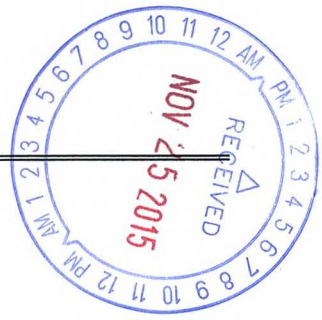
BEFORE THE
SURFACE TRANSPORTATION BOARD



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November 25, 2015
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Public Record

CONSUMERS ENERGY COMPANY	)	
Complainant,	)	
v.	)	**Docket No. 42142**
CSX TRANSPORTATION, INC.	)	
Defendant.	)	

ERRATA TO OPENING EVIDENCE OF COMPLAINANT CONSUMERS ENERGY COMPANY

Complainant Consumers Energy Company ("Consumers") submits the following Errata to its Opening Evidence filed in this proceeding on November 2, 2015.

I. CORRECTIONS TO THE OPENING EVIDENCE NARRATIVE

Consumers has discovered corrections that should be made to its Opening Evidence narrative. All of the corrections are described below.

Page II-6, last sentence of Section 1 should be "movement-specific factors" rather than "moment-specific factors" shown therein.

Page III-A-19, (1) Route Density, the sixth and seventh line state "however, in a latter data production . . . ." Instead of "in a latter data production" it should be revised to state "in the same data production."

Page III-B-9, subsection d. Route Mileage, lines 12-13 (last lines) should reference "e-workpaper folder 'III-B-1\CSXT Timetables and Track Charts'" rather than "e-workpaper folder 'III-B-1\Track Charts.'"

Page III-B-12, line 7 reference to e-workpaper "Route & Track Miles Summaries.xls," should instead be to e-workpaper "2015 Ballast & subballast Worksheet.xlsx," tab "Rail Type by Subdivision," column L.

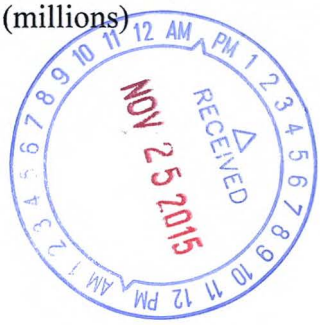
Page III-B-12, TABLE III-B-3 the total track miles for set-out tracks. should be 1.92 miles instead of the 2.00 miles shown. The total track miles shown in the table is correct.

Page III-B-14, line 22 (last line) should be 13.21 track miles instead of the 13.29 track miles shown.

Page III-C-38 n.37, line 3 should reference "e-workpaper folder 'III-B-1\CSXT Timetables and Track Charts'" rather than "e-workpaper folder 'III-B-1\Track Miles.'"

Page III-F-2, TABLE III-F-1 is revised below to correct for the inadvertent use of 25 foot ("ft") instead of 15 ft track centers for certain items in Consumers' roadbed preparation, track, and bridge calculations and quantities. Specifically, certain track quantities and costs for items such as subballast and overhead bridges were inadvertently based on 25 ft track centers instead of 15 ft track centers for areas with more than one track. The track typicals diagrams submitted by Consumers, in addition to other calculations such as earthwork, demonstrate that Consumers intended to use 15 ft track centers. *See* e-workpaper "TYPICAL TRACK DETAILS.pdf." The narrative also clearly states that 15 ft track centers were to be used for highway overpasses. *See* Consumers Opening at III-F-69. In total, the correcting for the disparity between 15 ft and 25 ft track centers resulted in a reduction of the road property investment costs by $3,500,650.13. Below is a revised TABLE III-F-1, with all revised values bolded and in red.

TABLE III-F-1 (REVISED)
CERR ROAD PROPERTY INVESTMENT COSTS
(millions)



	Item	Investment[1/]
1.	Land	$ 120.2
2.	Roadbed Preparation	30.3
3.	Track	**186.8**
4.	Tunnels	0
5.	Bridges	**71.9**
6.	Signals, Communications & Other Equipment	33.8
7.	Buildings & Facilities (including Fueling Facilities)	11.9
8.	Public Improvements	3.4
9.	Subtotal	**458.2**
10.	Mobilization	**9.1**
11.	Engineering	**33.8**
12.	Contingencies	**38.1**
13.	**Total Road Property Investment Costs**	**539.2**

[1/] Total costs rounded to nearest $0.1 million as reported in revised e-workpaper "III-F TOTAL-2015.xlsx."

Page III-F-47, line 5 should state $186.8 million rather than $242.1 million.

