM 565	\$5,261	\$5,524	\$5,524	\$0.32	\$181	\$5,705	
10. APPLE GROVE	WV CHAMPAIGN	IL 488	\$5,261	\$5,524	\$5,524	\$0.32	\$156	\$5,680	
11. APPLE GROVE	WV CHAMPAIGN	IL 458	\$5,300	\$5,565	\$5,565	\$0.32	\$147	\$5,712	
12. APPLE GROVE	WV DARLINGTON	SC 654	\$5,087	\$5,341	\$5,341	\$0.32	\$209	\$5,550	
13. APPLE GROVE	WV DONEY SPUR	PQ 279	\$2,663	\$2,876	\$2,876	\$0.32	\$89	\$2,965	
14. APPLE GROVE	WV FRANKLIN	IN 319	\$3,198	\$3,677	\$3,677	\$0.32	\$102	\$3,779	
15. APPLE GROVE	WV FREMONT	OH 157	\$2,577	\$2,945	\$2,945	\$0.32	\$50	\$2,995	
16. APPLE GROVE	WV GLENDALE	AZ 565	\$5,261	\$5,524	\$5,524	\$0.32	\$181	\$5,705	
17. APPLE GROVE	WV HAMILTON	ON 279	\$2,663	\$2,876	\$2,876	\$0.32	\$89	\$2,965	
18. APPLE GROVE	WV HAVRE DE GRACE	MD 409	\$5,047	\$5,299	\$5,299	\$0.32	\$131	\$5,430	
19. APPLE GROVE	WV HAZLETON	PA 409	\$5,047	\$5,299	\$5,299	\$0.32	\$131	\$5,430	
20. APPLE GROVE	WV HEBRON	OH 347	\$2,577	\$2,945	\$2,945	\$0.32	\$111	\$3,056	
21. APPLE GROVE	WV LENEXA	KS 565	\$5,261	\$5,524	\$5,524	\$0.32	\$181	\$5,705	
22. APPLE GROVE	WV LITTLE ROCK	AR 565	\$5,261	\$5,524	\$5,524	\$0.32	\$181	\$5,705	
23. APPLE GROVE	WV MEMPHIS	TN 734	\$5,676	\$5,960	\$5,960	\$0.32	\$235	\$6,195	
24. APPLE GROVE	WV NICHOLASVILLE	KY 157	\$2,577	\$2,945	\$2,945	\$0.32	\$50	\$2,995	
25. APPLE GROVE	WV ROCKFORD	IL 565	\$5,261	\$5,524	\$5,524	\$0.32	\$181	\$5,705	
26. APPLE GROVE	WV ROGERS	MN 565	\$5,261	\$5,524	\$5,524	\$0.32	\$181	\$5,705	
27. APPLE GROVE	WV RUSSELLVILLE	AR 554	\$5,300	\$5,565	\$5,565	\$0.32	\$177	\$5,742	
28. APPLE GROVE	WV ST JEAN	PQ 279	\$2,663	\$2,876	\$2,876	\$0.32	\$89	\$2,965	
29. APPLE GROVE	WV SUISUN FAIRFIELD	CA 554	\$5,300	\$5,565	\$5,565	\$0.32	\$177	\$5,742	
30. APPLE GROVE	WV SWEETWATER	TX 565	\$5,261	\$5,524	\$5,524	\$0.32	\$181	\$5,705	
31. APPLE GROVE	WV TEXARKANA	TX 554	\$5,300	\$5,565	\$5,565	\$0.32	\$177	\$5,742	
32. APPLE GROVE	WV UNIVERSITY PARK	IL 537	\$5,261	\$5,524	\$5,524	\$0.32	\$172	\$5,696	
33. APPLE GROVE	WV VADO	NM 565	\$5,261	\$5,524	\$5,524	\$0.32	\$181	\$5,705	
34. APPLE GROVE	WV W CHICAGO	IL 565	\$5,261	\$5,524	\$5,524	\$0.32	\$181	\$5,705	
35. APPLE GROVE	WV WAYNESVILLE	NC 572	\$3,710	\$3,896	\$3,896	\$0.32	\$183	\$4,079	
36. BELPRE	OH AGUILA	AZ 662	\$5,375	\$5,698	\$5,698	\$0.32	\$212	\$5,910	
37. BELPRE	OH ALLENTOWN	PA 316	\$4,397	\$4,661	\$4,661	\$0.32	\$101	\$4,762	
38. BELPRE	OH CAMBRIDGE	ON 487	\$3,762	\$4,063	\$4,063	\$0.32	\$156	\$4,219	
39. BELPRE	OH FRANKLIN	IN 416	\$4,823	\$5,112	\$5,112	\$0.32	\$133	\$5,245	
40. BELPRE	OH FREMONT	OH 254	\$2,735	\$3,499	\$3,499	\$0.32	\$81	\$3,580	
41. BELPRE	OH HAZLETON	PA 316	\$4,397	\$4,661	\$4,661	\$0.32	\$101	\$4,762	
42. BELPRE	OH LENEXA	KS 662	\$5,375	\$5,698	\$5,698	\$0.32	\$212	\$5,910	
43. BELPRE	OH RUSSELLVILLE	AR 649	\$5,768	\$6,114	\$6,114	\$0.32	\$208	\$6,322	
44. BELPRE	OH ST JEAN	PQ 487	\$3,762	\$4,063	\$4,063	\$0.32	\$156	\$4,219	
45. BELPRE	OH SUISUN FAIRFIELD	CA 649	\$5,768	\$6,114	\$6,114	\$0.32	\$208	\$6,322	
46. BELPRE	OH SWEETWATER	TX 662	\$5,375	\$5,698	\$5,698	\$0.32	\$212	\$5,910	
47. SPRING	TX APPLE GROVE	WV 603	\$5,103	\$5,409	\$5,409	\$0.32	\$193	\$5,602	
48. SWEETWATER	TX APPLE GROVE	WV 563	\$5,261	\$5,577	\$5,577	\$0.32	\$180	\$5,757	
49. SWEETWATER	TX CARTERSVILLE	GA 558	\$5,841	\$5,841	\$5,841	\$0.32	\$179	\$6,020	
50. SWEETWATER	TX CLIFTON FORGE	VA 1,306	\$6,723	\$7,126	\$7,126	\$0.32	\$418	\$7,544	
51. APPLE GROVE	WV LEXINGTON	KY 277	\$2,973	\$3,122	\$3,122	\$0.32	\$89	\$3,211	
52. APPLE GROVE	WV PRATTVILLE	AL 188	\$2,661	\$2,794	\$2,794	\$0.32	\$60	\$2,854	

