SIDLEY AUSTIN LLP
SIDLEY

SIDLEY AUSTIN LLP
1501 K STREET, N W
WASHINGTON, D C 20005
(202) 736 8000
(202) 736 8711 FAX

pmoates@sidley com
(202) 736 8175

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July 5, 2011

By Hand Delivery

Rachel D. Campbell
Director, Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: M&G Polymers USA, LLC v. CSX Transportation, Inc., STB Docket No. 42123

Dear Ms. Campbell:

Enclosed for filing in the above-referenced matter is Defendant CSX Transportation Inc.'s ("CSXT's") Reply Market Dominance Evidence ("Reply"). The filing includes:

1) An original and ten copies of the Highly Confidential version of CSXT's Reply. Material that is designated Highly Confidential pursuant to the Board's August 4, 2010 Protective Order ("Protective Order") is marked with double braces (*e.g.*, "{{ }}"). Material designated Confidential pursuant to the Protective Order is marked with single braces (*e.g.*, "{ }"). These materials should not be placed in the Board's public docket or on its website.

2) An original and ten copies of the Public version of CSXT's Reply. Material that is designated Highly Confidential or Confidential pursuant to the Board's Protective Order is redacted from the Public version. These materials may be placed in the Board's public docket and posted on its website.

3) Three disks containing workpapers and an electronic copy of the Highly Confidential and Public versions of the Reply. CSXT's workpapers are designated Highly Confidential pursuant to the Protective Order, and should not be placed in the Board's public docket or on its website.

Please stamp one copy of each version of CSXT's Reply to indicate it has been received and filed and return the stamped copies with our messenger for our files. Thank you for your assistance in this matter.

If you have questions, please contact the undersigned.

Very truly yours,

G. Paul Moates

Enclosures

cc: Jeffrey O. Moreno

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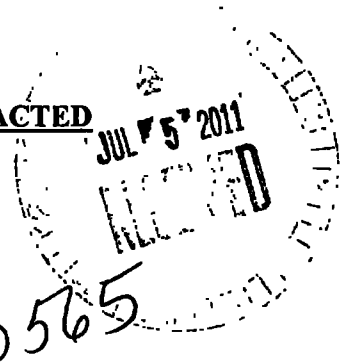

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BEFORE THE SURFACE TRANSPORTATION BOARD

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

REPLY MARKET DOMINANCE EVIDENCE OF CSX TRANSPORTATION, INC.

NARRATIVE

Peter J. Shudtz
Paul R. Hitchcock
John P. Patelli
Kathryn R. Barney
CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202

G. Paul Moates
Paul A. Hemmersbaugh
Matthew J. Warren
Hanna M. Chouest
Marc A. Korman
Sidley Austin LLP
1501 K Street, N.W.
Washington, D.C. 20005
(202) 736-8000
(202) 736-8711 (fax)

Counsel to CSX Transportation, Inc.

Dated: July 5, 2011

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I. COUNSEL'S ARGUMENT

It once was the case that every rate a railroad charged was subject to regulatory scrutiny. Not so long ago the Interstate Commerce Commission had sweeping authority to review the reasonableness of every tariff rate and to approve or disapprove every change to a rate. A railroad's proposal to increase its rates for a particular lane of traffic often would be met by a host of protests and often-extensive regulatory proceedings. Even in highly competitive transportation markets, the ICC substituted its regulatory judgment for rates determined by the marketplace and the business judgment of rail carriers whose economic success and survival depended on setting market-based rates. The result was an intrusive regulatory process that significantly impeded railroads' ability to secure adequate revenues and that Congress found contributed to the financial crisis that brought the railroad industry to the brink of collapse.[1]

Congress responded to this problem with a solution that was simple and elegant: it removed the agency's authority to determine the reasonableness of a rate that was subject to effective competition from either other railroads or other modes of transportation such as trucks, barges, and vessels. *See* 49 U.S.C. § 10707(a), *adopted in* Railroad Revitalization and Regulatory Reform Act of 1976, Pub. L. 94-210, § 202(b, c), 90 Stat. 31, 35 (1976).[2] In those cases, the competitive transportation market – not government command and control – would ensure that railroads charged reasonable rates. In implementing Congress's creation of the market dominance requirement the agency correctly recognized that trucks are commonly a

[1] *See* Senate Report No. 94-499, at 2 (1976) (report on Revitalization and Regulatory Reform Act of 1976 finding that "[t]he cumbersome, slow process of making rates" was one of the regulations that "has drastically slowed change needed in the industry and discouraged innovation and investment in the industry").

[2] *See also* Senate Report No. 94-499, at 47 (describing market dominance standard as "an entirely new concept" designed "[t]o achieve the dual goals of assisting the railroads and protecting the public interest").

competitive option to rail service and that truck transportation would be effective competition under Section 10707(a) where it was feasible and cost-competitive.[3] Indeed, the primary genius of the Staggers Act and subsequent regulatory reforms was the insight that government intervention was appropriate only where marketplace competition was not sufficient to ensure competitive transportation rates and service. It has long been understood by the Board and its predecessor the ICC that trucks are a viable and effective competitive option for the transportation of many commodities, particularly lightweight, nonhazardous commodities that are amenable to truck transportation. *See infra* at Section II.B.2.a. The Board and ICC have recognized the effectiveness of truck competition even where up to 98.5% of the issue movements were transported by rail[4] and even where conversion to truck transportation would require significant capital investment from the shipper.[5]

Complainant M&G Polymers USA, LLC ("M&G") is one of the recent rate litigants attempting to change that long-settled understanding. Indeed, the fundamental question

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[3] *See, e.g., Aluminum Ass'n v. Akron, Canton & Youngstown R.R. Co.*, 367 I.C.C. 475, 483-84 (1983) (finding that truck transportation was effective competition for the rail transportation of aluminum even though two-thirds of the challenged aluminum movements moved via rail and despite the complainants' arguments that it would be impractical to move all aluminum by truck; "not all aluminum has to move by truck for motor carriage to exert competitive pressures on the railroads"); *Platnick Bros., Inc. v. Norfolk & Western Ry. Co.*, 367 I.C.C. 782, 786 (1983) (holding that trucks could provide effective competition to rail service for iron shipments even if trucks had not been widely used over the issue route); *Consolidated Papers, Inc. v. Chicago & NW Transp. Co.*, 7 I.C.C.2d 330, 337-38 (1991) (finding that truck transportation was an effective competitive option to rail transportation of pulpwood and wood chips).

[4] For example, in *Amstar Corp. v. Atchison, Topeka & Santa Fe Ry. Co.*, ICC Docket No. 37478 (Nov. 23, 1987), the ICC found that trucks provided effective intermodal competition where 98.5% of the issue movements had been by rail and the only truck movements had been in response to emergency situations. Because Amstar regularly used trucks to ship to other customers, the ICC concluded that Amstar's decision to use rail for the issue movement was the result of "Amstar's own preferences," not an absence of effective competition.

[5] *See FMC Wyoming Corp. v. Union Pacific R.R. Co.*, 4 S.T.B. 699, 713 (2000) (holding that "potential for conversion to motor carriage is sufficient to discipline UP's rail rates").

presented in this case is whether a shipper that has feasible and cost-competitive truck transportation options may nonetheless choose to become "captive" to a railroad's service by intentionally refusing to pursue viable modal options for transporting the issue traffic. M&G, part of the international conglomerate Mossi & Ghisolfi S.p.A., is a multinational plastics producer with worldwide operations, including plants at Apple Grove, West Virginia, and Altamira, Mexico that manufacture polyethylene terephthalate ("PET").[6] PET consists of lightweight plastic pellets that are commonly transported by rail, truck, and water transportation by M&G and its competitors all around the world. Indeed, M&G has shipped no fewer than {{ }} truckloads of PET to its customers in the last five years – {{ }} in 2010 alone. *See* M&G Opening Market Dominance Evidence ("M&G Opening") Ex. II-B-4. M&G admits that it regularly transloads PET from railcars to trucks at its Apple Grove plant and at other rail-truck transloading facilities, and that it regularly delivers PET to customers by truck. *See* M&G Opening at II-B-10 & Ex. II-B-4. This real option is illustrated by CSXT Exhibit II-B-1, a video exhibit that records the actual transloading of PET from a M&G railcar to a truck at M&G's Apple Grove, West Virginia production facility and that illustrates the process for a truck-to-railcar transload at a CSX TRANSFLO facility.[7]

M&G has competitive truck and rail-truck options to CSX Transportation, Inc. ("CSXT") rail service for many of the issue movements. In this Reply Evidence, CSXT submits evidence showing that CSXT does not possess market dominance over the transportation in forty-three of the lanes at issue in M&G's complaint. While other lanes whose rail rates M&G challenges are

[6] While M&G is privately held and does not publicize its financial information, its website states that its "sales proceeds in 2007 were almost $2.5 billion of which around 80% were derived from operations involving PET." *See* CSXT Reply WP "M&G Annual Revenues.pdf", *available at* http://www.gruppomg.com/pag.php?mod=userpage&mi=200&pi=1077.

[7] TRANSFLO is a subsidiary of CSX Corporation that operates a network of 58 terminals for transloading bulk commodities between railcars and trucks.

also subject to competition, CSXT has taken a conservative approach, focusing this Reply on the lanes most susceptible to cost-competitive truck and rail-truck transportation. CSXT applied a similarly conservative approach in its cost calculations, basing its calculations of costs of alternative transportation on current M&G contract rates (not the lower rates M&G could likely secure in exchange for commitments to transport some of the volumes currently handled by CSXT via another rail carrier or motor carrier). Applying the Board's settled methodology and procedures for market dominance determinations, the result is compelling evidence that CSXT is not market dominant over shipments in these forty-three issue traffic lanes and that those lanes should be dismissed from the Complaint.

M&G's ability to use direct truck and rail-truck transportation alternatives to CSXT's rail service is not a hypothetical option conjured by CSXT's experts. {{

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M&G raises a number of creative arguments to attempt to prove that CSXT possesses market dominance. {{

}}. None of these arguments can change the fact that M&G has viable options in the marketplace that it could exercise if it chose to pursue them.

First, M&G claims that CSXT is market dominant because of the alleged "preference" of M&G's customers for rail service. According to M&G, the Board should presume that CSXT is market dominant over a lane of traffic if an M&G customer whose traffic typically moves in that lane requests that M&G send product by rail. *See* M&G Opening at II-B-20. According to M&G, a "[c]ustomer preference for rail transportation demonstrates the infeasibility of alternative modes." *Id.* In M&G's view, it does not matter why a customer "prefers" rail, how strongly a customer prefers rail, or whether the customer could also accept deliveries by truck – any customer preference for rail means that the railroad is market dominant.

The gaping holes in this argument are M&G's assumptions that a customer's selection of a transportation mode is entirely independent of and unaffected by the cost of that mode, and that M&G has no ability to affect a customer's selection – even where switching to trucks would be cheaper for M&G and its customers. M&G speaks of "customer preferences" as though those preferences are static, rigid, and completely unaffected by market forces, and as though customers would not change their preferences in an instant if they could receive product by truck

[9] *E.I. du Pont de Nemours & Co. v. CSX Transp., Inc.*, STB Docket No. 42100, at 2 (June 30, 2008).

cheaper than by rail. M&G has produced no evidence to support those implicit assumptions, and there is no economic reason to believe that its customers' preferences would not be influenced by the relative costs of rail shipments vis-à-vis truck shipments. {{

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In fact, M&G's "customer preference" argument collapses in the face of the evidence that {{

[10] Lanes are identified by numbers assigned in Exhibits A and B in M&G's Fourth Amended Complaint {{
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M&G's "customer preference" argument also ignores the fact that every mode of transportation has both strengths and weaknesses. Truck transportation is typically much faster than rail transportation, and motor carriers use that competitive advantage to win business. Rail transportation likewise has some competitive advantages. The transportation market for plastic pellet transportation is dynamic, and competition between different railroads and between railroads and trucks is vigorous. Indeed, M&G and other plastics shippers are well-versed in using modal options to negotiate lower rail rates. Section II.B.2.e provides examples involving M&G and similar shippers that more fully illustrate the active competition for carload traffic provided by trucks and rail-truck transportation alternatives. The fact that rail transportation is an attractive option for some of M&G's customers under some conditions by no means shows that there is no effective competition for the transportation of PET.

