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234534

July 12, 2013

By Hand Delivery

Cynthia T. Brown, Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

Re: Docket No. 42136, Intermountain Power Agency
v. Union Pacific Railroad Company

Dear Ms. Brown:

IPA submits the following errata to its Rebuttal Evidence filed July 3, 2013. None of the errata involves "Confidential" or "Highly Confidential" information under the terms of the governing Protective Order.

NARRATIVE

Page I-21, line 4: "III-C-38-39" should read "III-C-38-49".

Page III-B-2, line 11: "train" should read "trains".

Page III-B-6, lines 10-11: "empty coal trains interchanged from the IRR to UP for movements" should read "the interchange of empty coal trains from the IRR to UP for movement".

Page III-C-5, line 3: "cars" should read "car".

Page III-C-50, line 11: "Lynndyl" should read "Provo".

Page III-F-6, Rebuttal Table III-F-3: The numbers in Column (5) represent the difference between the numbers in Columns (2) and (4), rather than Columns (3) and (4).

Page III-F-23, Rebuttal Table III-F-4: In Line 4, Column (2) "2,498,801" should read "2,498,081"; in Line 4, Column (4) "2,498081" should read "2,498,081".

Page III-F-77, line 1: "helper pocket tracks," should be deleted.

Page III-F-92, Rebuttal Table III-F-6: In Line 5, "Difference" column, "0.3" should read "4.0".

Page III-F-157, line 6: "this is layer" should read "this layer".

Page III-H-3, lines 1-3: "Rebuttal Exhibit III-H-2 (Principal Case), Rebuttal Exhibit III-H-2 (Alternative case 1) and Rebuttal Exhibit III-H-2 (Alternative case 2)." should read "Rebuttal Exhibit III-H-2 (Principal Case) and Rebuttal Exhibit III-H-2 (Alternative Case 1). The Maximum R/VC ratios for Alternative Case 2 are set forth in Rebuttal e-workpaper "MMM Model Rebuttal (Alt.2).xlsm."".

Page III-H-19, line 13: "(Principal Case), III-H-1 (Alternative Case 1) and III-H-1 (Alternative Case 2)," should read "(Principal Case) and III-H-1 (Alternative Case 1),".

Page III-H-20, last line of carryover footnote 16: "Exhibit III-H-1 (Alternative case 2)." should read "e-workpaper "Rebuttal Maximum Rates.xlsx."".

Page III-H-43, line 18: "residual incumbent has no" should read "residual incumbent is no".

Page IV-7: The wrong Statement of Qualifications was submitted for IPA witness Douglas J. Ellison. The correct Statement of Qualifications for Mr. Ellison is submitted herewith.

Twenty (20) copies of the revised pages of the **HIGHLY CONFIDENTIAL VERSION** of IPA's Rebuttal Narrative containing the corrections described above are submitted herewith. Although the corrections

identified above are not themselves highly confidential, some appear on pages that contain highly confidential information. Accordingly, the enclosed revised narrative pages should be substituted for the pages in the **HIGHLY CONFIDENTIAL VERSION** of IPA's Rebuttal Evidence filed on July 3, 2013.

We have also included ten (10) copies of the revised pages of the **PUBLIC VERSION** of IPA's Rebuttal Narrative containing the corrections described above. These narrative pages should be substituted for the pages in the **PUBLIC VERSION** of IPA's Rebuttal Evidence filed on July 3, 2013.

The original and 20 copies of this letter are being filed with the Board.

Sincerely,

C. Michael Loftus

C. Michael Loftus
An Attorney for Complainant
Intermountain Power Agency

Enclosure

cc: Counsel for Defendant Union Pacific Railroad Company

234534

PUBLIC VERSION

Errata to the Public Version of IPA's Rebuttal Evidence in Docket No. 42136

from the IRR's traffic group because the SARR's actual running times are not sufficiently shorter than UP's running times in order to offset the time required for the two interchanges.[8]

As IPA explains in Part III-C-2-d (at pp. III-C-38-49), UP's arguments are unavailing and the inclusion of the Z-train traffic is entirely appropriate. The transportation requirements of Z-train shippers undoubtedly involve numerous factors other than specific transit times over a short segment of their total rail movements, and UP has not provided any concrete evidence that the increased Z-train transit times resulting from the SARR's insertion in the route would prevent UP from competing with trucks and with BNSF's expedited service. Reply at III.C-21.