Summary of CSXT Tariff Rates for M&G Movements 1Q10-1Q11

Footnotes

- 1/ The issue movement lane numbers correspond to the issue movement lane numbers in M&G's Third Amended Complaint.
- 2/ Average fuel surcharge per mile based on CSXT Fuel Surcharge Publication 8661-B for January, February and March 2010 of \$0.20/mile, \$0.19/mile and \$0.22/mile, respectively.
- 3/ Column (3) x Column (7)
- 4/ (Column (4) x 1/3) + (Column (5) x 2/3) + Column (8)
- 5/ Average fuel surcharge per mile based on CSXT Fuel Surcharge Publication 8661-B for April, May and June 2010 of \$0.20/mile, \$0.23/mile and \$0.27/mile, respectively.
- 6/ Column (3) x Column (10)
- 7/ Column (5) + Column (11)
- 8/ Average fuel surcharge per mile based on CSXT Fuel Surcharge Publication 8661-B for July, August and September 2010 of \$0.27/mile, \$0.24/mile and \$0.23/mile, respectively.
- 9/ Column (3) x Column (13)
- 10/ (Column (5) x 1/3) + (Column (6) x 2/3) + Column (14)
- 11/ Average fuel surcharge per mile based on CSXT Fuel Surcharge Publication 8661-B for October, November and December 2010 of \$0.24/mile, \$0.24/mile and \$0.27/mile, respectively.
- 12/ Column (3) x Column (16)
- 13/ Column (6) + Column (17)
- 14/ Average fuel surcharge per mile based on CSXT Fuel Surcharge Publication 8661-B for January, February and March 2011 of \$0.29/mile, \$0.32/mile and \$0.35/mile, respectively.
- 15/ Column (3) x Column (19)
- 16/ Column (6) + Column (20)

**Exhibit II-B-1**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-2**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-3**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-4**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-5**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-6**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-7**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-8**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-9**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-10**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-11**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-12**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-13**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-14**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-15**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-16**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-17**

**HIGHLY CONFIDENTIAL  
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**Exhibit II-B-18**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-19**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-20**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-21**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-22**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-23**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

## QUALITATIVE MARKET DOMINANCE DETERMINATION

### I. INTRODUCTION

At issue in this proceeding are the rail rates charged by CSXT for its movement of M&G's polyethelene terephthalate ("PET")<sup>1</sup> between 70 unique origin/destination pairs. There is abundant evidence which clearly demonstrates that no effective competition exists for the 70 origin/destination pairs, even though rail/truck or direct truck alternatives physically exist for some of the 70 unique origin/destination pairs. The rates charged by the alternative providers for many of these origin/destination pairs are substantially higher than those charged by CSXT.

There are 25 origin/destination pairs which can physically be served by a rail/truck transload, or have truck direct alternatives where the rates charged by the alternative transportation providers are less than or approximate those charged by CSXT.<sup>2</sup> For these 25 origin/destination pairs, M&G has undertaken an economic analysis, which demonstrates that the transportation alternatives for these origin/destination pairs are not economically efficient substitutes for CSXT's rates at issue.

The purpose of this Exhibit II-B-23 is to quantify both CSXT's cost structure and that of the service providers comprising the available transportation alternatives for 25 of the 70 origin/destination pairs included in 3<sup>rd</sup> Amended Exhibit A or 3<sup>rd</sup> Amended Exhibit B to M&G's Third Amended Complaint.

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<sup>1</sup> M&G has production facilities located at Apple Grove, West Virginia and Altamira, Mexico where it produces PET.

<sup>2</sup> Lanes with direct truck alternatives are considered in our analysis only if the rates charged for the direct truck alternative are less than the rate at issue, or no more than 10 percent greater than the rate at issue.

Exhibit II-B-23 is organized below under the following topical headings:

II. Effective Competition

III. Determination of Market Dominance

IV. Conclusions

## II. EFFECTIVE COMPETITION

To make a determination of market dominance, the STB must find that the defendant carrier does not face effective competition from alternative carrier(s) whether other rail carriers, competing modes or a combination of modes. *Effective* competition is not the same as the mere existence of competition for a particular service. In the recent *DuPont* small rate cases,<sup>3</sup> the Board reaffirmed the long-established principal that comparable pricing among modes does not, by itself, constitute effective competition:

Even if we were to find that the cost of trucking the product is similar to the cost of using rail after the CSXT rate increase, it does not follow that the threat of trucking is evidence of effective competition. After all, even a monopolist finds that there is a profit-maximizing price beyond which it cannot raise prices without adversely affecting its bottom line. A carrier possessing market power might set its rates so high that it would begin to lose business to a higher-cost alternative (such as a trucking company). As the Board has previously noted, while this may create an “outer limit” constraint, it does not necessarily mean that effective competition is present (underline in original) (footnotes omitted).

Moreover, in *McCarty Farms*,<sup>4</sup> the Interstate Commerce Commission stated: “The existence of intermodal competition is not enough to establish a lack of market dominance”, and in *FMC*,<sup>5</sup> the STB stated:

We conclude that the fact that the [carrier] matches prices set by alternatives with significantly higher costs, while maintaining a dominant market share, is not enough to demonstrate effective competition for the traffic at issue.

Also, in *APS*,<sup>6</sup> the court upheld this notion of effective competition:

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<sup>3</sup> See, *E.I. du Pont de Nemours and Company v. CSX Transportation, Inc.*, STB Docket No. 42099 (served June 30, 2008).

<sup>4</sup> (3 I.C.C. 2d 832).

<sup>5</sup> FMC 4 S.T.B. 718.

<sup>6</sup> *Ariz. Pub. Serv. Co. v. U.S.*, 742 F.2d 644, 650-51 (D.C. Cir. 1984).

At the core of the “effective competition” standard is the idea that there are competitive, market pressures on the railroads deterring them from charging monopoly prices for transporting goods. *Of course, any such effective competition will always be relative to a particular price that the railroads charge \*\*\*.* The mere existence of some alternative does not in itself constrain the railroads from charging rates far in excess of the just and reasonable rates that Congress thought the existence of competitive pressures would ensure. (Emphasis in original).

To demonstrate the lack of effective competition, we have examined the economics underlying the challenged rail rates; the economics underlying the transload alternatives; and the margins available to both service providers. For 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 alternative service by all carriers and service providers in that supply chain. If this is not the case, and CSXT’s costs are substantially lower than that of its competitor(s), CSXT has the ability to set its rates just below the alternative providers’ cost of service, thereby forcing the alternative provider(s) out of that business and allowing CSXT to earn monopoly profits. Analytically this test is determined by performing the following steps:

- 1) Determine CSXT’s margin for each rate at issue, i.e., the difference between the rate and CSXT’s variable cost of providing the service;
- 2) Determine the cost of providing the alternative service;
- 3) Subtract the cost of the alternative service from the CSXT rate;
- 4) Compare CSXT’s margin (Step 1) to the rail rate less the cost of the alternative service (Step 3); and
- 5) If CSXT’s margin (Step 1) is greater than Step 3, then the alternative is not an effective constraint on CSXT’s pricing and CSXT is market dominant.

Our findings are that for each of the 25 origin/destination pairs which have transportation alternatives, the cost of providing the alternative service is substantially more than CSXT’s cost of providing the service at issue. Stated differently, we find that CSXT’s margin from the rates

at issue exceed the difference between CSXT's rate on the issue movement and the cost of the alternative service by a substantial margin. CSXT has sufficient market power to force the competitor out of the market place. The net result is that CSXT is market dominant in each of the 25 issue origin/destination pairs identified as having transportation alternatives whose rates are less than or approximate those charged by CSXT.