Moreover, M&G's argument that a customer's selection of rail service over truck service renders the railroad market dominant would punish railroads for competing effectively. It is true

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[11] {{

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that some CSXT-served customers in the polymers industry prefer rail service over truck service. That preference did not materialize out of thin air – it is a hard-earned preference that is the result of years of hard work by CSXT commercial and operating personnel to develop reliable and dependable service at competitive prices in a competitive market. And it is a preference that would vanish in an instant if CSXT's service deteriorated or its prices became noncompetitive. The plastics polymers transportation marketplace is one in which CSXT vigorously competes, and in which CSXT has won a significant amount of business. But the fact that CSXT has competed successfully for transportation business on a particular traffic lane does not mean that competition for that lane has ceased to exist.

The market dominance test would be drained of any meaning if all a shipper needed to do was point to a "preference" expressed by it or its customers for rail over economically competitive and physically feasible options. M&G Opening at II-B-20. It may be true that M&G has designed a distribution plan that tends to favor rail shipments over truck shipments, and it is certainly true that {{

}}. But a complainant must do more to prove market dominance than simply allege that it or its customers have historically shipped most traffic by rail or prefer rail deliveries over truck deliveries. If that were enough, complainants could readily manufacture "market dominance" for competitive traffic simply by asserting a subjective preference for rail. Such a standard would nullify the market dominance requirement and the statutory policy favoring market-based solutions over regulatory prescription.

M&G's second objection to truck transportation is a claim that rail-truck transloading poses unacceptable risks of damage to PET pellets. Specifically, M&G claims that, because the

loading mechanisms on self-loading vacuum pneumatic trucks are not equipped with the same quality control devices as M&G's railcar loading equipment, no truck loaded at Apple Grove can be transloaded into a railcar without risking PET degradation. Once again, M&G's assertions in its evidence are completely at odds with its real-world conduct. {{

}} And indeed the {{ }} of trucks M&G loads every year at Apple Grove casts significant doubt on its claimed product integrity concerns.

Moreover, nearly all the product integrity concerns that M&G raises can be substantially mitigated by following well-recognized practices to preserve product quality during transloads. "Product degradation" is not an insuperable problem, but rather a fact of life in the plastic polymers industry that can be substantially mitigated by following certain basic procedures to minimize the dust, fines, and streamers that can develop when PET is transloaded improperly. CSXT expert Ron Akard, a 37-year veteran of the plastics industry who managed transportation logistics for PET and other commodities for Eastman for over 10 years, and John Scheeter, Director of Terminal Development for CSX TRANSFLO, both have extensive experience managing rail-truck transloading of PET and other sensitive commodities. In Mr. Akard's and Mr. Scheeter's experience, transloading PET is a common practice in the plastics industry, and in Section II.B.2.g.ii CSXT describes, based on the experience of Mr. Akard and Mr. Scheeter, some of the policies and procedures that allow efficient transloading in a manner that maintains a high level of product quality.

None of M&G's other arguments have any merit. Its vastly inflated claims of the capital expenditures allegedly necessary to convert Apple Grove to direct truck loading or to expand truck transloading capacity ignore the fact that Apple Grove currently has capacity to load trucks with 100% of the volume of all Apple-Grove-originating Complaint lanes. And M&G's unsupported assertions that using more transloading would cause it to incur additional operating costs – such as the alleged cost of hiring nine additional "loading supervisors" who would be compensated at {{ }} each – are grossly inflated and should be rejected. M&G's claims that it cannot secure sufficient truck capacity is similarly unsupported by the evidence – on the contrary, motor carriers would be eager to partner with M&G and to dedicate trucks to M&G service in exchange for a consistent, committed share of the valuable traffic volume M&G could offer.

M&G's reliance on alleged "customer preferences," "product integrity concerns," and other red herrings cannot obscure the fact that it is unable to prove market dominance under established, settled standards for evaluating the effectiveness of competitive alternatives. Truck and rail-truck transportation of PET is logistically feasible and economically competitive with CSXT's rail service. Indeed, M&G's real complaint in this case is not that it is forced to pay above-market rates by a market dominant railroad, but rather that it is being charged market rates when it wants to pay below-market rates. {{

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Indeed, while M&G has vocally complained in this proceeding and others about the purportedly pernicious effects of rail rates on its business, transportation costs are only a tiny fraction of its total cost of sales. A railcar of PET has a market price of approximately $190,000.[12] The challenged CSXT tariff rates therefore range between 1.4% and 4.9% of the total price that one of M&G's customers pays for a hopper car of PET.[13]

M&G is well able to protect its interests in the marketplace, and it could easily use its resources to pursue non-CSXT transportation options {{

}}. Instead, it seeks Board intervention to obtain a rate prescription for below-market rates and thereby {{

}} But none of the creative devices M&G uses in its evidence can obscure the indisputable facts that it is a participant in a dynamic, competitive transportation market and has ample access to alternative transportation for a significant number of the issue movements.

[12] Using a conservatively low estimate of current prices ($0.938/pound) and assuming a lading weight of 97 tons per car, the value of a single rail car of PET is approximately $182,000. *See* CSXT Reply WP "CMAI Global Plastics and Polymers Supplement 136.pdf" at 3 ("Contract-large buyer" price for PET at 93.8 cents per pound).

[13] Including fuel surcharge, the rates at issue in this case range from $2630 (Lane A-8) to $8848 (Lane A-10).

Below CSXT briefly summarizes the evidence presented in Part II.

SUMMARY OF EVIDENCE[14]

A. Quantitative Market Dominance

CSXT does not contest that, when using URCS system average variable costs as required by the Board's decision in *Major Issues in Rail Rate Cases*, STB Ex Parte No. 657 (Sub-No. 1), at 60 (Oct. 30, 2006), each of the issue movements generates revenue-to-variable-cost ("R/VC") ratios in excess of the 180% jurisdictional threshold specified by 49 U.S.C. § 10707(d)(1). CSXT does contest M&G's calculations of R/VC ratios, which have been inflated by errors M&G made in determining the distance traveled by the issue traffic. M&G's decision to ignore CSXT's use of different routes to handle M&G's traffic and instead to base its mileages on what M&G deems the "predominant route" is not reasonable, is inconsistent with Board precedent, and significantly understates the actual mileages of many of the routes over which CSXT transports M&G's traffic. Section II.A of CSXT's Evidence discusses the errors in M&G's analysis and the more reliable approach used by CSXT to calculate these costs. CSXT Reply Exhibits II-A-1 and II-A-2 present the variable costs and resulting R/VC ratios for each quarter of 2010 and the first quarter of 2011.

B. Qualitative Market Dominance

The Board has jurisdiction to determine the reasonableness of a transportation rate only if there is "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). If a shipper has more than one effective competitive option to transport the traffic at issue, Congress has mandated that

[14] CSXT has organized its evidence in accordance with the format set forth in *General Procedures for Presenting Evidence in Stand Alone Cost Rate Cases*, 5 S.T.B. 441 (2001). Section III – the designated section for stand alone cost issues – is therefore not included.

market forces should determine the rates for that transportation, not the Board. The Board applies this threshold qualitative market dominance test by determining "whether there are any feasible transportation alternatives that could be used for the issue traffic. The Board considers both intramodal competition (from other railroads) and intermodal competition (from other modes of transportation, such as trucks, transload arrangements, barges, or pipelines)." *E.I. du Pont de Nemours & Co. v. CSX Transp., Inc.*, STB Docket No. 42100, at 2 (June 30, 2008). In this case, there is effective intermodal competition from truck and rail-truck alternatives for at least forty-three of the issue lanes.

1. Intramodal Competition

CSXT does not contend that any of the issue movements are subject to direct all-rail intramodal competition.

2. Intermodal Competition

Intermodal competition can constitute "effective competition" under § 10707(a) if the intermodal option is logistically feasible and cost-competitive with rail service. Mr. Gordon Heisler, a chemical logistics expert with more than 35 years experience in surface transportation and logistics, analyzed potential competitive options for the issue movements and identified alternative transportation options competitive with CSXT's tariff rates for forty-three of the issue movements. The competitive alternatives to CSXT's rail service that Mr. Heisler has identified for the Issue Movements fall into four general categories.[15]

- First, twenty movements could be transported by trucks from the origin at Apple Grove, Belpre, or Parkersburg to the final destination.

[15] Many movements fall into more than one of these categories; for example, several movements subject to direct truck competition could also be trucked to a transloading facility for ultimate delivery by a rail carrier other than CSXT.

- Second, for seven routes where CSXT currently transports PET from Apple Grove or Belpre to an interchange point with another carrier, M&G instead could transport product via truck to a transload site at the current interchange point. At the transload site PET could be loaded into hopper cars and tendered to the connecting railroad for delivery to final destination.

- Third, for thirteen of the Issue Movements, CSXT currently transports PET from Apple Grove or Belpre to Chicago for interchange to another carrier for delivery to a western destination. For each of these movements, M&G instead could truck PET to a Lima, Ohio transload site located on the Chicago, Fort Wayne, and Eastern Railroad ("CFE"). At Lima the product could be transloaded into hopper cars and transported by the CFE to Chicago for interchange to the connecting carriers.

- Fourth, nine movements that CSXT receives from Western carriers at Mississippi River gateways instead could be delivered by CFE or NS to transload facilities near those movements' destinations. From there the product could be transloaded into trucks and delivered to their final destinations.

These effective truck and rail-truck competitive transportation options – which mirror truck and rail-truck options that M&G is actually using today – provide feasible and cost-effective alternatives for forty-three of the issue movements, and this effective competition requires dismissal of M&G's challenges to CSXT's rates for each of these lanes for lack of jurisdiction.

Section II.B.2.a of CSXT's Reply Evidence details the long line of ICC and STB precedent holding that truck service provides effective competition to rail service in a wide variety of situations. The logistical feasibility of truck and rail-truck competition is definitively shown by M&G's own extensive reliance on trucking and rail-truck transloading to distribute the issue commodities to its customers. Section II-B.2.b details the evidence of M&G's substantial existing use of trucks and transload options, including its numerous truck shipments {{ }} There is simply no question that the issue commodities can be, and are, effectively transloaded into and transported by trucks – M&G uses

this sort of rail-truck transloading for {{ }} of shipments annually. Exhibit II-B-1 is a video of a typical M&G truck loading at Apple Grove and an illustration of the process that M&G easily could use to load railcars from trucks at nearby transload facilities. This video exhibit demonstrates both the technical feasibility and the efficiency of these modal options.

Section II.B.2.c is a detailed discussion of M&G's own Alternative Logistics Plan {{

}}. Section II.B.2.d discusses {{

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Section II.B.2.e presents evidence drawn from CSXT's experience in the real-world marketplace of how trucking and truck-transload alternatives effectively compete with all-rail service in the market for transportation of plastics and other chemical commodities. Many other plastics shippers and shippers of similar commodities successfully use transloading to take advantage of their transportation options.

Section II.B.2.f and the exhibits cited in that section present detailed evidence of the costs of the competitive alternatives identified by CSXT expert Gordon Heisler. His conservative analysis relies on the transportation costs reflected in M&G's current contracts with rail carriers and motor carriers and confirms that on forty-three lanes the total transportation cost of the intermodal options he analyzed are comparable to the challenged rates for CSXT's rail service. Exhibit II-B-3 provides an overview of Mr. Heisler's analysis for each lane, and Exhibit II-B-4 is a map exhibit illustrating the intermodal option proposed for each lane. In addition, Exhibit II-

B-2 is a lane-by-lane rebuttal of the allegations and calculations in the "Individual Lane Summaries" section of M&G's evidence.

Section II.B.2.g responds to M&G's five main arguments that truck and rail-truck transportation does not constitute effective competition: (1) M&G's customers supposedly require rail deliveries; (2) truck transloading poses an excessive risk of product degradation; (3) increasing truck loading capabilities at Apple Grove would require unacceptably high capital expenditures; (4) additional truck loading would increase M&G's operating costs; and (5) M&G doubts that it could secure sufficient numbers of bulk trucks to ship more product by trucks. None of these arguments has merit.