Most of the Z trains whose containers are included in the IRR's traffic group ({ } trains in the Base Year) operate between Los Angeles and Denver; a few ({ } trains in the Base Year) operate between Los Angeles and Chicago. *See* Part III-C at p. III-C-41. The total rail distance between Los Angeles and Denver using the route that includes the IRR is 1,380 miles, and the total rail distance between Los Angeles and Chicago is 2,782 miles. *Id.* The

[8] UP adds that "[a]s the traffic data produced in discovery show, this [Z-train] traffic moves for customers such as UPS, *for whom rail service is a viable alternative only when the carriers can approach the transit time and reliability of truck service*." Reply at III.A-11 (emphasis added). Significantly, however, UP's evidence does not provide any supporting documentation whatsoever regarding United Parcel Service's ("UPS") view of the supposedly limited circumstances in which rail service is a viable alternative.

IPP Industrial Lead (the spur extending to IGS), whereas cross-over traffic that the IRR handles in overhead service between the UP interchanges at Lynndyl and Milford, or vice versa (herein the "overhead traffic" or the "overhead trains"[2]) uses the Lynndyl Yard and does not use the main line.

This is a distinction without a difference; both the issue traffic and the overhead traffic use the same Lynndyl-Milford line segment regardless of which particular track(s) the trains happen to use. The first parallel track in the Lynndyl Yard is the same distance from the main track (15 feet) as any of the IRR's passing sidings, and in fact it is something of a misnomer to call two tracks used primarily for interchange a "yard" at all. IPA Witness Reistrup notes that the overhead trains can be interchanged on the main line as easily as in the Lynndyl Yard, as the only activity that occurs for trains that do not set out or pick up cars at this location is a crew change.

Moreover, UP's assertions as to how overhead traffic moving between Milford and Lynndyl (or vice versa) flows through Lynndyl in IPA's Opening RTC Model simulation are factually inaccurate. While it is correct that in the southbound direction (from Lynndyl to Milford) IPA's experts programmed the RTC Model to move all overhead trains through the Lynndyl Yard, overhead

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[2] UP clearly is not talking here about a different subset of overhead traffic that moves between Provo and Milford (or vice versa), and for present purposes that traffic is not included in the "overhead traffic" under discussion. IRR trains carrying Provo-Milford or Milford-Provo overhead traffic use both the main line through Lynndyl and the Lynndyl Yard tracks in both parties' RTC model simulations, depending on the specific train-conflict situation in the Lynndyl area.

These demonstrations confirm that UP counsel's argument that the overhead traffic moving between Milford and Lynndyl and vice versa do not share IRR facilities with the issue traffic is factually wrong, and a red herring from both an operational and a theoretical standpoint.

b. Interchange Points

UP accepts the three general locations where traffic is interchanged with the residual UP: Provo, Lynndyl and Milford. Likewise, UP accepts the IRR's interchange of traffic with the Utah Railway ("URC") at Provo. UP also accepts IPA's designation of several interchange locations for various kinds of trains in the Provo area, with one exception: UP asserts that the interchange of empty coal trains from the IRR to UP for movement to coal loading facilities east of Provo, reached by UP's Provo Subdivision, would have to occur on the IRR's Coal Wye tracks (also known as the Ironton Crossover tracks) at Provo rather than the IPA car shop. Reply at III.B-3. As explained in detail in Part III-C-2-c below, IPA agrees that some (but not all) of these empty coal trains should indeed be interchanged on the Coal Wye tracks (already designated as one of the Provo area interchange locations). Mr. Reistrup has modified the IRR's operating plan to provide for this change, and it is also reflected in IPA's rebuttal RTC Model simulation of the IRR's operations.[7]

[7] This change also necessitates the addition of a RIP (repair-in-place) track adjacent to the Coal Wye tracks. *See* Part III-B-2-b below.

the Coal Wye tracks.[2] Mr. Reistrup concurs that some empty coal trains interchanged with UP at Provo should be interchanged on the Coal Wye tracks rather than at the IPA car shop, and that some coal trains (both loaded and empty) interchanged with UP at Provo should also be inspected on the Coal Wye tracks. Mr. Reistrup has revised the IRR's operating plan accordingly.[3]

b. Track and Yard Facilities

The IRR's track and yard facilities have largely been accepted by UP. IPA has made a few very minor revisions on rebuttal as described in Part III-B above. None of these changes affects the RTC Model simulation of the IRR's operations.