The methodology used in this analysis is discussed in the balance of this Exhibit II-B-23 and summarized in Attachment No. 1 to this Exhibit.

### III. DETERMINATION OF MARKET DOMINANCE

As stated above, a determination of market dominance requires an examination of the economics underlying both the rates at issue and those of the available alternatives and the margins that can be earned by the defendant carrier. For an effective competitive constraint to exist, CSXT's cost of providing the service must be comparable to or greater than the cost of providing the alternative service by all carriers and service providers in that supply chain. Stated differently, if CSXT's margin from the rates at issue, minus the difference between the CSXT rail rate and the cost of providing the alternative service is substantially positive, then the alternative is not an effective constraint on CSXT's pricing and CSXT possesses market dominance over the issue traffic.

To demonstrate CSXT's market dominance for each of the 25 origin/destination pairs identified, we: 1) determined the rail margin for each origin/destination pair; 2) determined the cost of providing the alternative service; 3) subtracted the cost of the alternative service from the rail rate; and 4) compared the rail margin to the rail rate, less the alternative cost of providing the service. The procedures and methodology are first discussed generally by topic, i.e., revenue, rail costs, truck costs and transload facility fee. Then, the specifics of the procedures are discussed under each of the three groups of transportation alternatives described above. These are:

1. Alternative service provided by Norfolk Southern Railway ("NS") in combination with a truck transload, where it receives the traffic from the originating rail carrier at the same interchange location where CSXT receives the issue traffic movements from the originating carrier;
2. Alternative service provided by NS in combination with a truck transload, where it receives the traffic from same originating carrier, but at an interchange location which is different than the interchange location where CSXT receives the issue traffic movements from the originating carrier; and

3. Alternative service is provided by specialized motor carrier from M&G's origin to destination.

## **A. OVERALL METHODOLOGY**

A brief description of the overall methodology that we followed is included in this section of Exhibit II-B-23. The details supporting our calculations are included in the accompanying workpapers.

### **1. Rail Revenue**

Rail revenue in our analysis is based on the CSXT rates at issue, including the average fuel surcharge applied by CSXT in 1Q2011. Revenues for rail carriers other than CSXT are included in those instances where CSXT is not the delivering carrier, but instead delivers the product to another Class I carrier or to a shortline carrier for delivery to the customer. For these lanes the revenue for the delivering carrier is included in our analysis. This is required because the competing transportation alternative includes delivery by truck to the ultimate destination rather than the point of interchange with the delivering carrier. Therefore, to compare the relative economics of the transportation at issue with the alternative, the comparison of relative margins must be made to the ultimate destination.

### **2. Rail Costs**

For each of the 25 origin/destination pairs CSXT's Uniform Railroad Costing System ("URCS") Phase III costs of providing service based on the STB's 2009 URCS unit costs were developed. URCS costs for the connecting shortline carrier are based on the STB's 2009 URCS regional costs. URCS costs for NS and Canadian National Railroad ("CN") are based on the

STB's 2009 URCS unit costs for NS or CN as appropriate. URCS costs for all carriers are indexed to 1Q2011 wage and price levels using the STB procedures.

### 3. Truck Costs

Each transportation alternative involves a rail/truck combination with delivery to the destination by motor carrier. The highway miles for the motor carrier portion of the alternatives range from {█} loaded highway miles up to {█} loaded highway miles and the average loaded highway miles for all alternatives equals {█} miles.

Marginal truck costs were developed for each of the alternatives based on the truck cost per mile found in the December 2008 report titled *An Analysis of the Operational Costs of Trucking* ("Report"), by the American Transportation Research Institute ("ATRI"). This report provides a marginal cost per mile for the Motor Carrier industry of \$1.73 per loaded or empty mile for truckload, less-than-truckload and specialty carriers combined.

PET is typically transported in pellet form. To transport pellets by motor carrier, specialized carriers operating self-loading and unloading pneumatic/vacuum trailers are utilized. The ATRI Report states that the \$1.73 marginal cost per mile understates the actual cost incurred by specialized motor carriers. The ATRI Report indicates at several locations that costs for specialty carriers are greater than the industry average. For instance at page 16, the Report indicates that wages for drivers of specialty carriers are paid 28 percent more than the compensation for the average carrier. In addition, at page 13, the Report acknowledges that specialized carriers operate more expensive, specially-engineered equipment and have a significantly higher cost per mile than the truckload and less-than-truckload sectors. Further, at page 14 the Report indicates that specialized carriers have the highest repairs and maintenance;

and insurance premiums for specialized carriers are 130 percent higher than truckload carriers.<sup>7</sup> Finally, at page 15 the Report states that permitting costs for specialized carriers are considerably higher than for the average carrier.

For reasons cited above, the \$1.73 marginal cost per mile understates the actual cost incurred by the specialized motor carriers that would move M&G's pellets. Based on these statements from the ATRI Report, we increased the driver wage related costs by 28 percent to more accurately reflect the wages of specialty carriers. This adjustment to the \$1.73 average truck cost results in a specialty carrier 2008 cost per mile of \$1.899,<sup>8</sup> which was then indexed to 1Q2011 levels using the Producer Price Index for "Truck Transportation". This produces a specialty carrier cost per mile of \$1.905 at 1Q2011 wage and price levels.

The \$1.905 marginal cost per mile was applied to the truck miles from transload to destination provided by M&G for each origin/destination pair and increased to reflect a 100 percent empty backhaul.<sup>9</sup> In addition, motor carrier costs are increased by a factor of four to reflect a rail car equivalent cost, based on the assumption that four truckloads equal the payload of one railcar. Thus the motor carrier railcar equivalent cost per mile equals \$7.62 per loaded mile. By comparison, CSXT's cost per mile based on the STB's CSXT URCS unit costs applied to the 25 origin/destination pairs in this analysis equals {██████} or only {███} percent of the motor carrier rail car equivalent cost.

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<sup>7</sup> As shown on page 9 of the Report, truckload carriers comprise 51 percent of the survey responses on which the average cost per mile is based.

<sup>8</sup> Messer's Burris and Nolan submitted reply evidence similar to that presented in Exhibit II-B-23 on February 18, 2011 in this proceeding. In that evidence Messer's Burris and Nolan relied on the motor carrier industry cost per mile of \$1.73. As explained above, in this statement the motor carrier industry cost per mile has been adjusted to reflect an increase in driver wages of 28 percent to reflect those of specialty carrier based on adjustments referred to in the ATRI Report.

<sup>9</sup> Specialized carriers such as those operating self-loading and unloading pneumatic/vacuum trailers have little to no opportunity for loaded backhaul shipments and as a result typically operate with a 100 percent empty backhaul.

In addition, motor carrier costs for transload from rail to truck and for truck cleaning are included in this analysis. To estimate the transload cost, we accepted the driver's wage cost for specialty carriers including benefits, and bonuses per hour from the ATRI Report, indexed to 1Q2011 wage and price levels, multiplied by { } hours for transload activities.<sup>10</sup> This yields a railcar equivalent cost per transload of \$270.34.