Page III-F-47, line 6 should state e-workpaper "III - F TOTAL - 2015.xlsx." rather than e-workpaper "III-F Total – 2001.xlsx."

Page III-F-58 n.156 should include a reference to a second e-workpaper, "Ohio Track Cost Estimate.pdf."

Page III-F-58 n.157 should reference e-workpaper "CERR Opening C-S Costs.xlsx," tab "Signal & Comm Counts," column AV, and "CERR Opening C-S Costs – BRC.xlsx," tab "Signal & Comm Counts," column AV" rather than e-workpaper "CERR Signals Communications Rev 3.xlsx," tab "Signal & Comm Counts," column AV.

Page III-F-68 line 14, should state $55.3 million rather than $55.4 million.

Page III-F-68 n.166 should reference e-workpaper "Bridge Costs.xls," tab "Route Bridges" at cells V76 and V112, instead of cells V78 and V114.

Page III-F-70 line 4, should be $71.9 million rather than $72.3 million.

II. CORRECTIONS TO THE OPENING EVIDENCE ELECTRONIC WORKPAPERS

For Part III-F, the following e-workpapers were revised to correct for the inadvertent use of 25 ft instead of 15 ft track centers: "Overpasses.xlsx"; "Track Quantities – 2015.xls"; "2015 OTM Worksheet .xlsx"; "2015 Ballast & subballast Worksheet.xlsx"; and "III - F TOTAL - 2015.xlsx."

For Part III-C, e-workpaper "5.1 Transit Times Comparison Hist vs RTC.xlsx" was revised to clarify the sources of the hard coded values, and "R.L. Banks & Associates, Inc." was added next to "RLBA" in the title of the subject file. It was also necessary to re-establish links to the tab "Train Transit Summary" of the subject file and to e-workpaper "SLO11 10-23 Rev 27 X Report file transits.xlsx," tab "Base." The file "SLO11 10-23 Rev 27 X Report file transits.xlsx" was inadvertently omitted from the original filing and is included as a supplemental e-workpaper as part of this Errata.

For Part III-C, e-workpaper "5 Trackage Rights Transit Times – Peak Period Base Year Train Transit Time Summary 2015 10-09.xlsx" was revised to provide sources of the hard coded values in column N.

Files that included multiple references in some instances were referred to incorrectly within the narrative or did not include the correct file extension, *i.e.*,

"xls" instead of "xlsx." These alternate file names have been noted within the supplemental e-workpaper "Consumers_November 2 2015_Opening Electronic Workpaper Index ANNOTATED.xlsx." Additionally, e-workpapers that were inadvertently omitted from the original filing were added as separate line items and are shown in red. *See* supplemental e-workpaper "Consumers_November 2 2015_Opening Electronic Workpaper Index ANNOTATED.xlsx."

Respectfully submitted,

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Dated: November 25, 2015

CERTIFICATE OF SERVICE

I hereby certify that this 25th day of November, 2015, I have caused copies of Consumers' Errata to Opening Evidence, including corrected narrative pages to be served by hand on counsel for Defendant CSX Transportation, Inc. as follows:

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> While we recognize the carriers' desire to have the URCS calculation reflect more accurately the actual cost of moving the issue traffic, we find that such piecemeal adjustments would tend to bias the results in favor of the railroads. As discussed above, selective replacement of system-average statistics – which tend to benefit the railroads – without allowing for counterbalancing adjustments that benefit shippers – which often require information not maintained in sufficient detail or at all by the railroads – may bias the entire analysis, rendering the modified URCS output unreliable. Shippers note this potential for unfairness and bias in their reply.

Major Issues at 58 (footnotes omitted). The foregoing makes clear that an adjustment to reflect empty miles is prohibited under current rules, which mandate reliance "solely on the unadjusted variable cost figures generated by URCS, using the nine movement-specific factors inputted into Phase III of URCS. . . ." *KCP&L* at 7.

2. <u>Variable Costs</u>

Tables II-A-1 through II-A-3 show the calculations of variable costs for the issue movement from the CSXT-BNSF interchange to Campbell, based on CSXT's 2014 URCS unit costs developed by Consumers' experts, indexed to First, Second, and Third Quarter 2015 wage and price levels using the Board's established updating procedures.[13] Variable costs are computed on a system average basis, with no adjustments other than those set forth in *Review of the*

[13] CSXT's 2014 unit costs are detailed in e-workpaper "Consumers Opening VC_JT.xlsx." The indexing methodology used is the "*OG&E* procedure" prescribed in *Oklahoma Gas & Electric Co. v. Union Pacific Railroad Co.*, STB NOR 42111 (STB served July 24, 2009 and October 26, 2009).

by the CSXT average number of units on the railcar to develop the variable cost per unit. Therefore, the sum of the gross tons of the units on a railcar equals the railcar's lading tons. Consumers did not need to develop proxy tons for intermodal traffic since intermodal waybill data listed valid weight statistics in all cases.