UP asserts that IRR's operating plan calls for an inappropriately high maximum authorized train speed for loaded coal and grain unit trains and trains carrying TIH commodities. Reply at III.C-7, 25. Mr. Reistrup agrees that the maximum authorized speed for these train types should be reduced from 60 to 50 miles per hour, and has revised the IRRs' operating plan accordingly. The

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[2] IPA's revised operating plan provides three locations for the physical exchange of trains in the Provo area: (i) the Coal Wye tracks, which connect the IRR's Sharp Subdivision with UP/URC's Provo Subdivision; (ii) UP's Provo Yard which is reached via a connection between the IRR and UP tracks at Sharp Subdivision MP 750.22; and (iii) IPA's Springville car shop located west of Sharp Subdivision MP 750.12. These points are shown on page 1 of IPA's Rebuttal Exhibit III-B-1. UP accepts these interchange locations, as well as the basic locomotive-exchange procedure for interchanging loaded coal trains from URC to the IRR. Reply at III.C-5-6.

[3] This revision requires the addition of a 1,200-foot RIP track adjacent to the Coal Wye tracks, as described in Part III-B-2-b above. The trains that require inspection on the Coal Wye tracks are described in Part III-C-3-c below.

concurs that the locomotives on loaded coal trains originating at mines or loadouts east of Provo that the IRR receives from UP at Provo, and that move to destinations in California, would have to be fueled by the IRR. Mr. Reistrup also concurs with UP that DTL fueling of these locomotives occurs on the Coal Wye tracks (where the trains are received in interchange from UP). The fueling can be performed during the three-hour period during which these train undergo 1,500-mile inspections while on the Coal Wye tracks. Thus no additional time allotment for fueling these trains is required in the RTC Model simulation.

The SD40-2 locomotives used for the local trains based at Milford are DTL-fueled at Milford by a contractor. The SD40-2 locomotives used for the local trains based at Provo are DTL-fueled at the IRR's Springville locomotive maintenance facility.

c. Car Inspections

UP accepts IPA's description of the inspection procedures the IRR would follow and the three-hour allotment of dwell time for inspections. Reply at III.C-43. However, UP goes on to assert,[48] and on Rebuttal IPA concurs, that non-IPA coal trains interchanged with UP at Provo and destined to or from UP-served mines or loadouts in Utah and Colorado reached via UP's Provo Subdivision require inspection by the IRR, and that it would be inefficient to have these inspections performed by IPA personnel at IPA's Springville car repair facility.

[48] Reply at III.C-29-30, 42-43.

demonstrates below that no lights are required for the IRR contractors to perform their work.

UP raises other less-consequential arguments as well. These arguments are addressed in the relevant subsections. Rebuttal Table III-F-3 below summarizes the differences in the parties' roadbed preparation costs.

REBUTTAL TABLE III-F-3
COMPARISON OF ROADBED PREPARATION COSTS
($ in thousands)

	Item (1)	IPA Opening (2)	UP Reply (3)	IPA Rebuttal (4)	UP over/(under) IPA[1/] (5)
1.	Earthwork				
	a) Common	$7,210	9,863	7,203	2,660
	b) Stripping	0	2,373	0	2,373
	c) Wetland Excavation	0	381	15	366
	d) Loose Rock	749	887	749	138
	e) Solid Rock	518	863	518	345
	f) Borrow	65,342	70,917	65,342	5,576
	g) Total	73,819	85,284	73,827	11,457
2.	Clearing & Grubbing	52	288	52	236
3.	Lateral Drainage	0	0	0	0
4.	Culverts	1,344	3,768	1,436	2,332
5.	Retaining Walls	0	0	0	0
6.	Rip Rap	0	0	0	0
7.	Detour Road Surfacing	0	0	0	0
8.	Relocation of Utilities	3	3	3	0
9.	Topsoil Placement / Seeding	76	76	76	0
10.	Land for Waste Quantities	12	507	25	482
11.	Environmental Compliance	4	4	4	0
12.	Water for Compaction	1,096	8,411	1,096	7,315
13.	Dust Control Work	0	300	0	300
14.	Lighting for Nighttime Work	0	4,866	0	4,866
15.	Total	$76,406	$103,507	76,519	26,988