Truck cleaning costs are based on the labor costs for "cleaners of vehicles and equipment" as reported by the Bureau of Labor statistics, and an assumption that two persons working two hours are required to clean a self-loading and unloading pneumatic/vacuum trailer. The cost of labor for cleaning equals \$68.00 per trailer, and is applied to each truckload based on

{ }

#### **4. Transfer Facility Fee**

Transfer facility fees and storage charges are also included for each of the truck transload facilities ranging up to { } per railcar based on information provided by M&G. These charges typically include a lease payment for track space and hourly charges for a person to assist with the transloading process.

### **B. SPECIFIC APPLICATION TO INDIVIDUAL ORIGIN/DESTINATION PAIRS**

The specific application of our methodology to individual origin/destination pairs is discussed below and is organized under each of the three categories of transportation alternatives identified above.

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<sup>10</sup> The two hours for transload activities is based on the time used by CSXT Witness Gordon R. Heisler in his January 27, 2011 verified statement in this proceeding.

**1. Alternative Rail Carrier/  
Truck Combination  
From Same Interchange  
With Originating Carrier**

For seven of the 25 origin/destination pairs, the alternative transportation is based on NS receiving M&G's traffic from the originating carrier at the existing CSXT interchange location. NS then transports M&G's product to a transload facility for delivery to destination by truck.

As discussed above, the marginal cost of motor carrier service is substantially greater than that of rail service. Motor carrier marginal costs are estimated to equal \$1.905 per loaded or empty mile, and given that four trucks are required to produce one rail car equivalent, the effective rail car equivalent truck cost equals \$7.62 per loaded or empty mile. Given that motor carriers operating self-loading and unloading pneumatic/vacuum trailers expect to have a 100 percent empty backhaul the effective motor carrier cost for moving M&G's product equals \$15.24 per mile. Substituting highway miles for motor carrier miles results in a substantially greater cost of providing service.

The rail miles for the transportation alternatives are longer than CSXT's rail miles for the existing route for one of the seven origin/destination pairs with the same interchange locations. However, the motor carrier highway miles must be added to the rail miles for each alternative, which as demonstrated earlier are very costly relative to CSXT's cost per mile.

Attachment No. 1, Section A to this Exhibit II-B-23 lists each of the seven origin/destination pairs in this group and shows the existing rail rates and costs for the issue movements to destination and the costs of the rail/truck alternative.<sup>11</sup> As shown in Attachment No. 1, the cost of the rail carrier/truck alternative is up to 2.8 times higher than that of the

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<sup>11</sup> Development of Attachment No. 1 can be found in workpaper "Attachments to Exhibit II-B-23.xlsx".

existing route of movement at issue in this proceeding. Most importantly, Attachment No.1 shows that the margin from the issue rates on these origin/destination pairs is substantially greater than the issue rates, less the cost of the truck alternative. This difference ranges from {██████} per carload to {██████} per carload with an average difference equal to {██████} per carload for these seven origin/destination pairs. Our analysis demonstrates that CSXT clearly has market dominance over each of these origin/destination pairs.

CSXT does not deliver M&G's product directly to the destination located in Cambridge, Ohio in Complaint lane number 3B, instead M&G's shipments of PET are delivered by the Columbus and Ohio River Railroad ("CUOH") to the destination. As the rail/truck combination rates are rates to destination, not to interchange with the CUOH, the rail revenues and rail costs shown in Attachment No. 1 to Exhibit II-B-23 include both CSXT and the CUOH's data.

The CSXT costs are based on the STB's 2009 CSXT URCS unit costs and the STB's Phase III cost program. CUOH's costs are based on the STB's regional URCS unit costs and the STB's Phase III cost program. Costs for the rail/truck alternative include the STB's 2009 URCS unit costs for NS and the STB's Phase III cost program. Truck costs, as previously described, include truck transload and truck cleaning costs plus transload facility fees discussed in the previous section.

**2. Alternative Rail Carrier/  
Truck Combination From a  
Different Interchange with the  
Originating Carrier**

For the movement from Spring, Texas to Apple Grove, West Virginia (Complaint lane number 47B) the current interchange location is East Saint Louis, Missouri. The alternative transportation is based on NS receiving M&G's traffic from the originating carrier in Chicago, a different than that used in the existing route. From this interchange location NS transports

M&G's product to a transload facility for delivery to destination by truck.

Attachment No. 1, Section B to this Exhibit II-B-23 shows the existing rail rate and cost for this movement to destination and the costs of the rail/truck alternative.<sup>12</sup> As shown in Attachment No. 1, the cost of the rail/truck alternative is 2.6 times higher than that of the existing route of movement at issue in this proceeding. Most importantly, Attachment No. 1 shows that the margin from the issue rates on these origin/destination pairs is { [REDACTED] } per carload greater than the issue rates, less the cost of the rail/truck alternative. Our analysis demonstrates that CSXT clearly has market dominance over each of these origin/destination pairs.

The CSXT costs are based on the STB's 2009 CSXT URCS unit costs and the STB's Phase III cost program. Costs for the alternative rail carrier/truck alternative are calculated using the STB's 2009 URCS unit costs for both the originating carrier and for NS, the STB's Phase III cost program. Truck costs, as previously described, include truck transload and truck cleaning costs and transload facility fees discussed in the previous section.

### **3. Originating Carrier/Truck Delivery to Destination**

The final group is comprised of 17 origin/destination pairs where CSXT originates M&G's shipments and either delivers the shipments directly to the destination or delivers the shipment to interchange with NS, CN or the Louisville and Indiana Railroad ("LIRC") for delivery to destination.

Attachment No. 1, Section C to this Exhibit II-B-23 lists each of the 17 origin/destination pairs in this group by lane number and shows the existing rail rates and costs for the issue

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<sup>12</sup> Development of Attachment No. 1 can be found in workpaper "Attachments to Exhibit II-B-23.xlsx".

movements to destination and the costs of the truck alternative.<sup>13</sup> As shown in Attachment No. 1, the cost of the truck alternative is up to 4.5 times higher than that of the CSXT's existing route of movement at issue. The data in Attachment No. 1 demonstrates that the margin from the CSXT's rates on these origin/destination pairs is substantially greater than the issue rates, less the cost of the truck alternative. This difference ranges from {██████} to {██████} per carload with an average difference in equal to {██████} per carload for these 17 origin/destination pairs.

Our analysis demonstrates that CSXT clearly has market dominance over each of these origin/destination pairs.

The CSXT costs are based on the STB's 2009 CSXT URCS unit costs and the STB's Phase III cost program. The connecting carrier costs are based on the STB's URCS unit costs for NS, CN or regional unit costs as appropriate, and the STB Phase III cost program. Costs for the truck alternative include truck costs, as previously described, highway tolls, truck transload costs and truck cleaning costs discussed in the previous section.

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<sup>13</sup> Development of Attachment No. 1, Section C can be found in workpaper "Attachments to Exhibit II-B-23.xlsx".