First, M&G advances the novel theory that its customers "require" it to serve them by rail and that, because this choice of mode allegedly is made by M&G's customers, M&G is forced to use rail service. Even assuming that M&G's customers have a "preference" for rail (and the evidence of any such preference is almost nonexistent), M&G's argument rests upon the illogical and unsupported presumption that a customer's preference for a particular transportation mode is unaffected by the relative costs of rail shipments and truck shipments (*i.e.*, that a customer's "preference" for rail shipments is entirely price inelastic). For if a customer's purported preference would respond to the relative price of rail shipments vis-à-vis truck shipments, cost-competitive truck service certainly would constitute an effective constraint on CSXT's rail rates. M&G presented no evidence that its customers would not respond to that sort of economic incentive. Indeed, the evidence shows that {{

}} That fact evisceratesM&G's claim that the Board can somehow discern a customer preference for rail from the relative volume of rail shipments and truck shipments to customers at the issue

destinations. The only thing the Board can discern from M&G's evidence is that its customers have a preference for the lowest-cost option. That is the hallmark of a competitive market, and M&G has presented no evidence that these customers would not respond to an opposite economic incentive making truck shipments cheaper than rail shipments. {{

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Second, M&G claims that "product integrity concerns foreclose truck-to-rail transload options." M&G Opening at II-B-27. CSXT Reply Section II.B.2.g.ii. responds to this claimed concern, which is flatly contradicted by {{

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Moreover, nearly all the product integrity concerns that M&G raises can be substantially mitigated by following well-recognized practices to preserve product quality during transloads. CSXT experts Ron Akard and John Scheeter, both of whom have extensive experience managing rail-truck transloading of PET and other sensitive commodities, sponsor evidence in Section II.B.2.g.ii describing some of the basic procedures that can be used to minimize the dust, fines, and streamers that can develop when PET is transloaded improperly.

Section II.B.2.g.iii addresses M&G's third claim that it would have to undertake massive capital projects to enhance its truck loading capacity at Apple Grove. On the contrary, M&G has

sufficient existing capacity at its current transload tracks to load the entire volume of all the Apple Grove-originating issue lanes into trucks without any capital investments. And of course M&G does not need to convert the entire volume of CSXT traffic to trucks for trucks to constitute a competitive alternative. *See DuPont*, STB Docket No. 42100, at 4 ("For an alternative mode to provide effective competition, it need not necessarily be 'capable of handling substantially all or even a majority of the subject traffic.'"). In any event, if M&G were to choose to make additional investments to enhance its truck loading capabilities, it could do so at a relatively low cost.

Fourth, M&G claims that it would incur substantial increases in operating costs if it increased truck loading. Section II.B.2.g.iv explains that M&G has failed to justify the need for the twenty-four new employees it says it would have to hire, and its proposal to pay {{ }} in compensation to twenty-one of those employees in a county with a per capita income of $19,810 is patently ridiculous. *See* CSXT Reply WP "Mason County Census Fact sheet.pdf."

Section II.B.2.g.v responds to M&G's fifth rationale for the alleged ineffectiveness of truck competition: its claim that it would not be able to secure sufficient trucks for additional truck shipments out of Apple Grove. M&G both significantly exaggerates the alleged capacity constraints in the motor carrier industry and ignores the substantial role that its own business decisions have played in creating the "tight capacity" about which it complains. {{

}} If M&G wished, it could enter contracts with one or more motor carriers that would allow it to secure dedicated truck capacity (and likely lower rates) in exchange for a commitment from M&G to ship a certain portion of the thousands of Apple-Grove-originating truckloads via that carrier. M&G could offer very attractive business to motor carriers if it chose to increase its use of truck transportation, and motor carriers would have every incentive to offer favorable rates, service commitments, and capacity guarantees for a share of that valuable business.

Finally, in Section II.B.3 CSXT addresses M&G's argument that CSXT is market dominant regardless of whether the costs of feasible rail-truck alternatives are comparable to CSXT's rail rates. M&G's argument plainly misinterprets the law – indeed, if M&G were correct it would be impossible for the Board to ever find that intermodal competition precluded a finding of market dominance. Section II.B.3 also addresses M&G's incorrect argument that market dominance is demonstrated by CSXT's rate increases (which simply reflect {{

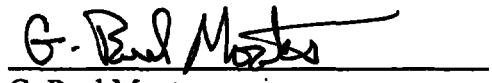
}});

M&G's flawed and transparently biased comparison of CSXT's variable costs to the purported variable costs of trucks and transload facilities; and M&G's last-ditch argument that the R/VC ratios of the issue movements prove CSXT's qualitative market dominance.

CONCLUSION

As summarized above and demonstrated in detail below, M&G has failed to establish that CSXT possesses market dominance over transportation for the forty-three lanes subject to effective intermodal competition. The Board does not have jurisdiction over CSXT's rates for these lanes, and they should be dismissed from the case with prejudice.

Respectfully submitted,



Peter J. Shudtz
Paul R. Hitchcock
John P. Patelli
Kathryn R. Barney
CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202

G. Paul Moates
Paul A. Hemmersbaugh
Matthew J. Warren
Hanna M. Chouest
Marc A. Korman
Sidley Austin LLP
1501 K Street, N.W.
Washington, D.C. 20005
(202) 736-8000
(202) 736-8711 (fax)

Counsel to CSX Transportation, Inc.

Dated: July 5, 2011

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of July, 2011, I caused a copy of the foregoing Reply Market Dominance Evidence of CSX Transportation, Inc., including Narrative, Exhibits and electronic workpapers, to be served by hand-delivery on the following counsel for Complainant M&G Polymers USA, LLC:

Jeffrey O. Moreno
Sandra L. Brown
David E. Benz
Thompson Hine LLP
Suite 800
1920 N Street, N.W.
Washington, D.C. 20036

Eva Mozena Brandon

II. MARKET DOMINANCE

As the complainant in this proceeding, M&G has the burden to demonstrate that CSXT possesses market dominance over the transportation for each of the movements at issue. *See, e.g., E.I. du Pont de Nemours & Co. v. CSX Transp., Inc.*, STB Docket No. 42100, at 2 (June 30, 2008) ("*DuPont (Chlorine)*")[1] ("[T]he complainant bears the burden of establishing the absence of effective competition from other rail carriers or modes of transportation for the traffic to which the challenged rate applies."); *Government of the Territory of Guam v. Sea-Land Serv., Inc.*, STB Docket No. WCC-101, at 6 (Feb. 2, 2007) ("In rail cases, because a finding of market dominance is a threshold jurisdictional requirement, we place the burden of proof on the shipper to show that there is not effective competition."). As the party bearing the burden of proof, M&G was required to present all its market dominance evidence in its opening filing, and it is not permitted to supplement its evidence on rebuttal with evidence that could have been presented earlier. As the Board explained in *General Procedures for Presenting Evidence in Stand-Alone Cost Rate Cases*, 5 S.T.B. 441 (2001):

> [T]he party with the burden of proof on a particular issue must present its entire case-in-chief in its opening evidence. Rebuttal presentations are limited to responding to the reply presentation of the opposing party. Rebuttal may not be used as an opportunity to introduce new evidence that could and should have been submitted on opening to support the opening submissions. New evidence improperly presented on rebuttal will not be considered.

Id. at 445-46 (emphasis added). Here, M&G's case-in-chief falls well short of demonstrating that CSXT possesses market dominance over at least forty-three of the issue movements.

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[1] To reduce potential confusion, citations to the Board's three 2008 decisions in the *DuPont v. CSXT* Three Benchmark cases will identify the commodity at issue: *e.g.*, the decision in Docket 42099 will be cited as *DuPont (Plastics)*, the decision in Docket 42100 will be cited as *DuPont (Chlorine)*, and the decision in Docket 42101 will be cited as *DuPont (Nitrobenzene)*.

Because M&G has not met its burden of proving market dominance, the Board lacks jurisdiction over rates for those forty-three movements, and they must be dismissed from this case.

A. QUANTITATIVE EVIDENCE

CSXT does not contest that, using the challenged rates and 2009 URCS system-average variable costs, each of the issue movements generates revenue-to-variable-cost ("R/VC") ratios in excess of the 180% jurisdictional threshold specified by 49 U.S.C. § 10707(d)(1). However, a number of M&G's R/VC calculations have been significantly inflated by errors M&G made in analyzing the issue traffic. M&G's decision to ignore CSXT's use of different routes to handle M&G's traffic and instead select a so-called "predominant" route is not analytically sound or consistent with real-world operations. By systematically understating mileages and thereby underestimating variable costs, M&G has manufactured many of the allegedly high R/VC ratios about which it complains. Because M&G's qualitative market dominance evidence relies in part on these allegedly excessive R/VC ratios, and because the R/VC ratios of the issue movements are an important factor in other calculations that may be necessary in this case, CSXT addresses these errors below.[2]

1. Traffic and Operating Characteristics

The Board established in *Major Issues* that the system-average variable costs of the issue movements are to be calculated by using the unadjusted URCS Phase III movement costing program. *See Major Issues in Rail Rate Cases*, STB Ex Parte No. 657 (Sub-No. 1), at 60 (Oct. 30, 2006) ("The variable costs used in rate reasonableness proceedings will be the system-average variable cost generated by URCS, using the nine movement-specific factors inputted

[2] The evidence in Part II-A is sponsored by Mr. Benton Fisher of FTI Consulting. His experience and qualifications are detailed in Part IV.

into Phase III of URCS."). The nine operating characteristics required for the URCS variable cost calculation are (1) the railroad; (2) loaded miles; (3) shipment type; (4) cars per train; (5) car type; (6) car ownership; (7) tons per car; (8) commodity; and (9) movement type. *See Kansas City Power & Light v. Union Pac. R.R. Co.*, STB Docket No. 42095, at 6 (May 16, 2008).

Here, the parties previously reached agreement on seven of the nine operating characteristics. The Joint Submission of Operating Characteristics the parties filed on May 11, 2011 reflected agreement on all characteristics except mileages and tons per car. While CSXT does not fully agree with M&G's approach for calculating tons per car, the difference between the parties on this characteristic is relatively small, and to minimize disputes CSXT will accept M&G's calculations of tons per car.[3] However, M&G's determination of mileages for the issue movements is predicated on a flawed methodology that causes incorrect figures for many of the complaint lanes.

CSXT produced traffic records to M&G in discovery that include detailed information about all M&G shipments handled by CSXT, including specific information about routing, mileages, and lading weights. This real-world traffic data naturally contains some variations. Traffic travels over different routes, railcars are loaded to different weights, and shipments between the same origin and destinations otherwise will not precisely mirror each other. In real-world railroading, traffic does not always move on the shortest rail route between origin and destination. This is particularly true for carload traffic like the M&G movements at issue here, which often must be transported to one or more classification yards to be blocked and assembled into the appropriate trains for delivery to destination. CSXT has thousands of customers besides

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[3] M&G claims at Opening I-5 that it used its predominant route analysis for tonnage calculations, but that is not true. In fact, M&G based its tonnage calculations on all available shipment records, including records it ignored for purposes of mileage calculations.

M&G, and it has designed a network to balance the needs of all those customers and deliver traffic as efficiently as possible. Moreover, CSXT's network is dynamic, which means that traffic between the same origin and destination ("O-D pair") may be routed differently at different times. Again, this is particularly true for low-volume carload movements like those making up M&G's traffic, which do not move in dedicated unit trains and instead must be combined with other shippers' traffic to build a full train. Particular circumstances and network demands may make it more efficient for M&G's traffic to be moved via one route at one time and over another route at another time.

Because M&G's traffic often moves via different trains and different routes, the most reliable way to determine what mileage should be used in the URCS Phase III model for a particular movement is not to select the lowest mileage move that has traveled between that O-D pair. Nor is it to select the highest mileage move. Nor would it be reliable to select the most commonly-used routing and discard other movements. The most reliable and representative approach is to take a weighted average of mileages for all the movements of M&G traffic between that O-D pair. That is the approach CSXT has taken to calculating this operating characteristic. To account for the fact that some routings are used more than others, CSXT has calculated a weighted average that reflects the relative frequency of each routing.[4] CSXT's approach is supported by both logic and Board precedent. For example, in *FMC Wyoming Corp. v. Union Pacific R.R. Co.*, 4 S.T.B. 699, 748-49 (2000), the evidence showed that 83% of the

[4] An example may help to illustrate the difference between simple averages and weighted averages. If there are ten movements between a particular O-D pair, seven of which moved over a 400-mile route and three of which moved over a 1000-mile route, a simple average of the two routings would be 700 miles. A weighted average (accounting both for the greater frequency of the 400-mile route and for the fact that some moves took the longer route) would be 580 miles. M&G's simplistic predominant route approach would ignore the three 1000-mile moves and assume that the O-D pair had a mileage of 400.