1/ Column (3) - Column (4)

REBUTTAL TABLE III-F-4
IRR EARTHWORK QUANTITIES
BY TYPE OF MATERIAL MOVED

	Type of Earth Moved (1)	IPA Opening (2)	UP Reply (3)	IPA Rebuttal (4)	UP Reply Over / (Under) IPA Rebuttal (5)
1.	Common	1,793,514	2,223,993	1,794,182	429,811
2.	Loose Rock	63,396	64,331	63,396	935
3.	Solid Rock	33,519	43,521	33,519	10,002
4.	Borrow	2,498,081	2,684,000	2,498,081	185,919
5.	Total	4,388,510	5,015,845	4,389,178	626,667

ii. Earthwork Unit Costs

UP's Reply discussion of earthwork unit costs begins with a recitation of the shrink and swell adjustments to earthwork quantities it made and lost in *AEPCO 2011*. *Id.*, slip op. at 92. Specifically, UP modified its Means Handbook earthwork unit costs for wetlands, loose rock and solid rock excavation to account for the alleged different volumes of material that must be handled depending on whether the material is still in place (bank-measure volume), loose or compacted.

IPA did not include shrink and swell adjustments to its Opening earthwork unit costs, and UP has failed to prove that its Reply additive is warranted. UP assumes that the ICC Engineering Reports show bank cubic yards ("BCY") while the Means Handbook uses loose cubic yards ("LCY") for hauling and spreading dumped material. In fact, the cubic yard quantities shown on the

set-out tracks, and interchange tracks. UP accepts IPA's specification. Reply at III.F-43.

To determine the necessary quantities of ballast and subballast per linear foot of track, IPA based its calculations on track cross sections it developed. *See* Op. e-workpaper "IRR Track Typicals.pdf." UP accepts IPA's calculations. Reply at III.F-43. However, UP correctly points out that IPA inadvertently double counted curved track, resulting in an overstatement of ballast and subballast quantities. Likewise, IPA overstated the quantity of ballast required per foot of yard track. *See* Reply e-workpaper "Ballast & subballast Worksheet 2012 UP Reply.xlsx," tab "Sharp." IPA has made the necessary corrections on Rebuttal. *See* Rebuttal e-workpaper "Ballast & subballast Worksheet 2012.xls," tab "Sharp." IPA has also adjusted its Rebuttal quantities to reflect IPA's changes to the IRR's configuration.

ii. Unit Costs

On Opening, IPA sourced its ballast from a quarry located just to the northwest of Milford, UT. IPA's subballast was sourced from the same quarry and from Staker & Parson, a company that has multiple subballast facilities in Utah. UP accepts IPA unit costs with certain exceptions discussed below. Reply at III.F-43-44.

On Opening, IPA explained that a small amount of so-called "bottom" ballast has to be trucked along the IRR right-of-way between Milford and Lynndyl (the point of entry for the rail) in order to skeletonize the track.

parties differ in their total track construction costs as a result of their differing configurations of the IRR.

4. Tunnels

There are no tunnels on the IRR system.

5. Bridges

The differences in the parties' calculation of the IRR's bridge costs are summarized below.

REBUTTAL TABLE III-F-6
BRIDGE COSTS
(millions)

	Item	IPA Opening	UP Reply	IPA Rebuttal	Difference
1.	IPA Railroad Bridges (UP Type 1)	$ 8.7	$ 11.4	$ 8.7	$2.7
2.	Type 2	0	0.6	0	0.6
3.	Type 3	0	1.2	0	1.2
4.	Access Bridges	0	5.0	0	5.0
5.	Highway Overpasses	4.3	8.3	4.3	4.0
6.	**Total**	$ 13.0	$ 26.5	$ 13.0	$ 13.5

On Opening, IPA's engineering witnesses developed bridge quantities and costs consistent with the IRR's needs, as well as real-world designs and costs. UP raises a myriad of arguments in favor of higher bridge costs. However, despite UP's various arguments, the major differences in costs between the parties are attributable to a relatively small number of items.