#### IV. CONCLUSIONS

Our analysis of the economics of the issue traffic rates and CSXT's existing operations with those of the identified transportation alternatives, demonstrate that CSXT's margin from the rates at issue exceed the difference between CSXT's rate on the issue movement and the cost of the alternative service by a substantial margin. CSXT has sufficient market power to force a competitor out of the market place in each of the 25 issue lanes evaluated. The net result is that CSXT is market dominant in each of the 25 issue lanes where the rates charged for the alternative services is less than or approximate that charged by CSXT.

**Exhibit II-B-24**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-25**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-26**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-27**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-28**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-29**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-30**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-31**

**CONFIDENTIAL INFORMATION  
REDACTED**

**Exhibit II-B-32**

**HIGHLY CONFIDENTIAL  
INFORMATION REDACTED**

**Exhibit II-B-33**

**HIGHLY CONFIDENTIAL  
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# Exhibit II-B-34



(<http://www.joc.com>)

[Home](#) > Long, Winding Road to Recovery

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## Long, Winding Road to Recovery

Jan 10, 2011 5:00AM GMT

**Source:**

The Journal of Commerce Magazine  
Lawrence Gross and Noel Perry

This will be a turbulent, eventful year for trucking, dominated by capacity issues, primarily on the truckload side. Fueling the turbulence will be a combination of economic and regulatory pressures. With important shoes yet to drop — most significantly, the new hours-of-service ruling from the Federal Motor Carrier Safety Administration — the full extent and timing of the problem is up in the air. The question, however, isn't whether there will be a problem but how bad the problem will be.

The base ingredients for a capacity shortage are wired in, and the main cause won't be equipment, but rather drivers. Truckload motor carrier capacity declined significantly during the downturn, through voluntary downsizing by many carriers and involuntary exits by others. Importantly, the carriers making it through the downturn did so in part by ruthlessly cutting fixed costs, including expensive driver recruitment and training infrastructure. With an ample supply of trained, experienced drivers at the ready, it made no sense to maintain this expensive infrastructure in the face of the most severe traffic downturn in a generation.

Now the situation is turning. Given the severity of the downturn, the economic recovery has been tepid. Fortunately for the transportation industry, it's been led by economic sectors that produce truck freight. The result has been truck freight growth exceeding the overall improvement in GDP. The experienced driver pool has been soaked up and new drivers must be recruited to refill the pipeline. But given the uncertainty of the pace and durability of the recovery, carriers are reluctant to increase their fixed costs by committing to the needed rebuilding of their extensive human resources and training departments.

The result will be a shortage of drivers at a time, paradoxically enough, of 9.6 percent unemployment. The shortage won't be the result of a lack of prospective drivers so much as a shortage of human resource processing capacity on the part of the trucking industry. Although FTR predicts a continuation of the anemic recovery pace, even this will be sufficient to produce a driver shortage rivaling or exceeding the most recent such event in 2004.

To this pre-existing shortage must be added the effects of various regulatory changes bearing down on the industry, including the Comprehensive Safety Analysis 2010 initiative, driver identification requirements, pre-employment screening, electronic on-board recorders and the potential change in hours of service. Although the timing and effect of some of these changes is uncertain, some things are established.

Effective this month, states now require proof of legal residency to issue a driver's license. An estimated 5 percent of the current U.S. population lacks such proof today. Is there any reason to expect the driver population is any different?

CSA 2010 is morphing into CSA 2011 as the administration fine-tunes the reporting requirements and factor weighting. But the outlines of the regulation are coming into sharp focus and there seems to be a consensus that the roll out of implementation this year will prompt an exodus of drivers with substandard safety records from the industry.

Current regulations call for mandatory use of electronic on-board recorders only by problem carriers. In our view, a mandate for industrywide implementation is inevitable. Preliminary reports from those installing EOBRs point toward a short-term reduction in miles per day of around 5 percent.

Hovering over all these other changes is potential revision in hours of service. Although it's difficult to make predictions in any political process, the general belief is there will be some combination of reduction in allowable driving hours along with a requirement for one or more "breaks" during the course of the driving day. There also may be an increase in the hours of rest required to restart the driver clock.

When and if implemented, such changes would result in an immediate and potentially severe reduction in driver productivity, with a commensurate increase in demand for more drivers. If the FMCSA does more than tinker around the edges of the current HOS regulations, a court challenge from the industry is likely. This likely would postpone any changes, perhaps into 2012.

Although many questions remain, we can predict with some confidence these many changes will produce substantial strain on the driver supply, as well as carriers' ability to adapt. The net effect will be to at least double the shortage already in the cards.

How might this shortage change the trucking landscape? Near term, perhaps as soon as the second quarter of this year, expect a bidding war to begin among truckers seeking to attract and retain experienced drivers, with a consequent increase in carrier labor costs. As the shortage intensifies, the shift in pricing power from shipper to carrier that is already well under way will gather momentum. Shippers that mistreated their carrier base during the downturn may come to regret their shortsightedness as carriers become more selective in whom they choose to serve and, in effect, "fire" such customers, forcing them to scramble for capacity in a tightening market.

With driver time becoming ever more precious, there will be operational changes to maximize driver productivity and drive waste out of the system. Shippers that treat drivers favorably and concentrate on getting them in and out expeditiously will be favored, while

those choosing otherwise will find capacity increasingly difficult and costly to obtain. "Drop and hook" operations will take precedence over live-loading in order to maximize the utilization of scarce driving time. The cost differential between unpredictable random-route freight and highly engineered dedicated operations will grow.

The capacity gap will be more acute on the truckload side than in less-than-truckload, which has been holding more unused capacity. Driver turnover is much lower in LTL operations, and driver quality of life is better than in many truckload operations. The LTL side may even benefit to some extent as some partial truckload and multistop operations become more expensive and force volume back into conventional LTL. The industry, however, is vulnerable to changes in HOS regulation, which, if severe enough, would force wholesale re-engineering of driver cycles and networks.

Rail and intermodal largely will benefit from the situation. There is a limited ability to move some truckload freight into rail carload, but this of course is constrained because many facilities lack rail access, so must rely on truck in some form for the first or last mile. Intermodal offers a ready alternative for traffic moving in major long-haul lanes, but its capacity also will be constrained to a certain extent and, given the relatively limited intermodal network, represents only a partial solution.