FMC cars at issue traveled on a route that was 48.7 miles longer than the other 17%. Faced with this evidence that the cars at issue regularly traveled on two routes with different mileages, the Board did not pick the shorter route for purposes of determining variable costs, nor did it only use the longer "predominant" route. Instead, it used a weighted average that recognized that 83% of the movements took the longer route and 17% did not. *See id.* at 749 ("we accept [a] 48.7-mile additive for 83% of FMC's traffic"). Here, too, a weighted average that reflects the different routings of M&G traffic and their relative frequency is the most reliable and accurate way to determine mileage characteristics for the issue movements.

According to M&G, it used a "predominant route" approach to calculate mileages because CSXT's historical traffic data includes "significant variations in route miles for identical origin/destination pairs." M&G Opening at II-A-3. M&G claims that these variations must be the result of "misroutes, other errors, or data anomalies" and purports to correct them by assuming that the mileage on the most-commonly used route is the proper mileage for URCS purposes and ignoring the rest of the data. *Id.* But the fact that a carload movement takes different routes at different times is not presumptively a "misroute" or a "data anomaly" – it is a simple fact of real-world railroading on a carload network.[5] M&G's claims that any movements not using its so-called predominant route must be misroutes or data errors are particularly absurd in light of the fact that 31 of its "predominant routes" – nearly one-half of the issue movements –

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[5] Indeed, the single "data anomaly" M&G cites as an example is the product of its own mistake – not an error in the data CSXT provided. *See* M&G Opening at II-A-3 n.5 (claiming that { }). In fact, M&G has identified the distance associated with only a portion of the movement, specifically the segment from { }. M&G ignored the other segments traveled by that carload, even though they can be clearly ascertained from the CSXT event records that M&G included in its workpapers. *See* "CSXT CarEvents Data for M&G Traffic 1Q09 to 2Q10.xlsx," worksheet "dbo_iMG_Clients_Car_Events_Look".

were used for 50% or less of the M&G traffic moving between that O-D pair. Indeed, for five of the issue movements M&G's "predominant" route was used for less than one quarter of the traffic.[6] For example, for Lane A-2, M&G derives its mileage estimate exclusively from the 16% of movements that traveled over its "predominant route" and thus completely ignores the mileages for over 80% of M&G movements in that lane. The result of M&G's predominant route approach is that nearly one-half of the traffic records for issue movements are completely ignored by M&G for purposes of calculating the mileages for those movements. This approach is plainly inferior to CSXT's actual-mileage approach, which both incorporates data for a much greater percentage of the issue movements[7] and weights those records to reflect the relative frequency of different routings that are used by M&G's shipments.

If there were any doubt that M&G adopted its "predominant route" approach as a mechanism to artificially depress mileages and drive up R/VC ratios, that doubt is removed by considering what M&G has done for lanes where two routes were used an equal number of times. In three lanes, M&G made a predominant route determination based on only two car movements, each of which represented 50% of the shipments and thus each of which could lay claim to being the "predominant" route. In each case, M&G picked the lower-mileage lane as the "predominant" route.[8] M&G also selected the shorter route where two routes were used in equal proportions that were less than 50%. For Lane A-2, Apple Grove-Bordentown, M&G based its predominant route on the fact that it found { } carloads, or 16% of the total for the

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[6] *See* M&G Opening Ex. II-A-7 { }.

[7] A very small fraction of the traffic records may contain data errors. CSXT has excluded these data anomalies from its mileage calculations by requiring a route to account for at least 10% of a lane's traffic. Under CSXT's approach, the mileage calculations incorporate an average of 73% of the traffic across the Complaint lanes, contrasted with 53% for M&G.

[8] *See* M&G Opening Ex. II-A-7, at Lanes { }

lane, that traveled { } miles. M&G's workpapers reveal that this lane also included { } carloads that traveled { } miles, which M&G ignored when calculating the URCS variable costs for this lane.[9] This bias distorts M&G's variable cost calculations and R/VC results, and M&G's "predominant route" approach should be rejected.[10]

* * *

CSXT Reply Exhibit II-A-1 sets forth the loaded mileages that CSXT calculated as described above and the resulting URCS variable costs (at base-year 2009 levels) and compares them to M&G's mileages and URCS variable cost calculations.

2. Variable Costs

CSXT Reply Exhibit II-A-2 presents CSXT's indexed URCS variable costs and resulting R/VC ratios for each quarter from 1st quarter 2010 through 1st quarter 2011, which CSXT calculated based on the mileage characteristics in Exhibit II-A-1, the other agreed operating characteristics, and the 2009 URCS. This Exhibit also compares CSXT's results to M&G's corresponding calculations from M&G Opening Exhibits II-A-1 through II-A-5.

B. QUALITATIVE MARKET DOMINANCE

The Board has jurisdiction to determine the reasonableness of a transportation rate only if there is "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). The genesis of § 10707(a)

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[9] *See* M&G Workpaper "CSXT CarWaybills and CarShipments Data for M&G Traffic 1Q09 to 2Q10.xlsx," worksheet "M&G Predominant Mile 3Q09-2Q10".

[10] There are { } lanes for which M&G did not locate any CSXT movement records for 2009-2010, and instead based its miles, and thus variable costs and R/VC ratios, on the PC Miler model. *See* M&G Opening II-A-3. For lanes { }, CSXT substitutes the miles from the Trip Plan that CSXT produced in discovery, which presents the actual routing by which CSXT handles movements between these origins and interchanges and is preferable to the use of PC Miler-based figures.

was Congress's legislative determination and policy that "competition be recognized as the best control on the ability of railroads to raise rates." H. Rep. 96-1430, at 89 (1980); *see Potomac Elec. Power Co. v. Consolidated Rail Corp.*, 367 I.C.C. 532, 536 (1983) (discussing strong congressional intention for market dominance test to limit agency's rate reasonableness jurisdiction). When there is more than one effective competitive option for transportation of the traffic at issue, Congress has mandated that the market should determine the rates for that transportation, not the Board.

The Board applies this statutory limitation on its jurisdiction by assessing "whether there are any feasible transportation alternatives that could be used for the issue traffic. The Board considers both intramodal competition (from other railroads) and intermodal competition (from other modes of transportation, such as trucks, transload arrangements, barges, or pipelines)." *DuPont (Chlorine)*, STB Docket No. 42100, at 2 (June 30, 2008). The fundamental question is whether "there are any alternatives sufficiently competitive (singly or in combination) to bring market discipline to [the railroad's] pricing." *McCarty Farms v. Burlington Northern, Inc.*, 3 I.C.C.2d 822, 825 (1987). As the complainant, M&G has the burden to prove that no transportation alternative provides effective competition to CSXT rail service. *See DuPont (Chlorine)*, STB Docket No. 42100, at 2. It cannot meet that burden here, for there is effective intermodal competition from direct truck and rail-truck alternatives for at least forty-three lanes at issue in this case.

CSXT's Reply Evidence includes several Exhibits that illustrate the competitive options available for the Issue Movements. CSXT Reply Exhibit II-B-1 is a video exhibit that illustrates the truck and rail-truck transportation alternatives that M&G could use to transport the issue movements. CSXT Reply Exhibit II-B-2 contains a detailed discussion of each lane for which

CSXT's evidence demonstrates an effective competitive alternative, including a description of that alternative and a rebuttal to the "individual lane summaries" in M&G Opening Part II-B-4. CSXT Reply Exhibit II-B-3 describes the competitive truck and rail-truck transload options available for forty-three lanes of M&G traffic, and CSXT Reply Exhibit II-B-4 is a set of maps that illustrates the intermodal competition detailed in Exhibit II-B-3.

1. Intramodal Competition

CSXT does not contest M&G's argument that there is no direct rail-to-rail intramodal competition between the origin and destinations of the issue movements. CSXT is the only rail carrier providing rail service to M&G's Apple Grove facility. For issue movements not originating or terminating at Apple Grove, CSXT is the sole rail carrier providing rail service to the origin, destination, or both. As described below, however, forty-three of the challenged movements are subject to effective intermodal competition from direct truck transportation and/or rail-truck transload transportation.

2. Intermodal Competition

Intermodal competition can constitute "effective competition" under § 10707(a) if the intermodal option is logistically feasible and cost-competitive with rail service. *See, e.g., Market Dominance Determinations*, 365 I.C.C. 118, 133 (1981) (guidelines for evidence of intermodal competition from truck include evidence of whether volumes and physical characteristics of commodity are susceptible to trucking and the relative transportation costs of rail and truck shipments). While some cases have addressed potential intermodal competition from water transportation,[11] the intermodal competition that has been most commonly considered by the ICC

[11] For example, in *DuPont (Chlorine)*, the Board found that a complainant's regular use of barges to ship issue traffic created effective competition, despite the complainant's claims that it could not utilize barges for all of its traffic. *DuPont*, STB Docket No. 42110, at 4-5; *see also*

and the Board is truck transportation. Both the ICC and the Board have repeatedly recognized that trucks are effective competitors with rail transportation, particularly for relatively small-volume carload shipments like those at issue here. In addition, CSXT's own commercial experience demonstrates that truck and rail-truck transload transportation constitute pervasive and formidable competitive options for CSXT's rail transportation of PET and similar commodities.

a. Agency Precedent Recognizes the Effectiveness of Truck Competition.

Soon after Congress created the market dominance test, the ICC established in multiple decisions that truck transportation creates effective competition for a wide range of rail movements. For example, in *Aluminum Association v. Akron, Canton & Youngstown Railroad Company*, 367 I.C.C. 475 (1983), the ICC found that truck transportation was effective competition for the rail transportation of aluminum even though two-thirds of the challenged aluminum movements moved via rail and despite the complainants' arguments that it would be impractical to move all aluminum by truck. *See id.* at 483-84 ("not all aluminum has to move by truck for motor carriage to exert competitive pressures on the railroads"). In another decision the ICC found that trucks could provide effective competition to rail service for iron shipments even if trucks had not been widely used over the issue route. *See Platnick Bros., Inc. v. Norfolk & Western Ry. Co.*, 367 I.C.C. 782, 786 (1983). The fact that the consignee in *Platnick Brothers* had received substantial truck shipments from other sources sufficiently demonstrated the

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Increased Rates on Coal, Alabama to Boykin, FL, 364 I.C.C. 263, 266 (1980) (finding that complainant failed to prove market dominance where complainant did not prove it would be impractical to ship by barge and to adapt its facilities to barge unloading); *cf. Seminole Electric Cooperative, Inc. v. CSX Transp., Inc.*, STB Docket No. 42110 (May 19, 2010) (ordering oral argument to address potential barge competition for coal movements).

feasibility of truck transportation to preclude a finding of market dominance. *See id.* Indeed, in *Amstar Corp. v. Atchison, Topeka & Santa Fe Ry. Co.*, ICC Docket No. 37478 (Nov. 23, 1987), the ICC found that trucks provided effective intermodal competition where 98.5% of the issue movements had been by rail and the only truck movements had been in response to emergency situations. Because Amstar regularly used trucks to ship to other customers, the ICC concluded that Amstar's decision to use rail for the issue movement was the result of "Amstar's own preferences," not an absence of effective competition. *Id.*[12]

Truck transportation can constitute effective competition even where it would require significant shipper investment in additional facilities. *See FMC Wyoming Corp. v. Union Pacific R.R. Co.*, 4 S.T.B. 699, 712-14 (2000). In *FMC*, the Board found that the potential for the shipper to convert its facilities to accommodate large-scale truck deliveries constituted effective competition that precluded a finding of market dominance. In *FMC* the evidence showed that the shipper had relied on rail for a substantial majority of its coke shipments; the only actual truck usage noted by the Board was FMC's use of trucks for 12% of its coke needs in 1983 (seventeen years before the Board's decision). *See id.* at 712. And it was undisputed that FMC would need to "convert[] its facilities to accommodate large-scale trucking operations—which would include significant investment [in new equipment and structures]." *Id.* Nonetheless, the Board found that FMC's "potential for conversion to motor carriage is sufficient to discipline UP's rail rates" and that FMC therefore failed to demonstrate market dominance for coke shipments. *Id.* at 713.

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[12] *See also Consolidated Papers, Inc. v. Chicago & NW Transp. Co.*, 7 I.C.C.2d 330, 337-38 (1991) (finding that truck transportation was effective competitive option to rail transportation of pulpwood and wood chips).