1. UP built access bridges for service vehicles in a number of locations. As explained below, these bridges are unnecessary because MOW vehicles can easily hi-rail over the railroad bridge, and UP's costs are spurious as

UP also argues that keeping ground water out of the pit is a concern, and it suggests that pumps are necessary in pit locations. Reply at III.F-80. UP's arguments are unfounded. Utah receives 14 to 18 inches of rainfall per year and the percolation rate is up to 0.60 inches/hour. *See* "Loco Shop Rainfall.pdf." The typical soil profile on the building site has only one restrictive layer (36 to 48 inches). The ground below this layer is categorized as fine sand. *See* Rebuttal e-workpaper "Yard Cross Sections.pdf." Rainfall will follow the path of least resistance through the sand as opposed to percolating through the concrete pit walls. Therefore, no pumping infrastructure is required.

IPA agrees, however, with UP that additional concrete is required for the locations identified above. Specifically, IPA's computation of the square feet of concrete work inadvertently failed to calculate the concrete required for the floor of the pit, drop table and wheel truing areas – only the walls were included. Per IPA's specifications on Opening, the floors will be 24-inches thick to support the concentrated loads from the equipment. The unit costs used for IPA's pit concrete is based on wall construction, which is far more difficult than typical floor construction. The additional cost therefore provides more than enough allowance for the pit floor construction, as well as anchor bolts and other small items requiring embedding in the concrete before the equipment can be installed in the pits. Rebuttal e-workpaper "2012 Buildings.xlsx," includes the additional 300 CY of concrete required. The addition increases the locomotive shop cost by approximately $100,000.

Methodology ("MMM") in Rebuttal Exhibit III-H-2 (Principal Case) and Rebuttal Exhibit III-H-2 (Alternative Case 1). The Maximum R/VC ratios for Alternative Case 2 are set forth in Rebuttal e-workpaper "MMM Model Rebuttal (Alt.2).xlsm."

In Part III-H of its Reply, UP discusses the results of its SAC DCF analysis; application of MMM and the *PPL Montana/Otter Tail* cross-subsidy tests; a proposed new cross-subsidy test relying on ATC for revenue allocation; and finally, several alternative bases for effectively eliminating cross-over traffic revenues (elimination of all cross-over traffic, efficient component pricing, limiting traffic group to SARR-originated or SARR-terminated traffic and limiting traffic group to UP trainload service).

IPA responds to each of UP's arguments in turn.

a. Cost of Capital

In its Reply, UP includes a direct equity flotation cost of 7.3% in calculating the cost of equity component. For the reasons discussed in Section III-G-2 above, IPA does not accept this change, but updates the cost of capital calculations to reflect the latest Association of American Railroads' cost of equity capital, cost of debt and capital structure figures submitted in *Railroad Cost of Capital – 2012*, EP 558 (Sub-No. 16).

b. Road Property Investment Values

UP has modified IPA's Opening road property investment as described in Part III-F and detailed in Table C of Exhibit III-H-1. UP accepts IPA's IRR construction schedule.

disregarded. The STB should apply IPA's Rebuttal approach, which allocates the start-up expenses over the first full year of the IRR's operations, but maintains them at the start-up time period wage and price levels. This better aligns the level of the wage and price expenses with the period in which the start-up expenses were actually incurred and paid.

k. Summary of SAC

Total SAC for the IRR based upon the various adjustments that IPA has made in this Rebuttal Evidence is summarized in Table L of IPA Rebuttal Exhibit III-H-1.