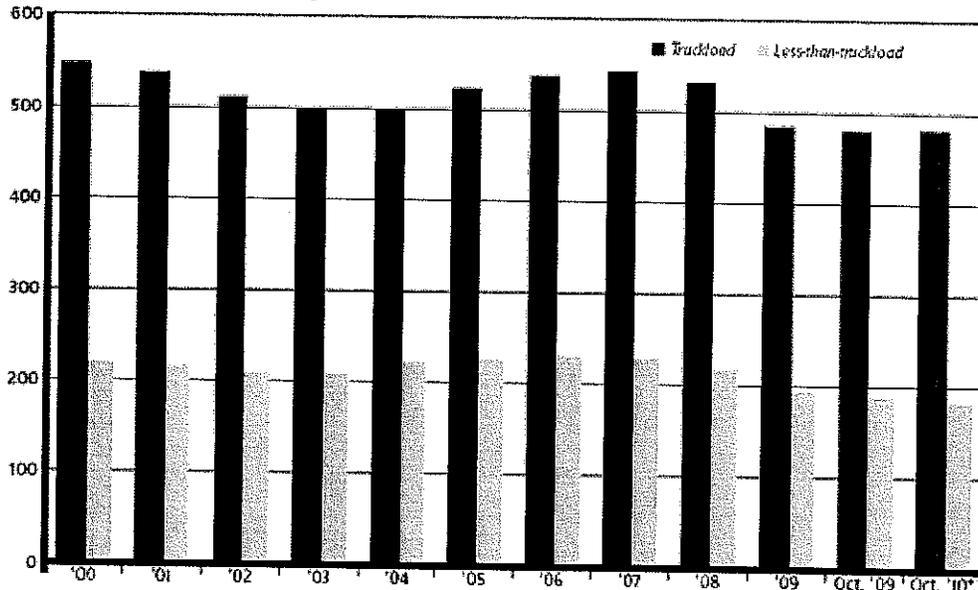
If the shortage gets severe enough, it will pass from a rate issue to a situation where some truck freight simply won't be able to move in a timely fashion. This is a relatively unprecedented situation for our economy and would generate severe pressure on all concerned to fix the problem — and fast. The result might be changes in truck size and/or weight regulations to try to squeeze more productivity out of the driver.

So buckle your seatbelt. We're going to experience some turbulence.

**TRUCK DRIVERS DOWNSHIFT**

■ Number of truckload and less-than-truckload drivers, in thousands.

The freight recovery hasn't translated to a corresponding increase in truckload and LTL drivers. Although the number of truckload drivers increased 0.6 percent year-over-year in October, there are still 12 percent fewer drivers today than the 548,000 in 2000. On the LTL side, the 184,000 drivers in October were 2 percent less than a year earlier and 20 percent less than the 10-year high of 231,000 in 2006.



\*Preliminary.

Source: Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov)

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Truckload Regulation Labor Trucking

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Source URL: <http://www.joc.com/trucking/long-winding-road-recovery>



(<http://www.joc.com>)

[Home](#) > [Trucking Scrambles to Add Jobs in March](#)

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## Trucking Scrambles to Add Jobs in March

Apr 1, 2011 3:02PM GMT

Pace of transportation hiring slowed after surge in February

William B. Cassidy

**Source:**

The Journal of Commerce Online

Trucking showed the strongest employment growth in March among transportation and warehousing industries tracked by the Bureau of Labor Statistics.

Hiring slowed, however, after a surge in employment in February. Trucking added 1,600 jobs in March, compared with 11,000 jobs in February, the BLS said.

The BLS reported transportation employment dropped by about 1,000 jobs in March, while total non-farm payroll employment rose by 216,000.

Most of March's job gains were in service-providing industries, mining and manufacturing employment, according to the seasonally adjusted figures.

Those gains dropped the unemployment rate to 8.8 percent and the total number of unemployed persons dropped from 13.7 million to 13.5 million, the BLS said.

However, even the addition of 12,600 jobs over the past two months only boosts trucking employment 1 percent from January, to about 1,267,200 employees.

Trucking's workforce is still 12.7 percent smaller than it was in March 2007, however, a sign of deep payroll cuts before and during the recession.

Trucking companies are aggressively recruiting truck drivers as freight demand rises, with Holland, a Midwestern carrier, looking to hire 1,000 drivers.

The BLS tracks payroll numbers at about 110,000 for-hire motor carriers, far short of the total number of carriers, but still a significant portion of for-hire trucking.

Trucking employed almost 30 percent of the workers involved in transportation and warehousing last month, the largest segment, according to the BLS figures.

The warehousing and storage industry, the next largest employer in the sector, according to the BLS, lost about 2,900 jobs, falling to 625,400.

-- Contact William B. Cassidy at [wcassidy@joc.com](mailto:wcassidy@joc.com).

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Source URL: <http://www.joc.com/trucking/trucking-scrambles-add-jobs-march>



(<http://www.joc.com>)

[Home](#) > Supply, Demand and Price Elasticity

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## Supply, Demand and Price Elasticity

Mar 21, 2011 4:00AM GMT  
Tom Finkbiner

**Source:**

The Journal of Commerce Magazine

We have all seen vivid demonstrations of supply-demand economics in our daily lives recently. The most graphic example is in the price of oil and its impact on gasoline and other oil-based fuels.

One commentator recently said that for every 1 percent decline in the supply of oil, the price increased 20 percent. This relationship was tied closely to the recent Middle East political uprisings and the news that the only real disruption was the 1 percent reduction in world production represented by the Libyan oil field closures. Of course, much of this impact was in futures market speculation.

A second lesson would be in the housing market, where prices dropped an average of 30 percent nationwide as demand disappeared.

A relevant lesson for the shipping and transportation industry is the 15-year history — perhaps longer — of overcapacity in airline passenger services and the impact on prices. When you have 20 large competitors and a market growing in the mid-single-digits, with each competitor budgeting to double growth compared to market growth and then purchasing 20-year assets to accomplish this goal, you get the equivalent of economic mutual assured destruction.

In truckload transportation and its mirror image equivalent, rail intermodal transportation, we will see a unique event this year in the supply/demand/price equation. Unless we have an economic downturn of unusual and unexpected proportions, we will see a gross reduction in the supply of trucks during a time of economic expansion. The cause of the reduction is the well-publicized trio of a significant increase in the cost of the tractor asset, largely because of environmental regulations; the prospective implementation of the CSA safety initiative; and the potential implementation of tougher hours-of-service driving restrictions and the use of electronic on-board recorders to enforce these regulations.

Many analysts — count me among them — forecast a 10 percent reduction in the number

of drivers available to haul freight. Rail carriers and their partners, meantime, appear to be on track to expand their capacity about 10 percent in 2011.

Until the increase in fuel prices in recent weeks, the economy looked on track to grow GDP about 3 percent in 2010. Because much of the truckload business, particularly retail-related truckloads, comes from overseas, it would be reasonable to forecast growth in the truckload/intermodal market at around 5 percent.

Let's look at that math: With the \$500 billion trucking industry driver supply reduced by 10 percent and the market growing 5 percent, a problem of gigantic proportions appears in the making. Although rail-based intermodal business appears able to grow 10 percent, this is 10 percent of a \$9 billion market. It will not have a significant impact on the lost trucking capacity.

In recent history, we have examples of capacity "tightness" in the truckload market. You could argue that demand for truckload traffic grew between 2005 and 2007 and the supply didn't quite keep pace. We still saw price increases in the upper-single-digits, more than three times normal increases. There was a certain orderliness during this period because, in general, freight was not getting left behind, it was merely delayed or shifted to another mode. Now it appears in less than six months we will see the prospect of freight simply not being moved for lack of capacity.

During times of overcapacity in the trucking, intermodal and air passenger business, price wars among the suppliers tend to break out with some frequency, destroying equity value in these markets. It is more likely in the coming scenario that current freight volumes under contract with large, well-capitalized carriers will mostly be protected. However, customers that outgrow their volume commitments and those unprotected by time/volume contracts or who hold contracts with the wrong carriers are in danger of not getting to market or getting to market at excessive prices.

