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IPA's Opening Evidence in Docket No. 42136

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b. Non-Coal Traffic

The IRR also handles a substantial volume of non-coal traffic. This traffic comprises approximately 58% of the IRR's first-year tons. As noted, the IRR generally receives and delivers this traffic in intact trainloads, and handles this traffic as a bridge carrier replacing UP for a portion of its movement over the IRR. IPA's e-workpaper "Non-Coal Revenue Forecast Opening.xlsx" shows all on-system and off-system locations for all the non-coal movements handled by the IRR for the November 2, 2012 – November 1, 2022 time period. Principally, this traffic moves between Milford and Lynndyl or Provo. This traffic also includes interline forwarded and interline received non-coal traffic that the IRR originates or terminates at five points (Nephi, Sharp, Martmar, Delta and Bloom).⁵

The non-coal traffic may be broken down into general categories as follows:

⁵ Except for the grain traffic destined to the Sharp grain loop, which moves on separate unit trains, this traffic moves on through (overhead) trains which stop on the IRR to pick up or deliver cars to local industries at the indicated locations. Some of these trains are destined to Milford, where they are interchanged to UP which provides the ultimate delivery for cars received at Milford.

Delta and Bloom.² The peak-year traffic densities for the IRR's principal line segments are shown in Table III-C-2 below.

Line Segment^{1/}	Density (millions of gross tons per mile)
Provo to Sharp	17.6
Sharp to Lynndyl	22.4
Lynndyl to IPP Industrial Lead	50.3
IPP Industrial Lead to Milford	40.9

^{1/}Tonnages shown are the maximum tonnages moving over any part of each line segment and may not be uniform for the entire segment.

In addition to coal traffic originating at the URC interchange at Provo and the Sharp loadout, the IRR also moves coal traffic that is originated and terminated by UP in overhead service. The overhead coal traffic is primarily Utah, Colorado and Wyoming coal originated by UP and destined to power plants and industrial facilities in Nevada, Arizona and California.³ In addition, the IRR moves intermodal and general freight traffic in overhead service (this traffic is originated and terminated, or received and delivered, by UP at various locations),

² Much of this traffic moves on through (overhead) trains which stop on the IRR to pick up or deliver cars to local industries at the indicated locations. Some of these trains are destined to Milford, where they are interchanged to UP which provides the ultimate delivery for cars received at Milford.

³ The Utah coal traffic is originated by UP at points east of Provo (*i.e.*, Skyline Mine) reached via UP's Provo Subdivision. The IRR also carries small amounts (less than 1,000 tons annually) of Northern Appalachian coal in overhead service, which UP receives in interchange at Chicago and delivers to destinations in California.

on the Base Year trains. However, all locomotives over and above three are isolated with throttles in the idle position while on the IRR since no more than three locomotives are needed to move any of the IRR's trains.

The count of road locomotives for the peak year includes a spare margin and a peaking factor, consistent with prior STB decisions (*e.g.*, *WFA I*, slip op. at 33-34). The spare margin and peaking factor for the ES44-AC locomotives were calculated as follows:

Spare Margin. The locomotive hours spent on the IRR were developed from the analysis of the IRR's operations using the RTC Model, as described in Part III-C-2 below. The total number of locomotives required includes a spare margin of { } percent. This spare margin is based on information provided by UP in response to IPA's discovery requests.

Specifically, the locomotive spare margin is based on a UP spreadsheet produced in discovery in Docket No. 42127 entitled "UP Loco Utilization 2010.xlsx." This spreadsheet {
} Using this information, a locomotive spare margin was developed and applied separately for coal, general freight and intermodal traffic types. In its November 10, 2011 Reply Evidence Narrative ("Reply Evidence") in Docket No. 42127, UP disagreed with IPA's calculation of the SARR locomotive spare margin in that proceeding based on the discovery data

tracks at Provo,¹⁸ which are part of the IRR system. In connection with the interchange process the URC removes its locomotives from the trains and the IRR places its own locomotives on the trains before departure toward IGS or the IRR/UP interchange at Milford.

In his operating plan for the SARR presented in IPA's opening evidence in Docket No. 42127, Mr. Reistrup allotted 45 minutes of interchange dwell time for these trains at Provo. However, for purposes of the present case, Mr. Reistrup has revised the track configuration in the Provo area to facilitate the interchanges with both the URC and UP, and has considered additional information that UP provided in its reply evidence in No. 42127 – namely, that URC operates these loaded coal trains with mid-train helpers that need to be removed from the train as part of the interchange process.

With respect to the track configuration at Provo, Mr. Reistrup has provided for an intermediate crossover between the two Coal Wye tracks at MP 1.19, which shortens the distances (and thus the time required) for all of the individual locomotive movements to and from the loaded coal trains received from the URC. Mr. Reistrup has also extended the southerly Coal Wye track (Wye #2) southwest to Sharp Subdivision Milepost 749.41 to provide additional capacity

¹⁸ This interchange location is identified as "Ironton" in the RTC simulation period train list (e-workpaper "RTC List.xlsx").

e-workpaper "IPA Open Final.zip" (the maximum number of trains dispatched on any given day occurs on Thursday, March 28, 2022).