M&G's suggestion that railroads possess market dominance unless shippers are "able to respond quickly to changes in transportation charges" therefore does not accurately state the law. *See* M&G Opening at I-7 (citing *Special Procedures for Making Findings of Market Dominance*, 353 I.C.C. 874, 929 (1976)). In the quarter-century since *Special Procedures*, the Board has made clear that "[t]he fact that it may take some time for a shipper to exercise its competitive alternatives does not preclude a finding of no market dominance." *Southwest R.R. Car Parts Co. v. Missouri Pac. R.R. Co.*, STB Docket No. 40073 (Feb. 20, 1998); *see FMC Wyoming*, 4 S.T.B. at 712-13 (potential for shipper to build truck loading facility was effective competition); *cf. Seminole Elec. Cooperative, Inc. v. CSX Transp., Inc.*, STB Docket No. 42110 (May 19, 2010) (ordering oral argument on issue of whether potential for shipper to undertake project to construct barge dock precluded finding of market dominance).

Moreover, the Board and the ICC before it have regularly recognized the effectiveness of truck competition and rail-truck transload competition in the context of merger proceedings[13] and exemption proceedings.[14] In fact, the ICC explicitly held in a merger proceeding that the type of

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[13] *See, e.g., Union Pac. Corp. et al. – Control and Merger – Southern Pacific Rail Corp. et al.*, 1 S.T.B. 233, 393 (1996) (imposing condition allowing BNSF to serve newly constructed transload facilities as effective remedy to loss of 2-to-1 rail competition); *Wisconsin Cent. Transp. Corp. – Continuance in Control – Fox Valley & Western Ltd.*, 9 I.C.C.2d 730, 737 (1993) ("Clearly, short distance truck moves often provide competition for long distance rail moves and small shipments can be alternatives for large shipments."); *see also Norfolk So. Corp. – Control & Consolidation Exemption – Algers, Winslow & W. Ry. Co.*, STB Fin. Docket No. 34839 (Feb. 15, 2007) (finding that trucks can provide a competitive alternative to coal utilities in area of line to be acquired).

[14] *See, e.g., Rail General Exemption Authority—Nonferrous Recyclables*, 3 S.T.B. 62, 65 (1998) (finding that motor carriers "play a significant role in the transportation of these commodity groups" and thus that there is "no evidence that rail carriers possess sufficient market power to abuse shippers and, indeed, must operate efficiently to compete for this traffic"); *Rail General Exemption Authority—Exemption of Grease or Inedible Tallow*, ICC Ex Parte No. 346 (Sub-No. 31) (served Dec. 9, 1994) (finding exemption where "[s]hippers have access to bulk trucking

rail-truck plastics transloading that M&G could use as an alternative to CSXT rail service constituted "strong competition" for all-rail shipments of plastics. *Rio Grande Indus., Inc. – Control – Southern Pac. Transp. Co.*, 4 I.C.C.2d 834, 920-23 (1988) (finding that transload facilities provided "strong competition" to all-rail service and rejecting claim that transload facilities could not provide "the competitive equivalent of direct rail service for high-volume end users of 190,000-pound loads of plastics moving in covered hopper cars").

Perhaps because the ICC's early decisions so clearly endorsed the competitive effectiveness of truck transportation, in recent years few shippers of commodities that are reasonably susceptible to trucking have attempted to argue that railroads are market dominant. Instead, shippers typically have brought rate cases in situations where truck transportation is not a practical option. The cases in which trucks have been found to not constitute effective competition primarily involved high volumes of heavy commodities,[15] other practical barriers to truck service,[16] or significant cost differentials between rail and truck transportation.[17] In the

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operations and, moreover, where access to rivers is available, either directly or by use of trucks, barges compete effectively for longer-haul, larger shipments").

[15] *See, e.g., West Tex. Utils. Co. v. Burlington N. R.R. Co.*, 1 S.T.B. 638, 652 (1996) (trucking not an option where it would require 200 truck shipments each day of the year and where trucking would face "environmental concerns, noise, community opposition, [and] increased inefficiencies"); *Metropolitan Edison Co. v. Conrail*, 5 I.C.C.2d 385, 412 (1989) ("[s]imply impractical" to move a million tons of coal by truck).

[16] *See, e.g., Westinghouse Elec. Corp. v. Alton & Southern Ry. Co.*, I.C.C. Docket No. 38188S (Jan. 25, 1988) ("The technical and practical problems [with truck transportation] are evident," largely because trucks would exceed maximum weight limits); *McGraw Edison Co. v. Alton & So. Ry. Co.*, 2 I.C.C.2d 102, 108 (1986) (citing "genuine and substantial transportation and routing obstacles confronting transportation of heavy electrical machinery by motor carrier").

[17] *See, e.g., Westmoreland Coal Sales Co. v. Denver & Rio Grande W. R.R. Co.*, 5 I.C.C.2d 1067, 1092 (1988) (truck rates more than triple rail rates); *McCarty Farms v. Burlington Northern*, 3 I.C.C. 2d 822, 831 (1987) (truck costs 50% to 85% higher than rail costs); *Arizona Pub. Serv. Co. v. Atchison, Topeka & Santa Fe Ry. Co.*, ICC Docket No. 38088S (Apr. 15, 1987) (truck costs 54% higher, not counting additional handling costs).

absence of this sort of clear rail advantage, the Board has held consistently that trucks offer effective competition to rail transportation. *See, e.g., FMC Wyoming Corp. v. Union Pacific R.R. Co.*, 4 S.T.B. 699, 713 (2000) (holding that "potential for conversion to motor carriage is sufficient to discipline UP's rail rates").[18]

b. M&G's Regular Use of Trucks Proves That Truck Transload Options Are Feasible.

M&G regularly ships PET to customers via truck, including over traffic lanes whose rates M&G has challenged in this case. M&G Exhibit II-B-3 demonstrates that M&G has shipped {{ }} of truckloads of PET across the country since 2006. From 2006 to 2010, M&G used trucks for at least {{ }} shipments of PET.[19] And {{ }} of these shipments occurred over lanes at issue in this case. In 2010 alone, M&G shipped almost {{ }} truckloads of PET – {{ }} of its total volume of PET shipments. Truck transportation is a feasible alternative for PET shipments, and one on which M&G heavily relies.

Every week, M&G ships an average of {{ }} trucks. Many of these truck shipments originate at M&G's Apple Grove facility, where M&G regularly transloads PET from railcars into trucks at its Apple Grove plant. In 2010 alone, M&G conducted {{ }} rail-truck transloads at Apple Grove, which translates to an average of just over {{ }} transloads per workday.[20] On December 16, 2010, CSXT videotaped a truck loading at Apple Grove – one of {{ }} trucks that M&G loaded that day (despite the severe winter conditions apparent on the

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[18] *See also Consolidated Papers*, 7 I.C.C.2d at 337-38; *Aluminum Ass'n*, 367 I.C.C. at 483-84; *Platnick Bros.*, 367 I.C.C. at 786; *Amstar Corp.*, ICC Docket No. 37478 (Nov. 23, 1987).

[19] Truck data was derived from "Source" tab in M&G WP "Rail and Truck Volumes (Ex. II-B-3 4 5 6.xlsx. Additional data on M&G's truck shipments, including summaries of daily, weekly, and annual truck volumes, are provided in CSXT Reply WP "Apple Grove Truck Shipment Detail.xls".

[20] M&G loads the vast majority of its truck shipments between Monday and Friday.

video).[21] *See* CSXT Reply Ex. II-B-1. Exhibit II-B-1 demonstrates that transloading PET is safe, efficient, and requires minimal labor – the truck driver can easily complete the process without assistance. Indeed, the stormy winter conditions during which Exhibit II-B-1 was filmed demonstrate that the fully contained process of transloading PET from a rail car to a vacuum pneumatic truck at Apple Grove is simple and straightforward – even during challenging winter weather.

Below is a brief description of the bulk truck loading process at Apple Grove.[22] All PET produced at Apple Grove is loaded into rail hopper cars. While many of these loaded hopper cars are currently shipped via rail to customers or offsite storage tracks, many of them are moved to onsite Apple Grove transloading tracks for loading into bulk trucks. Cars that are to be transloaded into trucks {

} Each of these transload tracks is adjacent to a roadway from which vacuum pneumatic self-loading trucks can access the railcars.

When M&G wants to ship product to a customer by truck, it contacts a motor carrier to schedule an outbound load. Upon arrival at the plant, truckers check in, use the plant's truck scale to "scale empty" before loading, and are directed to the transload tracks where they locate the designated car from which to unload. *See* CSXT Reply Ex. II-B-5 at 2-4.[23] Drivers bring all

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[22] This description is based on Mr. Heisler's experience in logistics, his review of M&G discovery materials, and his direct observation of truck loading at the Apple Grove plant on December 16, 2010.

[23] CSXT Reply Exhibit II-B-5 is a set of photographs depicting steps in the truck loading process at Apple Grove. Additional photographs are included in CSXT's workpapers.

equipment necessary for the transload (including a transfer hose) and are familiar with plant safety, security, and individual hopper car and truck seal record procedures. *See id.* at 5-6. After hooking up the unloading hose to both car and truck, the truck's vacuum pneumatic apparatus transfers PET from the railcar into the truck. *See id.* at 7-8. After the hose is connected, loading one bulk truck generally takes about an hour. *See id.* at 9-10.[24] Following the transfer, the hose is disconnected and the driver applies hopper truck seals to all possible product exit locations. *See id.* at 11-13. The driver then returns to the Apple Grove truck scale for outbound weighing and is issued the bill of lading before departure. *See id.* at 14.

M&G also transloads {{ }} of truckloads of PET at locations other than Apple Grove, including leased tracks and rail-truck transloading facilities. In 2010 alone M&G shipped {{ }} trucks from sites other than Apple Grove and Altamira. *See* CSXT Reply WP "M&G Transload Facilities.xls". M&G regularly ships trucks from facilities in Belpre, Ohio; Rains, South Carolina; and Sweetwater, Texas—all facilities where M&G stores rail cars and transloads into trucks to send to its customers. M&G conducted {{ }} rail-truck transloads at Belpre in 2010 and {{ }} in 2009. *See id.* Moreover, M&G has shipped significant numbers of trucks from other transload facilities. For example, since 2006, M&G has shipped {{ }} trucks through CSXT's transload facility at Dalton, GA. *See id.* In short, M&G has extensive experience with transloading PET and uses that option regularly.

M&G attempts to minimize these facts by arguing that it ships much more PET via rail than via truck, particularly to rail-served customers. In the first place, the Board should be extremely skeptical of M&G's truck shipment numbers, which have often been transparently

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[24] In response to a CSXT discovery request, M&G stated that {{ }} *See* CSXT Reply Ex. II-B-13 at Ex. 3 p.2 (M&G Response to CSXT Interrogatory 44).

manipulated to make it appear that it ships by truck less than it actually does. For example, M&G represents on page {{ }} that it delivered only {{ }} trucks of PET over {{ }} in 2010 {{ }} and alleges that this purportedly low number of truck shipments demonstrates "the need for rail on this lane." Similarly, it claims to have not delivered any trucks from Altamira to {{ }} in 2010 {{

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[25] {{

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Moreover, the Board cannot ascribe any significance to the fact that rail-served customers have received more rail shipments than truck shipments in light of the fact that {{

}} As discussed further below, the only

inference the Board can draw from the fact that rail-served customers typically ask for rail shipments is that customers seek the lowest-priced option.

c. M&G's Alternative Logistics Plan Demonstrates the Feasibility of Truck Transportation.

Perhaps the best evidence of the real and feasible intermodal options available to M&G is {{

}} M&G all but ignores the Plan in its Opening Evidence, except to cite to a previous filing in which it claimed that the Alternative Logistics Plan was a mere "academic exercise" that was "so clearly not feasible to M&G from the outset" that it "easily conclude[d] that the ALP was not practical." M&G Reply to Motion for Expedited Consideration of Jurisdiction at 52 & n.23 (filed Feb. 18, 2011) ("M&G Feb. Reply").[26] That explanation is demonstrably false. {{

[26] The only reference to the Alternative Logistics Plan in M&G's evidence is a footnote on page I-3 citing to its Reply to CSXT's Motion for Expedited Consideration of Jurisdiction.

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[30] Portions of CSXT Reply Ex. II-B-12 appear to have been redacted by M&G before production to CSXT. CSXT Reply Ex. II-B-12 replicates the email as it was produced to CSXT.