Here is a practical example. When I was in the temperature-controlled shipping business in 2009, a truckload of oranges moved from Southern California to the New York City suburbs for \$4,500. In January 2010, the California Air Resources Board implemented rules banning refrigeration units on trucks and railcars that were more than 8 years old or that did not comply with the new emissions standards. CARB also hired several hundred officers to enforce this regulation. This had the impact of reducing the supply of trucks available to haul perishables. Six months later, the price of the same truckload was \$6,750 and climbing.

By the end of this year, some shippers actually may perceive a 50 percent premium on truckloads to be a bargain.

*Tom Finkbiner is senior chairman for the Intermodal Transportation Institute at the University of Denver and executive vice president of Raillex. The views expressed here do not necessarily reflect those of those organizations. He can be contacted at [tfinkbiner52@tampabay.rr.com](mailto:tfinkbiner52@tampabay.rr.com).*

Commentary Economy

Source URL: <http://www.joc.com/commentary/supply-demand-and-price-elasticity>



## Shortage of truck drivers predicted

Published: June 9, 2010 at 9:04 PM

WASHINGTON, June 9 (UPI) — Retirements, tougher regulations and a need to replace laid-off drivers mean the trucking industry will need 200,000 drivers by the end of 2011, a report says.

A report sponsored by Penske Logistics, issued by the Council of Supply Chain Management Professionals, notes the U.S. trucking industry has lost almost 150,000 jobs since the start of 2008 due to tougher safety regulations designed to get bad drivers off the road, and those laid off due to the recession and retirements, CNN reported Wednesday.

The author of the report, Rosalyn Wilson, said even though unemployment is high nationwide, the trucking industry will face a challenge finding drivers during the next year and a half.

"It's not a very attractive profession," she said. "People want jobs, but they also want their quality of life, to be home with their family at the end of the work day.

"We're going to need 1 million drivers in next 15 years just to deal with replacing retirees and the normal growth of freight," she said.

Wilson said in May 2009 the average pay for a trucker was about \$37,730. But more miles and the driver shortage are likely to increase wages in the years ahead, CNN reported.

"How much of a driver shortage we have will depend on how much the economy picks up," she said.

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M&G-P-017113



# Shortages of trucks and truck drivers stall product deliveries

Updated 9/9/2010 6:26 PM

By Paul Davidson, USA TODAY



By Nati Hamik, AP

American Trucking Association officials say demand is up recently after many operators slashed fleets and staff during the downturn.

Shortages of trucks and drivers are delaying some deliveries of products and raw materials across the USA and raising freight costs.

The crunch is defying a tepid recovery and near-10% jobless rate that should supply a vast pool of unemployed construction and manufacturing workers. Shortages are likely to worsen when the economy heats up and new rules kick in later this year that will make it tougher to hire drivers with poor safety records and could limit the number of hours drivers can work, experts say.

"What's going to happen in six, 12, 18 months?" says Jon Langenfeld of research firm R.W. Baird.

Since June, PPG Industries (PPG), a top glass and coatings maker, occasionally hasn't been able to find trucks to transport glass from its factories to

window fabricators, delaying deliveries a day or two. "If nothing arrives ... it can shut a plant down," says PPG supply chain manager Jeffrey Smith.

After plunging in the recession, contract rates are up about 4% in 2010, and spot rates are up as much as 40%, Langenfeld says. About 70% of shippers surveyed reported tight capacity for full truckload service this quarter, up from 27% the first quarter, according to research firm Wolfe Trahan.

**COMPEITION FOR TRUCKS:** Double-stacked freight trains

**JOBS OUTLOOK:** Latest data for all states, 384 metros

**RECOVERY WATCH:** Tracking the economy

Operators slashed their fleets and workforces in the downturn as demand fell 24%, says Bob Costello, chief economist for the American Trucking Associations. Thousands of small firms closed, while survivors trimmed fleets an average 14%.

Demand is up 10% this year, Costello says, as manufacturing and retail sales have rebounded moderately. But many firms are struggling to beef up fleets and staff. New truck prices have risen \$25,000 since 2002 because of stricter emission standards, and many smaller carriers can't get loans because of tight credit requirements, Langenfeld says.

Meanwhile, thousands of older drivers retired when they were laid off or saw their workloads cut. Yet it's tough to attract younger workers to a lifestyle that typically means being away from home for weeks at a time for salaries that start at about \$38,000,

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Costello says. Many of the unemployed prefer to collect jobless benefits, he says.

Combined Transport of Central Point, Ore., has been trying to add 50 drivers to its staff of 370 for months. "We have trucks and trailers sitting around doing nothing," says President Mike Card. He says he turns away two or three jobs a day.

Con-way Truckload (CNW) of Joplin, Mo., which sought 70 drivers this summer, vied with rivals offering \$10,000 bonuses, says President Herb Schmidt. Schmidt and Card recently began screening drivers based on the anticipated safety standards. The criteria could shrink the driver pool 5% to 12%, says Rosalyn Wilson of consulting firm Delcan. She projects a 400,000-driver shortage by 2012.

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## Truck Market Tightens for Shippers, Index Shows

May 13, 2011 6:07PM GMT

Truck capacity, costs creating 'difficult' environment for shippers, FTR says

William B. Cassidy

**Source:**

The Journal of Commerce Online

Market conditions are worsening for U.S. shippers as truck capacity tightens and fuel prices and surcharges rise, an index released by FTR Associates shows.

The FTR Shippers' Condition Index dropped 48 percent from minus-7.7 in February to minus-11.4 in March. Any index number below zero is unfavorable to shippers.

At the same time, FTR's Trucking Conditions Index has been rising, climbing 34 percent in the same period to 13.30, the Nashville, Ind.-based company said.

Any reading above zero indicates an "adequate" environment for truckers, FTR said, and a reading above 10 signals prices, volumes and margins are "in a good range."

Normal seasonal weakness early in the first quarter obscured the shifting supply and demand balance in trucking, said Eric Starks, president of FTR.

"Now that we are moving into the higher freight months, the dimensions of the capacity situation are beginning to come into sharper focus," Starks said.

Slower economic growth should stabilize the shipper index and even lead to some modest improvement, said Larry Gross, senior consultant for FTR.

"Such improvement would not, however, change our basic outlook for a difficult environment for shippers through the end of this year and well beyond," he said.

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**INDUSTRY UPDATE**

Transportation: Rail  
 Transportation: Trucking  
 May 10, 2011

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## Industry Veteran's Take on the Trucking Sector for 2011 and Beyond

**Research Coverage**

Ticker	Rating	Price*	Target
ABFS	Hold	\$24.12	--
CGI	Buy	\$14.65	\$20.00
CNW	Buy	\$39.21	\$44.00
CSX	Buy	\$78.25	\$90.00
JBHT	Buy	\$46.38	\$50.00
VTNC	Buy	\$15.50	\$22.00
WERN	Hold	\$25.93	--
YRCW	Hold	\$1.28	--

\*As of 05/09/2011

According to transportation industry veteran Noel Perry, the trucking recovery is likely to be choppy but stronger than many believe. The recovery, however, should start to really take hold in 4Q11 and 1Q12.