(10) **Intermodal Plan** – Consumers also developed the intermodal plan for container shipments to go along with the standard nine (9) URCS inputs. Consumers developed its intermodal plan code from CSXT plan code information included in the container waybill data.

ii. Fixed Costs

The fixed cost component of ATC requires the development of the following metrics for both the on-SARR and the off-SARR portion of each movement: 1) route density, and 2) fixed costs per route mile. Each metric is discussed below.

(1) **Route Density** – The route densities for each movement included in the CERR traffic group, both on-SARR and off-SARR, were developed using density data produced in discovery. CSXT initially provided gross tonnage density statistics that CSXT stated it developed in the normal course of its business; however, in the same data production, CSXT indicated that use of the gross tonnage data could lead to overstatements of gross tonnages on

witnesses Messrs. McLaughlin and Schuchmann using the Rail Traffic Controller ("RTC") model (as described in Part III-C below).

Exhibit III-B-1 contains detailed schematic track diagrams for the CERR system. Schematics of the CERR's Barr Yard are included as Exhibit III-B-1, p. 7. The CERR's track miles are shown in Table III-B-2 below. Details (including a breakdown of the track miles by type of track) are provided in e-workpaper "2015 Ballast & subballast Worksheet.xlsx," tab "Rail Type by Subdivision," column L.

TABLE III-B-3
CERR CONSTRUCTED TRACK MILES

	Miles
Main line track – Single first main track[1/]	168.65
– Other main track[2/]	41.38
Total main line track	210.03
Interchange Tracks	10.06
Setout tracks	1.92
Yard tracks[3/]	11.29
Total track miles	**233.38**

[1/] Single first main track miles equal total constructed route miles, including the lead track to the Consumers Plant and the Dolton Interchange track. This also includes 8.13 route miles of the BRC.
[2/] Equals total miles for constructed second main tracks/passing sidings, including the BRC segment.
[3/] Includes all tracks in the Barr Yard.

Source: e-workpaper "2015 Ballast & subballast Worksheet.xlsx," tab "Rail Type By Subdivision," column L.

a. Main Lines

The CERR's track configuration is shown in Exhibit III-B-1. The CERR's main lines are comprised primarily of single track, with some sections of second main track in the Chicago area between Blue Island and Curtis, as well as

tracks consistent with the need to handle such occurrences as the detectors may identify as detailed below.

The CERR system has a total of ten (10) FEDs. One FED is located just south of the 22nd St. interchange. This location is only a mile from the interchange tracks at 71st St. where loaded trains from UP and BNSF are interchanged to the CERR. The set-out track has been placed adjacent to the primary interchange track on the east side of the main track. One FED is located on either side of the Barr Yard. There is ample space to set-out bad-order cars in the yard, especially since 1,000 and 1,500 mile train inspections are conducted at this location. Finally, five FEDs are located on the Grand Rapids Subdivision. Each location on the Grand Rapids Subdivision includes set-out track on each side of the detector to minimize the need to back up a train. All of these set-out tracks are double-ended tracks, 860 feet in length between switches. This provides 600 feet in the clear to accommodate both the occasional bad-order car and the temporary storage of MOW equipment. *See* Exhibit III-B-1.

The CERR also has a 2,000-foot (in the clear) MOW equipment storage track, which is centrally located at the CERR's Barr Yard. This track is included in the yard track quantity for the Barr Yard. *See* Exhibit III-B-1, p. 7 and e-workpaper "2015 Ballast & subballast Worksheet.xlsx," tab "Rail Type By Subdivision," cell L38.

These tracks consist of new 115-pound CWR. The CERR has a total of 13.21 track miles for set-out, yard and MOW tracks. *See* e-workpaper "2015

traffic that it handles through the Calumet Park connection with the IHB. However, those trains move to and from the IHB's Blue Island Yard, and they do stop at Calumet Park. *See* Part III-C-1-vi for a description of this operation.