2. Maximum Rate Calculations

The SAC analysis summarized in Parts III-A through III-G and the accompanying Rebuttal Exhibits, and displayed in Rebuttal Exhibits III-H-1 (Principal Case) and III-H-1 (Alternative Case 1), demonstrates that over the 10-year DCF period the revenues generated by the IRR exceed its total capital and operating costs under either approach to the calculation of ATC divisions.[16]

[16] As noted in Part I and Part III-A of the Opening Evidence and this Rebuttal Evidence, IPA has calculated revenues using the Board's Modified ATC methodology, and IPA respectfully submits that the Board should continue to rely upon that methodology. Nevertheless, IPA also has calculated cross-over traffic revenues using the "Alternative" ATC methodology that the Board described in EP 715. Similarly, although IPA relies upon the IRR direct service for local traffic contained in the Principal Case, it has also presented an analysis with UP service for the local traffic and cross-over revenue divisions calculated under Modified ATC. IPA's calculations of revenues and maximum rates using these alternative

Tables III-H-3 and III-H-4 below show the measure of excess revenue over SAC in each year of the DCF period for IPA's Principal Case and Alternative Case 1, respectively.

Table III-H-3
Summary of IPA Rebuttal DCF Results for the IRR
November 2, 2012 to November 1, 2022 – Principal Case

Year	Annual Stand-Alone Requirement	Stand-Alone Revenues	Overpayments (Shortfall)	PV Difference	Cumulative PV Difference
(1)	(2)	(3)	(4)	(5)	(6)
11/2-12/31/12	$15,940,268	$17,022,195	$1,081,927	$1,110,673	$1,110,673
2013	98,027,274	103,904,678	5,877,403	5,426,253	6,536,926
2014	98,910,950	107,125,732	8,214,782	6,818,099	13,355,024
2015	101,765,557	111,162,631	9,397,073	7,011,526	20,366,550
2016	104,876,935	113,551,223	8,674,288	5,818,439	26,184,989
2017	109,690,846	120,599,674	10,908,829	6,578,145	32,763,134
2018	113,905,431	126,260,488	12,355,057	6,697,655	39,460,789
2019	117,633,151	130,709,096	13,075,946	6,372,412	45,833,202
2020	121,638,107	136,009,993	14,371,885	6,296,471	52,129,672
2021	125,496,473	141,437,098	15,940,625	6,278,292	58,407,964
1/1-11/1/22	108,236,102	122,712,422	14,476,321	5,125,628	63,533,592

Source: Rebuttal e-workpaper "Exhibit III-H-1 Rebuttal.xlsm."

assumptions are set forth in Rebuttal Exhibit III-H-1 (Alternative Case 1) and Rebuttal e-workpaper "Rebuttal Maximum Rates.xlsx."

analysis, comparing total WMCRR revenues to total WMCRR costs.

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[22] As long as the traffic on the western part could make any contribution to the carrier's unattributable cost, the railroad would be better off participating in the transportation than not participating in it. *See Rate Guidelines –Non-Coal Proceedings,* 1 S.T.B. 1004, 1016 (1996).

PPL Montana II, 6 S.T.B. at 768 & n.22 (original emphasis).

The ATC-based approach that UP now proposes is a variant of the segmented approach that the STB considered and rejected in *PPL Montana II*. The STB excluded unattributable costs from the allocation precisely because they could not be attributed to a specific segment, particularly inasmuch as a SARR or other railroad would be willing to handle traffic that "could make any contribution to the carrier's unattributable cost[s]." *Id.* at 768 n.22. The fact that the STB now takes average unattributable or fixed costs into account in allocating cross-over revenues or contribution between the SARR and the residual incumbent is no reason to take such costs into account for allocating revenues across the segments of the SARR. Indeed, ATC is a variant of fully-allocated costing, and SAC was developed and adopted in order to avoid fully-allocated costing. There is no reason to engage in an expensive and complicated SAC analysis, only to have the ultimate measure of relief be adjusted by the application of fully-allocated costing principles.

3. DOUGLAS J. ELLISON

Mr. Ellison is Vice President, Rail Operations at Stone Consulting, Inc., with offices at 324 Pennsylvania Avenue West, Warren, PA 16365. Stone Consulting is a consulting firm providing comprehensive engineering design services to railroads and other industries on a nationwide basis. Mr. Ellison is sponsoring the portion of IPA's Rebuttal Evidence relating to fueling and locomotive shop design for the SARR in Parts III-F-7-b and c.

Mr. Ellison has over thirty years of experience with the railroad industry in mechanical, operations, maintenance-of-way, and management.