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The record does not expressly state why M&G chose not to pursue the Alternative Logistics Plan. But it does show that M&G's claims that it rejected the Plan out of hand as infeasible simply aren't true. Indeed, none of the five reasons M&G advanced in its February Reply for its alleged rejection of the Plan as "clearly not practical" are credible. First, M&G's characterization of the document as a mere "academic exercise" is plainly not consistent with the facts that {{

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{{

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Third, M&G's claim that the Alternative Logistics Plan was based on unrealistic assumptions is disproven by {{

}} Moreover, the primary "unrealistic assumption" M&G claims is the assumption that M&G could achieve a 10% savings on motor carrier rates in exchange for making significant volume commitments. This assumption is not at all unrealistic, and if anything it was quite conservative. {{

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[31] {{

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[32] *See, e.g.*, {{

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[33] {{

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}} But under § 10707(a), M&G doesn't get to choose between pursuing market alternatives and pursuing a rate case. If the complainant has effective competitive options, the Board has no jurisdiction to entertain a rate complaint. As demonstrated below in Section II.B.2.f., forty-three of the case lanes are subject to the same type of effective direct truck and rail-truck transportation alternatives that M&G itself identified in the Alternative Logistics Plan.

d. M&G's {{ }} Proves That Truck Transportation Is a Viable Option for Other Customers.

At certain times, M&G has demonstrated a willingness to pursue truck transportation in lieu of rail transportation. *See, e.g.*, {{

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[34] {{
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e. CSXT's Experience Proves the Effectiveness of Truck Competition.

In today's transportation marketplace CSXT vigorously competes with trucks and rail-truck transload options for carload freight business.[35] CSXT regularly receives requests from plastic shippers to develop rail-transload-truck alternatives to destinations served by other carriers. And CSXT has lost carload business to trucks and transload options. Because of this vigorous intermodal competition, shippers of PET and other plastics frequently use their ability to increase truck utilization as effective leverage when negotiating rail rates.

PET consists of lightweight plastic pellets that are highly amenable to truck transportation and transloading. Over { } tons of PET are transloaded annually at CSX TRANSFLO facilities – a number that does not include direct truck shipments of PET or shipments moving through non-CSX transloading facilities. *See* CSXT Reply WP "TRANSFLO PET Tonnage.xls". Indeed, almost 800 million pounds of PET – the equivalent of over 4100 railcars – was imported to the United States in 2010 in ocean containers (likely in some sort of bulk bag or Super Sack for quality control reasons).[36] All of that imported PET must be

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[35] Richard Karn, Director of Marketing for CSXT's Chemicals Group, is sponsoring the evidence in this subsection regarding CSXT's real-world experiences with competition from truck transloading for chemicals shipments.

[36] According to CMAI's Global Plastics & Polymers Market Report, in 2010 over 360,000 metric tons of PET was imported to the United States from countries other than Canada or

transloaded at origin into bulk bags and ocean-going containers and then transloaded again at the U.S port into trucks or railcars. {{

}} Because PET is so readily transloadable, modal competition between rail, truck, and water transportation of PET is fierce.[37]

It is common for PET producers to ship substantial volumes of PET to customers via bulk truck. {

}[38] M&G itself is another example. M&G {{ }} uses trucks to deliver PET to its customers, and indeed it

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Mexico. *See* CSXT Reply WP "CMAI Global Plastics and Polymers Supplement 133.pdf" at 7. A metric ton converts to approximately 2204 pounds. *See* calculations at CSXT Reply WP "PET Import Calculations.xls"

[37] As discussed below, M&G's claimed concern about product integrity in the PET transloading process is significantly exaggerated and contradicted by {{

}} *See infra* at II-53 through 62.

[38] *See* {{

}}

has{{

}} *See infra* at § II.B.2.d.

It is also common for manufacturers of PET and other plastics to use transload facilities to deliver products to customers through rail-truck transportation. Indeed, {

} and {{

}} Other examples of plastics and chemicals shippers using transloading facilities to cost-effectively deliver product to customers are listed below:

- Plastic resin. {

.}

- Styrene. {{

}

- Sulfur and phosphoric acid. {

}

- Soda ash. {

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Competition from truck and rail-truck transload options is considered by CSXT when establishing its rates and negotiating with customers, and many PET and plastics shippers have cited their ability to ship via trucks as a reason for CSXT to lower its rail rates. {{

}} In another example, {{ }} ships substantial volumes of plastic resins, extensively utilizes truck and transloading options, and has exercised substantial negotiating leverage with CSXT as a result of that intermodal competition. In 2008 {{ }} used bulk trucks for {{ }} shipments, at least {{ }} of which were shipped to CSXT-served destinations. *See* CSXT Reply Ex. II-B-23. On a number of occasions, {{ }} has used the threat of truck

transportation in contract negotiations with CSXT. Indeed, {{ }} is currently using trucks as alternatives to service from other carriers. {{ }} is currently using a CSX TRANSFLO facility {{ }} to transload plastic resin from rail cars to bulk trucks for delivery to {{ }} customers in {{ }}.}

{

.} {{

}}

These are only some of the many real-life examples that illustrate the competitive pressures from trucks and transload options that railroads face in today's plastics and broader chemical marketplace. The increasing availability of transloading options has significantly contributed to this robust competition, for it enables truck-rail options to compete for longer-haul movements where all-truck transportation would be impractical and creates more opportunities for rail carriers to directly compete against one another. For an easily transloadable commodity, CSXT does not need direct access to nearby customers served by other railroads to compete for those customers' business – access to a nearby transloading facility often creates the competitive

option. The same is true for other rail carriers, which can and do use their transload facility networks to compete for business from CSXT-served customers.

M&G's competitive options to CSXT service are regularly considered by CSXT in its commercial relationship with M&G. The ultimate beneficiaries of this vigorous intramodal and intermodal competition for chemical carload business are M&G and other chemical shippers. As demonstrated above, many have used their competitive options as negotiating leverage to obtain favorable rail rates. M&G also uses truck competition as competitive leverage and indeed M&G produced documents in discovery {{

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While all plastics shippers (M&G included) routinely rely on multiple modes of transportation, M&G is unique in that it is refusing to pursue those market alternatives for {{ }} the challenged movements[39] and instead is attempting to secure artificially lower rates by regulatory means. The fact that M&G has decided that it would rather pursue a rate case than exercise its competitive alternatives cannot erase the fact that those transportation options

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[39] {{

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exist. Put differently, M&G cannot choose to become a "captive shipper" by refusing to exercise feasible and cost-competitive transportation alternatives simply because it would rather attempt to obtain a below-market rate through regulatory intervention than pay market rates.

f. M&G Has Cost-Competitive Direct Truck and Truck-Transload Options for Forty-Three of the Issue Movements.

Gordon Heisler, a chemical logistics expert with more than 35 years experience in surface transportation and logistics, has spent most of his career identifying and analyzing competitive transportation options for chemicals shippers. Mr. Heisler directed Sunoco's transportation group for approximately thirteen years, and during that time he was responsible for the operational management and economics of all rail and bulk truck movements for Sunoco. In this case, Mr. Heisler analyzed potential competitive options for the issue movements and identified alternative transportation options competitive with CSXT's tariff rates for forty-three of the issue movements. The competitive alternatives to CSXT's rail service that Mr. Heisler has identified for the Issue Movements fall into four categories.[40]

- First, twenty movements could be transported by trucks from the origin at Apple Grove, Belpre, or Parkersburg to the final destination.
- Second, for seven routes where CSXT currently transports PET from Apple Grove or Belpre to an interchange point with another carrier, M&G instead could transport product via truck to a transload site at the current interchange point. At the transload site PET could be loaded into hopper cars and tendered to the connecting railroad for delivery to final destination.
- Third, for thirteen of the Issue Movements, CSXT currently transports PET from Apple Grove or Belpre to Chicago for interchange to another carrier for delivery to a western destination. For each of these movements, M&G instead could truck PET to a Lima, Ohio transload site located on the Chicago, Fort Wayne, and Eastern Railroad ("CFE"). At Lima the product could be transloaded into empty

[40] Six movements fall into more than one of these categories; for example, several movements subject to direct truck competition could also be trucked to an transloading facility for ultimate delivery by a rail carrier other than CSXT.

hopper cars and transported by the CFE to Chicago for interchange to the connecting carriers.

- Fourth, nine movements that CSXT receives from Western carriers at Mississippi River gateways instead could be delivered by CFE or NS to transload facilities near those movements' destinations. From there the product could be transloaded into trucks and delivered to their final destinations.

For each alternative, Mr. Heisler calculated all potential costs to M&G of that alternative: rail costs, transloading costs, trucking costs, and any ancillary charges. A detailed breakdown of lane-by-lane costs is set forth in CSXT Reply Ex. II-B-3. Mr. Heisler's analysis confirms that the transportation cost of truck-transload options is competitive with rail service. Below CSXT summarizes the methodology Mr. Heisler used to calculate these costs.

- **Motor carrier costs:** Each competitive option involves some truck transportation. Mr. Heisler calculated motor carrier costs by using rates from{{ }} Mr. Heisler used the very conservative approach of adopting M&G's current motor carrier contract rates, {{ }}. *See supra* at II-26 n.32. Mr. Heisler used these contract rates and applicable fuel surcharges to calculate the costs of potential trucking options as of May 9, 2011, the date purportedly used in M&G's Reply Evidence for cost calculations.[41] M&G's contract rates with motor carriers include the cost of loading and unloading. Where a trucking contract provided for additional cleaning or transfer costs, those costs are accounted for in Mr. Heisler's calculations.

- **Rail Costs**: For options involving transportation on rail carriers other than CSXT, Mr. Heisler derived rail transportation costs from actual, existing M&G contract rates with other rail carriers, and incorporate applicable fuel surcharges as of May 9, 2011.[42]

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[41] While M&G indicated that it was making cost calculations as of May 9, 2011, it actually used some contract rates not in effect on that date. For consistency, CSXT uses rates and fuel surcharges as of May 9, 2011.

[42] {{

- **Transload Facility Costs:** The transload facilities that are used in the rail-truck transportation options that Mr. Heisler has proposed are identified in CSXT Reply Ex. II-B-3. There are multiple other transloading facilities available that could handle the issue commodities – these are just some of the many competitive options available to M&G. Most transloading sites charge a nominal fee for each truck that is loaded from a railcar; some that are operated by a particular motor carrier do not charge a fee for that carrier's trucks. Mr. Heisler included all applicable transloading facility fees in his cost calculations.

As demonstrated in CSXT Reply Exhibit II-B-3, the transportation costs of the alternatives identified by Mr. Heisler are highly competitive with CSXT's tariff rates.

Each of the four categories of competitive options is described further below.

i. Direct Truck Competitive Alternatives for Twenty Issue Movements.

For twenty issue movements, a direct truck movement from the challenged origin to the final destination is a viable competitive alternative to the CSXT tariff rate (or, for movements that currently move in interline service, to the combination of the CSXT tariff rate and contract rate for the other rail carrier). *See* CSXT Reply Ex. II-B-3. These movements are briefly described below.

- **Movement A-1 (Apple Grove to Belpre):** The CSXT rate from Apple Grove to Belpre is $2647. Four bulk truckloads can be delivered to this destination by {{ }} for a total cost of {{ }}, which is within {{ }} of the direct rail cost.

- **Movement A-4 (Apple Grove to Clifton Forge, VA):** The CSXT tariff for this movement is $4016. M&G instead could ship four bulk truckloads direct from Apple Grove via {{ }} for a total cost of {{ }}.

- **Movement A-5 (Apple Grove to Devon, KY):** CSXT transports cars ultimately bound for Devon to Cincinnati, Ohio, where they are interchanged with Norfolk Southern for a local delivery to Devon, KY. CSXT charges $2885 for this movement. Four trucks can provide delivery from Apple Grove to Devon directly by {{ }} for a total cost of {{ }}.

}}

- **Movement A-8 (Apple Grove to Parkersburg, WV):** The CSXT tariff rate to Parkersburg, WV is $2630. Four bulk truckloads can provide delivery to this destination by {{ }} for a total cost of {{ }}, which is {{ }} to the direct rail cost.

- **Movement A-10 (Apple Grove to Rochester, NY):** CSXT's tariff rate is $8848 for direct rail transportation to Rochester. Four hopper trucks can provide delivery from Apple Grove by {{ }} for a total cost of {{ }}.