The Manager of Operating Rules, Safety & Training also reports to the Vice President-Operations. This individual interfaces with the FRA in matters pertaining to rules and operating practice, and is responsible for the IRR's operating timetable, operating rules, and related instructions. A single position is warranted to supervise the rules, safety and training function because of the IRR's limited geographic scope, relatively low traffic density compared with the SARRs in other recent coal rate cases, and the small total number of employees.

The IRR's Customer Service Managers are included within the operations/transportation function, consistent with the approach followed by the Board in the *WFA* case. The IRR requires two Customer Service Managers (as well as a Marketing Manager who is included with the IRR's G&A staff). The IRR has no need for a larger staff of customer service personnel because of the size and nature of its traffic group. Customer Service Managers monitor train locations, maintain contact with customers at the IRR's local origins, and answer customers' questions concerning the locations of specific trains on the IRR system. The IRR serves only one location (the Sharp loadout) where coal traffic is originated and only one location (IGS) where coal traffic is terminated, as well as five locations where relatively small volumes of interline non-coal traffic are originated or terminated. It also handles a maximum of only 28 trains per day,

The MOW personnel shown in Table III-D-11 equate to 6.02 mainline track miles per employee ($198.98 \div 33$). This is comparable to the 5.95 mainline track miles per MOW employee accepted by the Board in *AEPCO 2011* ($3,326.24 \div 559$). *Id.*, slip op. at 32, 65.

c. MOW Organization by Function

The IRR's field MOW organization is dictated by the railroad's geographic scope (route miles), track miles and peak-year traffic volume measured by the gross tons traversing each line segment. (Tonnage is the metric that has the greatest single impact on railroad infrastructure condition and largely dictates how MOW resources should be allocated.) In addition, the distances that field forces must travel to cover their assigned territory are considered. The general office MOW staff (which reports to the Chief Engineer) is structured to provide adequate supervisory and administrative support to the field forces, as well as to prepare the annual MOW budget and supervise contractors in their performance of MOW work. The field and office support personnel requirements of each MOW function are discussed below.

i. Track Department

The IRR's Track Department consists of 20 employees, organized into the positions shown in Table III-D-12 below. The annual compensation

pound standard rail was derived from information provided by UP in discovery. See e-workpapers “Rail Worksheet - 2012.xls” and “WO 54409 – Page 11 of 22.pdf.” The rail the IRR is using is produced by Progress Rail at a mill located in Pueblo, CO. IPA’s engineers added transportation costs to deliver the rail from Pueblo to Lynndyl.⁹ The route from Pueblo, CO to Lynndyl is as follows: Pueblo to Denver; Denver to Grand Junction, CO; Grand Junction to Provo; Provo to Salt Lake City; Salt Lake City to Lynndyl.

The rail is welded together into approximately 1600-foot lengths and then placed on a rail train. The rail installation contractor is responsible for distributing the rail from the railhead. The distribution costs are rolled into the track construction costs.

ii. Yard and Other Tracks

As discussed in Part III-B, the IRR is using 115-pound relay CWR for yard, interchange, origin and destination spurs, and set-out tracks. The unit price per foot for the 115-pound relay rail is based on a quote from Progress Rail. See e-workpaper “IPA_Progress Rail_PhoneLog.pdf.” The 115-lb relay rail is also being delivered using the same route as that taken for 136-pound rail. See e-workpaper “Rail Worksheet - 2012.xls.”

iii. Field Welds

The cost of material for field welds was derived from a work order provided by UP in discovery. See e-workpaper “WO 03907 Page 14.pdf.” Field

⁹ Rail transportation distances were determined using PC*Miler 18.

TABLE III-H-4 (Principal Case) Maximum Rate Summary for 4Q12				
Origin	November 2, 2012 UP Rate Level (Including fuel surcharge)	Jurisdictional Threshold per Ton	MMM Rate Per Ton	Maximum Rate Per Ton^{1/}
Provo, UT	\$7.46-\$7.64	\$3.31-\$3.63	\$4.01-\$4.38	\$4.01-\$4.38
<p>^{1/} The Maximum Rate Per Ton equals the greater of the Jurisdictional Threshold or MMM Rate per ton.</p> <p>Source: Electronic workpaper "IGS MMM Rates.xlsx."</p>				

TABLE III-H-4 (Alternative Case) Maximum Rate Summary for 4Q12				
Origin	November 2, 2012 UP Rate Level (Including fuel surcharge)	Jurisdictional Threshold per Ton	MMM Rate Per Ton	Maximum Rate Per Ton^{1/}
Provo, UT	\$7.46-\$7.64	\$3.31-\$3.63	\$4.04-\$4.41	\$4.04-\$4.41
<p>^{1/} The Maximum Rate Per Ton equals the greater of the Jurisdictional Threshold or MMM Rate per ton.</p> <p>Source: Electronic workpaper "IGS MMM Rates.xlsx."</p>				

3. Reparations

As described in Part I, IPA has been paying rates under UP Tariff 4222 in excess of the maximum reasonable per ton since November 2, 2012. UP thus owes IPA the difference between the rates paid and the lawful maximum levels in principal reparations payments. Such principal will increase until UP complies with a final order of the Board in this proceeding. IPA is also entitled to