From November 2007 to November 2009 he was General Foreman of the Alaska Railroad Locomotive Repair Facility in Anchorage, Alaska. This entailed full responsibility for a fleet of 56 locomotives, including 28 SD70Mac, Mac HEP's, assorted 645 powered GP's, snow fleet equipment, and rail cranes. Direct supervision involved: roundhouse operations; back shop, including management of all capital locomotive projects and overhauls; electric motor shop; wheel true; fueling & servicing; and wheel & bearing shop, including rebuild of roller support bearing/U tubes.

Other duties included serving as team leader of the enhanced reliability team that achieved 98% fleet availability for the month of July 2009 breaking all previous mechanical records. Mr. Ellison has extensive experience in maintaining locomotives in severe and extreme cold weather climates.

From 2006 through 2007, he was assigned to the Projects Management Team at Alaska Railroad working a combination of track and mechanical projects. His duties included serving as program management inspector for the construction of a new DMU Rail Car and new passenger rolling stock, design of an electrified TTX flat car for TOFC "KFF" (Keep from freezing) service relative to severe Alaskan winters between Anchorage and Fairbanks, and several shop infrastructure and yard design projects.

Prior to his time with the Alaska Railroad, Mr. Ellison worked with Stone Consulting from 2003 to 2006 during which time he was involved with locomotive, rolling stock and mechanical facilities consulting.

Before working with Stone Consulting, he was Director of Strategic Rail Projects for OmniTRAX in Denver, CO. At OmniTRAX, Mr. Ellison was responsible for strategic financial planning initiatives related to all functional areas of internal rail operations and analysis and development of new acquisitions. Mr. Ellison was directly responsible for a wide-range of locomotive repair-related activities and was the financial liaison in charge of mechanical and locomotive lease fleet activities. He also was on the contract maintenance development team that set up contract maintenance contracts with BNSF and CP Rail. This entailed detailed planning and costing for the running repairs of entire fleets of EMD GP and SD 645 powered locomotives. Previous to that position he worked at the OmniTRAX locomotive shops in Loveland,CO and Chicago IL as manager of purchasing, including care of the 600+ unit lease fleet. Relief jobs included shop manager and general foreman.

Before working at OmniTRAX, Mr. Ellison was the Executive Director and General Manager of the Adirondack Railway Preservation Society (ARPS). In this position, Mr. Ellison was responsible for management of all departments and functions including operations, planning scheduling, financial, human resources, staffing, safety and training programs, and government compliance. Mr. Ellison's duties included marketing studies and forecasting, resource planning and allocation, capital projects financing and management, government liaison and FRA regulatory issues.

At the same time as working at ARPS, Mr. Ellison was a Managing Partner at Freight Management System where he was responsible for freight and product scheduling, rate negotiations, sales and marketing, and technical consulting for transportation equipment, common carriers and international and domestic routings.

Mr. Ellison spent several years in the railroad industry working as Vice President Administration at Rome Locomotive Works in Rome, NY from 1987 to 1992. This involved management of a contract locomotive repair facility capable of full overhauls of EMD, GE DASH- 8 and Alco 251 powered locomotives. He apprenticed at Rome on Alco 251 prime movers and EMD 20-645 engines, worked as a crew chief on overhaul and troubleshooting teams, managed the locomotive wheel shop, had oversight of the wreck repair and fabrication shop, as well as the paint shop, and eventually was promoted to shop manager and then corporate Vice President.

Throughout his career, Mr. Ellison has performed studies involving rail operations feasibility, profitability and marketing analysis. He was involved in the

conceptual planning of transportation systems and intermodal interfacing. Mr. Ellison developed business plans for technical projects, mechanical studies, and engineering applications for user specific motive power for freight and commuter applications. In addition, Mr. Ellison's experience includes working directly with vendors and suppliers and performing equipment inspections and appraisals. Mr. Ellison was also involved in writing FRA-approved engineer training programs and operational rulebooks, and supervised construction and engineering projects including over 85 signal department / grade crossing installations throughout Western New York and Pennsylvania.

He is a designated FRA track inspector and held a locomotive engineer license for 18 years with over 25 years experience as an engineer and over 30 years in train service including being issued a Conductor's Certificate under new FRA Part 242 regulations in 2012.