- **Movement A-11 (Belpre to Apple Grove):** The CSXT rate from Belpre to Apple Grove is $3213. Four bulk truckloads can be delivered to this destination by {{ }} for a total cost of {{ }}, which is {{ }} the direct rail cost.

- **Movement A-14 (Belpre to Devon, KY):** CSXT's tariff rate for this movement to the Cincinnati, OH interchange with NS is $3974. {{ }} would provide delivery via four hopper trucks to Devon, KY from Belpre for a charge of {{ }}.

- **Movement A-17 (Parkersburg, WV to Apple Grove):** The CSXT tariff rate from Parkersburg, WV to Apple Grove is $3196. Four bulk truckloads can provide delivery to this destination by {{ }} for a total cost of {{ }}, which is {{ }} the direct rail cost.

- **Movement B-8 (Apple Grove to Allentown, PA):** The CSXT tariff rate to transport cars from Apple Grove to Hagerstown, MD is $5670. At Hagerstown the cars are interchanged to NS, which charges {{ }} for the leg from interchange to destination in Allentown. The total rail cost for delivery to this customer is therefore {{ }}. {{ }} would deliver 4 trucks from Apple Grove to Allentown for a competitive cost of {{ }}.

- **Movement B-10 (Apple Grove to Champaign, IL):** The total rail cost for CSXT to transport cars from Apple Grove to Chicago and for CN to transport cars to Champaign, IL is {{ }}. {{ }} would deliver 4 trucks from Apple Grove to Champaign for a competitive cost of {{ }}.

- **Movement B-11 (Apple Grove to Champaign, IL):** The total rail cost for CSXT to transport cars from Apple Grove to Effingham and for CN to transport cars to Champaign, IL is {{ }}. {{ }} would deliver 4 trucks from Apple Grove to Champaign for a competitive cost of {{ }}.

- **Movement B-14 (Apple Grove to Franklin, IN):** The total rail cost of {{ }} consists of $3819 for the CSXT tariff from Apple Grove to Louisville, KY and the LIRC {{ }} rate of {{ }} from Louisville to Franklin. Direct motor carrier service from Apple Grove to Franklin via {{ }} produces a total delivered charge of {{ }} for delivery of four

hopper truck loads. This is competitive with the combined CSXT/LIRC rail delivery cost.

- **Movement B-15 (Apple Grove to Fremont, OH):** The total rail cost for CSXT to transport cars from Apple Grove to Columbus and for NS to transport cars to Fremont is {{ }}. {{ }} would deliver 4 trucks from Apple Grove to Champaign for a competitive cost of {{ }}.

- **Movement B-18 (Apple Grove to Havre de Grace, MD):** Like Movement B-8, this movement is a CSXT/NS joint movement over the Hagerstown, Maryland interchange. The total of the CSXT tariff and the NS {{ }} rate is {{ }} to destination. Alternatively, {{ }} could deliver four trucks to Havre de Grace for {{ }}.

- **Movement B-19 (Apple Grove to Hazleton, PA):** Movement B-19 is also a CSXT/NS joint movement over the Hagerstown, Maryland interchange. The total of the CSXT tariff and the NS {{ }} rate is {{ }} to destination. Alternatively, {{ }} could deliver four trucks to Hazleton for {{ }}.

- **Movement B-20 (Apple Grove to Hebron, OH):** CSXT transports cars bound for Hebron to Columbus, Ohio, where the cars are interchanged to the Columbus & Ohio River Railroad ("CUOH") for delivery to the customer in Hebron. CUOH charges a {{ }} rate of {{ }}, which combined with the CSXT tariff of $3025 results in total rail delivery charges of {{ }}. Direct shipments from Apple Grove to Hebron can be delivered by {{ }} for a cost of {{ }} for the four bulk trucks.

- **Movement B-32 (Apple Grove to University Park, IL):** The total rail cost for CSXT to transport cars from Apple Grove to Chicago and for CN to transport cars to University Park is {{ }}. {{ }} would deliver 4 trucks from Apple Grove to Champaign for a competitive cost of {{ }}.

- **Movement B-34 (Apple Grove to West Chicago, IL):** The total rail cost for CSXT to transport cars from Apple Grove to Chicago and for UP to transport cars to West Chicago is {{ }}. {{ }} would deliver 4 trucks from Apple Grove to Champaign for a competitive cost of {{ }}.

- **Movement B-35 (Apple Grove to Waynesville, NC):** Rail shipments from Apple Grove to Waynesville are transported in joint CSXT/NS service in which CSXT interchanges Apple Grove-originating railcars with NS at Lynchburg, Virginia. CSXT's tariff from Apple Grove to Lynchburg is $4056, and {{ }} a rate of {{ }} from Lynchburg to Waynesville. The total rail charges from origin to destination therefore are {{ }}. A competitive trucking alternative from Apple Grove to Waynesville from {{ }} exists at a {{ }} cost of {{ }} for four truck shipments.

- **Movement B-41 (Belpre to Hazleton, PA):** Movement B-41 is another CSXT/NS joint movement over the Hagerstown, Maryland interchange. The total of the CSXT tariff and the NS {{ }} rate is {{ }} to destination. Alternatively, {{ }} could deliver four trucks to Hazleton for {{ }}.

These alternatives are both logistically feasible and economically competitive with CSXT rail service. Given M&G's {{ }} utilization of bulk trucks today, its use of bulk trucks for these movements is plainly a feasible alternative. Moreover, Exhibit II-B-3 demonstrates that bulk truck shipments are a cost-competitive alternative to CSXT's rail service. {{

}} The similarity between CSXT's tariff rates and the cost of trucking alternatives demonstrates that truck competition is acting as a competitive constraint on CSXT's rail rates for these movements.

ii. Truck-To-Transload-Facility Competitive Alternatives for Seven Issue Movements.

Four of the Issue Movements – B-8 (Apple Grove to Allentown, PA); B-18 (Apple Grove to Havre de Grace, MD); B-19 (Apple Grove to Hazleton, PA); and B-37 (Belpre to Allentown, PA) – originate at Apple Grove or Belpre and are transported by CSXT to Hagerstown, Maryland and interchanged with NS for delivery to their final destination. Similarly, three movements that originate at Apple Grove or Belpre are transported by CSXT to Columbus, Ohio and interchanged with NS for delivery to Fremont, Ohio and Nicholasville, Kentucky: Movements B-15 (Apple Grove to Fremont, OH), B-24 (Apple Grove to Nicholasville, KY), and B-40 (Belpre to Fremont, OH). M&G has a competitive alternative to CSXT's rail service on all seven of these lanes; specifically, M&G could move PET via bulk hopper truck from Apple Grove or Belpre to a transload facility at the current NS interchange, where the product could be loaded into hopper cars and delivered to NS for transportation to the ultimate destinations.

Under this scenario, trucks would be loaded at Apple Grove or Belpre. For the four Hagerstown lanes, PET would be moved via truck over the 329-mile highway route to the Utility Supply transload facility at Hagerstown, which is located near NS's Vardo Yard. The Utility Supply facility currently transloads other industrial products from rail to truck, is fenced and gated, and has the capacity to make eight to ten car spots available for plastics transloading. At the Utility Supply facility, PET would be loaded into rail cars using the self-unloading vacuum pneumatic capabilities of the bulk trucks,[43] and the rail cars would be tendered to NS for delivery to final destination.[44] {{

}}

Similarly, for the three Columbus lanes PET could be shipped in trucks to the NS Thoroughbred Bulk Transfer Terminal ("TBT") at Columbus, Ohio. The Columbus TBT is fenced, gated, and has the capacity to make five to six car spots available for plastics transloading. Like at Hagerstown, bulk trucks could transload PET into railcars at the Columbus TBT, and those railcars could then be tendered to NS for delivery to their ultimate destination. {{

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[43] The process of loading PET from trucks to hopper cars is similar to the truck loading process described above. A transfer hose is attached to the top of the hopper car, typically with a plastic "T" fitting to ensure even distribution of product within the rail car. Then the transfer hose is attached to the truck and the truck's vacuum pneumatic system blows PET into the railcar. CSXT Reply Ex. II-B-1 illustrates the process.

[44] {{

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iii. Competitive Truck-to-Short-Line Alternative to Apple Grove-Chicago and Belpre-Chicago Movements.

Twelve of the Issue Movements involve traffic that originates at Apple Grove and is destined to western rail carrier connections over the Chicago gateway.[45] Another Belpre-originating movement (Lane B-36) similarly moves over Chicago for ultimate delivery in the Western United States. The CSXT portion of each of these movements is subject to competition from the following truck-rail transload alternative: direct truck shipments to the Lima, Ohio transloading facility on the Chicago, Fort Wayne and Eastern ("CFE") railroad; transloading into empty hopper cars staged at Lima; and rail transportation on the CFE to Chicago.

The Lima transload facility is well suited for PET transloading. CFE's transload facility in Lima has track available, and CFE has expressed interest in transloading plastics at Lima. The track is illuminated for after hours use and is within CFE's secure Lima yard. CFE switches their yard and this track daily.

{{ }} M&G could ship four trucks from Apple Grove to Lima for {{ }} (inclusive of fuel surcharge). Factoring additional trucking accessorial costs incurred in the movement such as product transfer charges and cleaning costs results in a total trucking cost of {{ .}}[46] Transload facility charges (including a prorated track lease charge and helper labor for truck unloading) are approximately {{ }} per railcar equivalent, and the CFE transportation charge for movements from Lima to Chicago is

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[45] Specifically, Movements B-7 (Apple Grove to Aguila, AZ); B-9 (Apple Grove to Altamira, MX); B-10 (Apple Grove to Champaign, IL); B-16 (Apple Grove to Glendale, AZ); B-21 (Apple Grove to Lenexa, KS); B-22 (Apple Grove to Little Rock, AR); B-25 (Apple Grove to Rockford, IL); B-26 (Apple Grove to Rogers, MN); B-30 (Apple Grove to Sweetwater, TX); B-32 (Apple Grove to University Park, IL); B-33 (Apple Grove to Vado, NM); and B-34 (Apple Grove to West Chicago, IL).

[46] The cost of truck deliveries from Belpre to Lima is {{ .}} *See* CSXT Reply Ex. II-B-3.

{{ .}} The total cost of the truck-to-CFE alternative is therefore {{ .}} This cost is competitive with CSXT's tariff rate of $5755 for movements from Apple Grove to Chicago.

iv. Competitive Short-Line-to-Truck Alternatives to Western Origin Movements.

Just as M&G could competitively ship PET to the Chicago gateway by trucking to Lima and transloading to the CFE for rail delivery, nine Issue Movements that CSXT currently receives in interchange over Chicago and other Mississippi River gateways could be competitively shipped on rail carriers other than CSXT to transload facilities where they could be transloaded to trucks for delivery to their ultimate destinations. These movements are briefly described below:

- **Movement B-1 (Altamira, MX to Apple Grove); Movement B-48 (Sweetwater, TX to Apple Grove):** CSXT receives each of these movements at Chicago, and therefore they each have the same competitive alternative for the CSXT leg from Chicago to Apple Grove. Instead of being interchanged to CSXT at Chicago, these movements could be interchanged to the NS and delivered by NS to its Columbus, Ohio TBT facility. From Columbus, trucks could self load from the cars and move product to Apple Grove, where it could be delivered into silos or into parked hopper cars. The {{ }} cost of this option is competitive with CSXT's $5808 tariff rate.

- **Movement B-2 (Altamira, MX to Belpre):** As in the option described above, NS could receive these cars at Chicago rather than CSXT. NS could transport the cars to Columbus for loading into bulk trucks and transportation via truck to Belpre where it could be delivered into parked hopper cars. The total costs of the NS/truck option are {{ }} and are competitive with CSXT's tariff rate of $5848.

- **Movement B-3 (Altamira, MX to Cambridge, OH):** CFE could receive these cars over the Chicago gateway and transport them to Lima for transloading into bulk trucks for delivery to Cambridge. The {{ }} total cost of this option is highly competitive with CSXT's rail transportation tariff of $5984.

- **Movement B-4 (Altamira, MX to Cartersville, GA); B-49 (Sweetwater, TX to Cartersville, GA):** For both B-4 and B-49, NS could receive cars at New Orleans and deliver them to its TBT facility in Dalton, Georgia for transloading into bulk trucks for delivery to Cartersville. The {{ }} total cost of this option is competitive with CSXT's rail transportation tariff of $6101.