### Robust Freight Recovery

Mr. Perry indicated that the freight recovery has been better than expected despite the somewhat slow economic environment. The economic climate has been fairly volatile in the last couple years with a few months of positive trends followed by periods of negative or stagnant growth. In addition to the better-than-expected demand environment, supply issues are expected to play a key role in the dynamics of the industry going forward, as likely labor and equipment shortages should create a capacity crunch.

### Driver and Equipment Shortages Continue to Loom

Driver shortage continues to loom over the truckload industry due to hours-of-service regulation, CSA 2010, and new proof-of-immigration status requirements for obtaining or renewing a driver license. These regulations, along with tighter in-house hiring standards, the recession-era closure of many driving schools, and many companies' tendencies to wait a couple of years after a recession before ramping up hiring, could cause 300K-400K drivers to be eliminated in the industry, according to Mr. Perry. Additionally, Mr. Perry believes there is a better-than-50% chance of a record truckload equipment shortage on the horizon.

### Pricing Should Save the Day

On the bright side, we believe that pricing will begin to improve significantly in 2H11. Mr. Perry believes that price increases in the high single digits are likely in the back half of this year and that price increases in the 11-12% range are likely in 2012. This should offset the increased cost of driver hiring and the likely rise in equipment cost, as well as any slowdown in volume growth resulting from a driver shortage. Due to the favorable pricing and volume growth prospects, our long-term outlook on the TL industry remains favorable.

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## Robust Freight Recovery

Mr. Perry indicated that the freight recovery has been better than expected despite the somewhat slow economic environment. The economic climate has been fairly volatile in the last couple years, with a few months of positive trends followed by periods of negative or stagnant growth. In addition to the better-than-expected demand environment, supply issues are expected to play a key role in the dynamics of the industry going forward, as likely labor and equipment shortages should create a capacity crunch.

## Driver and Equipment Shortages Continue to Loom over Truckload Industry

Mr. Perry confirmed our view that a driver shortage continues to loom over the truckload industry. This shortage is due to several factors including the hour-of-service regulation, whose objective, among other things, is to lower the driving hour limit (possibly by one hour) and overall duty hours (possibly by another hour). The HOS changes however, could be delayed as the US Department of Transportation (DOT) recently stated it will miss a court deadline to complete work on an HOS study on fatigue. The DOT had been directed by a US court to complete the regulation by July 26, as part of a prior settlement.

Another legislation is CSA (Comprehensive Safety Analysis) 2010, which introduces tighter rules on the way trucking companies conduct their business, largely through enforcing a new set of stricter record-keeping practices in the industry. Mr. Perry believes this is unlikely to go into effect until late 2011 or even 2012. However, when it is finally implemented, it will likely make driver hiring more difficult. For a more detailed discussion of CSA regulations, see our recent note *Is CSA the Next Roadblock after Weather and Fuel?*

Proof of legal immigration status is set to become a requirement for drivers applying for a new driver license or the renewal thereof. This requirement could affect 5% of total US drivers, a percentage of whom will likely lose their jobs. Mr. Perry estimates that this could result in as many as 50K drivers exiting the market.

These government regulations, along with tighter in-house hiring standards by the carriers to limit safety risk and legal liability, the recession-era closure of many driving schools, and many companies' tendencies to wait a couple of years after a recession before ramping up hiring, could cause about 300K-400K drivers to be eliminated in the industry, according to Mr. Perry's estimates. This is a major concern in an industry that needs to add about 150K drivers per year, just to deal with attrition. Mr. Perry indicated that the hiring of 150K drivers would most likely require the training of 170K drivers, which in turn would have required around 340K drivers to turn in applications. This would imply that the carriers, on aggregate, would have to consider over 1 MM drivers in the initial phase of the hiring process. For a close look at the impact of possible labor costs on the carriers' earnings, see our recent note *Truckload Carrier Fuel and Labor Stress Test*

Additionally, Mr. Perry believes a greater-than-normal cyclical equipment shortage may be on the horizon. In fact, he believes there is a better-than-50% chance of a record truckload equipment shortage. The companies that will have the highest degree of success in facing



such shortage, according to Mr. Perry, are the ones that will do the best job assigning equipment to loads at the right prices.

The anticipated driver and equipment shortages will likely result in a real physical shortage in trucks in service, which could lead to a number of challenges including cost headwinds from higher driver pay and the negative consequences of missed deliveries. Therefore, we remain concerned about the near- to medium-term prospects of the TL industry and believe that shares of the publicly-traded companies in the space may trade sideways in the near term.

### Pricing Should Save the Day

On the bright side, we believe that pricing will begin to improve significantly in 2H11. Mr. Perry believes that price increases in the high single digits are likely in the back half of this year and that price increases in the 11-12% range are likely in 2012 (we note this is far ahead of our current expectations). This should offset the increased cost of driver hiring and the likely rise in equipment cost as well as any slowdown in volume growth resulting from a driver shortage. Due to the favorable pricing and volume growth prospects, our long-term outlook on the TL industry remains favorable.



## Valuation Methodology & Investment Risks

### Valuation Methodology

We use one-year forward PE multiples to value covered companies in the railroad sector. We support our valuation with EV/EBITDA and tangible book value analysis.

We use one-year forward PE multiples to value covered companies in the trucking sector. We support our valuation with EV/EBITDA and tangible book value analysis.

### Investment Risks

#### Primary Rail Investment Risks -

- ▶ Risk of economic downturns and their impact on rail traffic and pricing.
- ▶ Regulatory risk posing a threat to the railroads' ability to achieve sufficient returns on their investments.
- ▶ The possibility of high-speed passenger rail encroachment.
- ▶ Litigation risk stemming from accidents and fatalities.
- ▶ Competitive threat posed by other modes of freight transportation such as trucking.
- ▶ High capital spending required to build and maintain railroad networks and to replace cars and locomotives.
- ▶ Risk of severe weather disrupting railroad networks.
- ▶ Rising fuel costs and the lag effect of fuel surcharge recovery.

#### Primary Trucking Investment Risks -

- ▶ Risk of economic downturns and their impact on tonnage and pricing.
- ▶ Litigation risk stemming from accidents and fatalities.
- ▶ Competitive threat posed by other modes of freight transportation such as the railroad sector.
- ▶ Rising fuel prices could significantly increase truckers' operating costs.
- ▶ Environmental concerns and regulations associated with air pollution.
- ▶ Driver availability and stricter driver screening requirements.
- ▶ Risk of severe weather disrupting trucking operations.



## Disclosures

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**Sell** – The fundamentals/valuations of the subject company are *deteriorating* and the investment return is expected to be 5 to 15 percentage points *lower* than the general market return.

**Hold** – The fundamentals/valuations of the subject company are *neither improving nor deteriorating* and the investment return is expected to be *in line* with the general market return.

**Ratings Distribution:**

Ratings Distribution & Investment Banking Disclosure				
Rating	Count	Ratings Distribution*	Count	Investment Banking**
Buy -rated	128	52.90	38	29.69
Hold -rated	109	45.00	38	34.86
Sell -rated	5	2.10	2	40.00