All interchange traffic with other carriers consists of intact trainloads. The coal traffic moves in unit trains with run-through locomotive power. The merchandise and intermodal traffic are also handled as intact shipments at each interchange point and the CERR also uses run-through power to aid in the swift interchange of such trains.

d. Route Mileage

The route mileages for the CERR's principal line segments are shown in Table III-B-1 below. Details are provided in e-workpaper "CERR Route Miles.xlsx." The CSXT operating timetables and track charts for all of the lines being replicated are contained in e-workpaper folder "III-B-1\CSXT Timetables and Track Charts."

replicate. In addition, Mr. Orrison and Mr. Holmstrom reviewed the CSXT operating timetables and track charts for the lines being replicated,[37] as well as maps of various facilities, and CSXT's interrogatory responses describing the operation of the Consumers coal trains.

Mr. Orrison and Mr. Holmstrom then developed a preliminary track configuration for the CERR based on traffic flows, the CERR's operating plan, and the interchange facilities required. Mr. Orrison and Holmstrom followed the path of the existing CSXT lines being replicated, but the configuration differs owing primarily to the differences in traffic volumes that the CERR handles versus the real world CSXT operations.

The essential elements of the operating plan (described below), the main-track configuration, and the yard/interchange locations, as developed by Mr. Orrison and Mr. Holmstrom, were provided to Consumers Witnesses John McLaughlin and Walter Schuchmann for input into the RTC Model. Mr. McLaughlin and Mr. Schuchmann also inputted various physical characteristics for the lines in issue, which were obtained from CSXT track charts, operating timetables and other information produced by CSXT in discovery. These included train speed restrictions at various locations along with curve and grade (topography) data. The final steps were to populate the RTC Model with the

[37] The operating timetables and track charts for all of the lines being replicated as the well at the BRC line and the NS trackage rights segment are provided in Part III-B e-workpaper folder "III-B-1\ CSXT Timetables and Track Charts." However, the BRC and NS data was not specifically used in the RTC Modeling.

TABLE III-F-1
CERR ROAD PROPERTY INVESTMENT COSTS
(millions)

	Item	Investment
1.	Land	$ 120.2
2.	Roadbed Preparation	30.3
3.	Track	186.8
4.	Tunnels	0
5.	Bridges	71.9
6.	Signals, Communications & Other Equipment	33.8
7.	Buildings & Facilities (including Fueling Facilities)	11.9
8.	Public Improvements	3.4
9.	Subtotal	458.2
10.	Mobilization	9.1
11.	Engineering	33.8
12.	Contingencies	38.1
13.	**Total Road Property Investment Costs**	**539.2**

1. Land

The CERR's land acquisition costs were developed by Stuart I. Smith of Stuart I. Smith Realty Advisors, LLC, affiliated with US Realty Consultants, Inc. Mr. Smith has over 30 years of real estate appraisal experience. He has prepared land acquisition cost testimony in prior STB maximum-reasonable rate cases, including *AEPCO*. Mr. Smith's extensive qualifications in the real estate appraisal field are set forth in Part V.

The CERR right-of-way ("ROW") starts at the UP Ogden Jct., passes through a small section within the city limits of Chicago using one of two

3. Track Construction

Track construction encompasses the work needed to lay track once the subgrade has been completed, including placing subballast, ballast, ties, rail, and other track components. The total cost for track construction as determined by Consumers' engineers equals $186.8 million. Details are provided in e-workpaper "III-F TOTAL – 2015.xls." Development of this cost is discussed in detail below.

a. Geotextile Fabric

Consumers' engineers reviewed the U.S. Department of Agriculture ("USDA") mapping and soils designations[114] in the vicinity of the CERR route and in an abundance of caution decided that AREMA class non-woven geotextile fabric would be installed in areas where the soil is designated as "very limited" to preserve the integrity of the ballast and to address any issues with marginal soils and shallow rock.[115] It should be noted that this is a very conservative approach and that the line the CERR is replicating was not originally installed using geotextile fabric. The number of track miles for each segment that included "very limited" soils was identified and the acreage was calculated to determine how

[114] *See* e-workpapers "Geotextile Work Sheet.xls." "Breedsville to Pullman.pdf;" "Dalton to NS.pdf;" "Holland to Consumers.pdf;" "Ogden to Dalton.pdf;" "Porter to Rt 12.pdf;" "Pullman to Holland.pdf;" "Rt 12 to Shoreham.pdf;" "Shoreham to Van Buren County line.pdf;" and "Van Buren to Breedsville.pdf."

[115] *See* e-workpapers "2015 OTM Worksheet.xls," tab "TOTAL COST SUMMARY" rows 257 to 298 and "Geotextile Work Sheet.xls."

make connections to turnouts and span grade crossings. The calculations for the number of field and comp welds are shown in e-workpaper "Track Quantities-2015.xls," tab "Track Quantities," rows 98 to 103.

The cost of labor for all field and comp welds is included in the bid provided by Ohio Track, Inc., which also provided a price for the installation of the main track and turnouts. The Ohio Track, Inc. quote was indexed to 1Q15.[156]

iv. Insulated Joints

Insulated joint costs are included in the signals and communications costs described in Part III-F-6 below.[157]

v. Switches (Turnouts)

Consumers' engineers included the number and size of turnouts specified in the CERR's track diagrams (Exhibit III-B-1). Unit costs for turnouts are based on a quote obtained by Consumers' engineers and indexed to 1Q15. *See* e-workpapers "Progress Rail Quote 2015.pdf" and "2015 OTM Worksheet.xls," tab "TOTAL COST SUMMARY," rows 108-119." Turnouts include all the materials listed in e-workpaper "Turnout Materials.pdf." Switch stands are also included as needed. The unit costs for switch stands are based on a quote obtained by Consumers' engineers and indexed to 1Q15. *See* e-workpapers "Switch Stand.pdf" and "Voestalpine Hand Thrown Switch Stand Quote.pdf." Switch

[156] *See* e-workpapers "2015 OTM Worksheet.xls" and "Ohio Track Cost Estimate.pdf."

[157] *See* e-workpaper "CERR Opening C-S Costs.xlsx," tab "Signal & Comm Counts," column AV, and "CERR Opening C-S Costs – BRC.xlsx," tab "Signal & Comm Counts," column AV."

linear foot using this CSXT movable bridge has previously been accepted by the Board. *See* DuPont Rebuttal at III-F-98 n. 266 ("775-foot bridge with a 170-foot bascule span is shown at $8,336,800 in 1994. . . . the cost per foot used by DuPont is $62,991 per foot.") and *DuPont* at 223 ("The Board will accept DuPont's costs for movable bridges because NS failed to demonstrate that DuPont's methodology for cost development was not sufficient for constructing the requisite structures."). Most recently, the parties agreed on the costs for the same movable bridges with some minor modifications. *See* TPI Rebuttal at III-F-79 – III-F-80. Consumers' has made a further modification and has used the costs for the entire bridge including the approaches to avoid the issue of separating out the drawbridge costs and indexed these costs to 1Q15. In addition to the cost of the bridge, Consumers added $500,000 for technology to allow remote operation thereby eliminating the need for a bridge tender.[165] In total, the CERR's bridge costs for the CSXT line are $55.3 million, and the CERR's 25% cost-share for the BRC line bridges is $8.4 million.[166]

c. <u>Highway Overpasses</u>

The highway overpass costs were developed using information from an actual overpass that was built to cross existing CSXT railroad tracks. A review of discovery documents shows most of these bridges are built by state departments

[165] *See* e-workpaper "A Case for Movable Bridge Remote Operation.pdf" at 9.

[166] *See* e-workpaper "Bridge Costs.xls," tab "Route Bridges" at cells V76 and V112.

but only 10% is charged to the SARR as has been customary in past rate cases. *See DuPont* at 212.

The total cost for the CERR's bridges and highway overpasses is $71.9 million. *See* e-workpapers "Bridge Costs.xls" cell V116 and "Overpasses.xlsx" cell D42.

6. Signals and Communications

The CERR's signals and communications costs are summarized in Table III-F-6 below. As described in Part III-B and Part III-C, the CERR uses a CTC traffic control system to govern train movements on the CERR's Blue Island and Barr Subdivision main lines between 22nd St. and Curtis. The remainder of the railroad between Porter and West Olive is "dark."[169] Communications needs are met through a combination of fiber optic trunk lines, microwave towers and land mobile radio stations. The CERR's cost-share for crossings was assumed to be 50%, except in the instances where a government agreement produced by CSXT as part of discovery indicated a different cost share percentage. *See* e-workpaper "Review of Government Agreements.xls," column D.

The systems and associated costs are summarized below in Table III-F-6.[170]

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[169] The CERR includes one FAS-PAS switch at the turnout for the Holland Interchange.

[170] *See* e-workpaper "CERR Opening C-S Costs.xlsx" (totals listed in Table III-F-6 represent the sum of signal and communications for the Blue Island, Barr, Grand Rapids, and Fremont Subdivisions plus 25% of the signal and communications costs for the BRC).