- **Movement B-5 (Altamira, MX to Clifton Forge, VA); B-50 (Sweetwater, TX to Clifton Forge, VA):** For each of these two lanes, NS could receive cars at New Orleans and deliver them to its TBT facility in Petersburg, Virginia for transloading into bulk trucks for delivery to Clifton Forge. The {{ }} total cost of this option is competitive with CSXT's rail transportation tariff of $7670.

- **Movement B-6 (Altamira, MX to Orlando FL):** NS could receive cars at New Orleans and deliver them to the Florida East Coast Railway to a transload facility in City Point, Florida for truck delivery to Orlando. The {{ }} total cost of this option is {{ }} CSXT's rail transportation tariff of $7777. {{

}}

* * *

Each of the options above is both logistically feasible and economically competitive. M&G's own {{ }} use of trucks – and particularly vacuum pneumatic trucks that self-load from railcars at Apple Grove – illustrates the feasibility of these intermodal options. And the costs of each option are either lower than or comparable to CSXT's tariff rates.[47] These feasible and cost-competitive intermodal options are effective competitive constraints on CSXT's tariff rates.

g. None of M&G's Arguments that Intermodal Competition Is Ineffective Has Merit.

As demonstrated above, PET can and is trucked and transloaded regularly by M&G and other PET producers, and the costs of direct truck or rail-truck transportation are competitive with CSXT's rail service for forty-three of the challenged lanes. M&G does not (and could not) seriously dispute any of these facts. Instead, it argues that truck and rail-truck transportation is not effective for five reasons: (1) because M&G's customers supposedly require rail deliveries;

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[47] Specifically, all but one of the competitive options CSXT has identified are within $1000 and approximately 15% of the challenged rate. The only competitive option CSXT identified with costs outside that range is {{
}}

(2) because truck transloading poses an unacceptable risk of product degradation; (3) because increasing truck loading capabilities at Apple Grove would require unacceptably high capital expenses; (4) because additional truck loading would increase operating costs; and (5) because M&G allegedly cannot secure sufficient numbers of bulk trucks to ship more product by trucks. None of these rationales has merit.

i. M&G Has Not Demonstrated that "Customer Preference" Makes CSXT Market Dominant.

First, M&G has proposed that CSXT is market dominant because of the alleged "preference" of M&G's customers for rail service. According to M&G, the Board should presume that CSXT is market dominant over a lane of traffic if an M&G customer whose traffic typically moves in that lane requests that M&G send product by rail. *See* M&G Opening at II-B-20. According to M&G, a "[c]ustomer preference for rail transportation demonstrates the infeasibility of alternative modes." *Id.* In M&G's unexamined view, it does not matter why a customer "prefers" rail, how strongly a customer prefers rail, or whether the customer could also accept deliveries by truck – any customer preference for rail means that the railroad is market dominant. This conclusory claim cannot withstand scrutiny.

M&G's argument rests upon the flawed assumption that a customer's selection of a transportation mode is entirely independent of and unaffected by the cost of that mode, and that M&G has no ability to affect a customer's selection – even where switching to trucks would be cheaper for M&G. M&G speaks of "customer preferences" as though those preferences are rigid, static, and completely unaffected by market forces and as though customers would not change their preferences in an instant if they could receive product by truck cheaper than they can receive it by rail. But M&G has produced no evidence to support those implicit assumptions, and there is no economic reason to believe that its customers' preferences would

not be influenced by the relative costs of rail shipments vis-à-vis truck shipments. ({{

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In any event, M&G's evidence of these "customer preferences" is sorely lacking. Its primary argument is that, because customers request PET deliveries by rail more often than they request PET deliveries by truck, they must prefer rail shipments. M&G hypothesizes that this may be because customers are using railcars for mobile storage. But there is a much more plausible explanation for the relative predominance of rail shipments – {{

}} M&G's customers are businesses whose preferences are dictated by the economic bottom line. If truck shipments are less expensive than rail shipments, then many of those customers would change their supposed preferences for rail. The real constraint that truck prices place on CSXT's rail rates plainly constitutes "effective competition from other . . . modes of transportation." 49 U.S.C. § 10707(a).

In fact, the evidence shows that any preferences by M&G customers <u>are</u> sensitive to price. {{

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To be sure, it is possible that a customer could have physical obstacles to delivery via a particular mode that would require rail service. For example, if a customer's facility were not capable of unloading product delivered by truck, that limitation could be relevant in the market dominance calculus. But allegations that in some circumstances a customer might subjectively prefer rail transportation over comparably-priced truck transportation does not satisfy M&G's burden to prove that CSXT is market dominant. M&G has presented no evidence that customers insist upon rail deliveries over truck deliveries regardless of the price. Without that evidence, M&G cannot satisfy its burden to prove that CSXT's ability to price rail service for the issue movements is not constrained by economically competitive alternatives via other modes.

Neither the Board nor the ICC has ever held that a subjective customer "preference" for a particular mode of transportation means that other feasible and cost-competitive modes do not provide effective competition. M&G cites *DuPont (Plastics)* for the proposition that customer preference can "demonstrate[] the infeasibility of alternative modes" – ignoring the fact that the Board's market dominance determination there rested upon multiple factors, including the "price differentials" between rail service and long-haul truck service and the limited number of specialized trucks available to transport the plastic powder at issue.[48] Moreover, the Board's citation of "customer preference" in *DuPont (Plastics)* was not predicated on an asserted subjective customer "preference" for rail, but rather on evidence that the unusually sensitive physical characteristics of the issue commodity significantly complicated truck transportation and therefore caused the customer to prefer rail deliveries. Specifically, DuPont presented evidence that the plastic powder at issue had a melting point lower than 100° Fahrenheit and

[48] The plastics powder movement at issue in *DuPont (Plastics)* was between Ampthill, Virginia and Wyandotte, Michigan – a distance of over 600 highway miles.

therefore had to be transported in temperature-controlled trucks and transloaded via specialized vacuum pump loading.[49] None of this is true for PET, which does not have an unusually low melting point and which can and is regularly transported in standard self-loading trucks. And M&G has not presented any evidence that the customer preferences it alleges are motivated by the kind of significant logistical or quality concerns alleged in *DuPont (Plastics)*.[50]

M&G cites five facts that it claims manifest "customer requirements": (1) the degree to which rail-served customers use rail service rather than truck service; (2) language in supply contracts that M&G claims proves the customer's "requirement" that rail be used; (3) the fact that some customers might want to use railcars for storage; (4) the fact that some M&G customers purchase product on consignment; and (5) the fact that some lanes have received more than 100 railcars in a year. None of these arguments is sufficient for M&G to carry its burden to demonstrate market dominance.

First, M&G claims that the fact that rail-served customers have received the bulk of their product by rail demonstrates that they have a preference for rail. As demonstrated above, this claim is thoroughly disproven by the fact that {{

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[49] *See* DuPont Opening Evidence at 19, *E.I du Pont de Nemours & Co. v. CSX Transp., Inc.*, STB Docket No. 42099 (filed Feb. 4, 2008).

[50] M&G's reliance on a statement from *McCarty Farms* that "the needs of the shipper or receiver" are relevant to the feasibility of truck transportation does not support its argument. *McCarty Farms*, 3 I.C.C.2d at 829. Needs are not the same thing as preferences, and while an objective "need" for rail transportation might not be affected by the availability of a cost-effective modal alternative, a mere subjective preference surely would. Moreover, the statement M&G cites was dicta and not the essential factor supporting the ICC's decision that truck transportation was not effective competition, which relied primarily on the fact that the cost of truck transportation was substantially more than the challenged rail rates. *See id.* at 831 (citing evidence that "truck/barge cost studies indicat[ed] that truck/barge costs exceeded rail costs for comparable movements by 50% overall").

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Second, M&G claims that its contracts with customers on many of the case lanes "explicitly require rail deliveries." M&G Opening at II-B-21. According to M&G, these "requirements" are present in its contracts with {{ }} customers (some of whom are customers at multiple issue destinations). In the first place, most of the customers who supposedly "required" rail delivery in contracts have received {{ }} by truck. {{

[51] *See* M&G Opening at II-B-22 n.10.

}} this is plainly not a situation where M&G has "no contractual flexibility to switch to trucks." *DuPont (Nitrobenzene)*, STB Docket No. 42101, at 5 (June 30, 2008).

Third, M&G alleges that rail cars are needed for storage. Significantly, however, M&G does not identify a single customer who lacks silo space for storage. Instead, M&G's storage argument is simply that because PET could be stored in a rail hopper car, customers may prefer rail car shipments. Even accepting this assertion as true (and M&G has presented no direct evidence from its customers supporting it), the convenience of rail car storage is just one factor that might make rail transportation an attractive option. M&G has not offered any evidence that

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this factor prevents trucks from being an effective constraint on CSXT's rail rates. Every mode has some competitive advantages over other modes. For example, trucks tend to be faster and more flexible than rail. Truck deliveries also require much less labor from receivers. For a rail shipment, the receiver/consignee is responsible for the labor and equipment necessary to unload the hopper car and bears any risk of damaging the car or unloading equipment. In the experience of CSXT expert Gordon Heisler, the labor required to unload a single railcar can amount to more than four man-hours. In contrast, for a bulk truck shipment the truck driver is responsible for unloading the truck into the consignee's designated receiving vessel using the truck's vacuum pneumatic apparatus, and the trucking company bears all risk of equipment malfunction. {{

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Fourth, M&G claims that customers purchasing on consignment must use railcars for those purchases. *See* M&G Opening at II-B-21. But purchasing on consignment is not a physical requirement of a customer's manufacturing process – it is simply a billing arrangement. M&G provides no evidence that consignment customers would be unwilling to shift from consignment rail purchases to truck purchases if truck purchases were less expensive. And

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[54] Indeed, if a customer truly wishes to use a railcar as mobile storage, bulk trucks could blow PET into an M&G railcar on the customer's property. *See* CSXT Reply Ex. II-B-1 for an illustration of this process. {{

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M&G offers no reason why it could not adjust its billing policies for a customer to give it the same advantages for buying via truck that it receives by buying on consignment. Indeed if a customer truly wished to purchase on consignment, M&G could use bulk trucks to load standing hopper cars on the customer's property. {{

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Fifth, M&G claims that any lane with annual volume of 100 railcars or more is a "high volume lane" for which truck transportation is impractical. *See* M&G Opening at II-B-22. In the first place, 100 annual railcars is not a significant volume – it translates to just over a truck a day. Indeed, shifting the entire volume of the highest-volume lane in the case { } to trucks would require only { } trucks per week. *See* CSXT Reply WP "Truck Volumes to Issue Lanes.xls". That is far short of the kind of volume that the Board has found impractical. *See, e.g., West Tex. Utils. Co. v. Burlington N. R.R. Co.*, 1 S.T.B. 638, 652 (1996) (trucking not an option where it would require 200 truck shipments each day of the year). Shifting most other lanes to trucks would require far less trucks – the average lane would need only { } trucks per week. *See* CSXT Reply WP "Truck Volumes to Issue Lanes". These volumes are not unusually high and well in line with M&G's truck shipments to other customers. {{

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ii. M&G's Claimed "Product Integrity Concerns" With Transloading Are Disproven By its Own Conduct and Can Be Substantially Mitigated By Following Standard Quality Control Measures.

M&G next claims that it would be impossible for it to exercise its competitive options because "product integrity concerns" preclude it from increasing its reliance on truck transportation. M&G claims that it "cannot consider any transportation alternative that requires more than a single transload" and that "[b]ecause the very act of loading trucks from a rail car . . . is a rail-to-truck transload, M&G does not have the option of a subsequent truck-to-rail transload." M&G Opening at II-B-31. According to M&G, it "does not transload any shipment of PET more than once." *Id.* This argument does not withstand scrutiny. In the first place, M&G does not provide a single document supporting its made-for-litigation claim that it has a policy or practice precluding it from transloading a shipment more than once. {{

}} The stark contrast between M&G's litigation-generated "concerns" with truck loading and its actual day-to-day conduct require rejection of its arguments. Moreover, nearly all the product integrity concerns that M&G raises can be substantially mitigated by following well-recognized practices to preserve product quality during transloads.

M&G's claim that it "does not transload any shipment of PET more than once" is not true. {{

[55] Poliprotect is one of the PET grades M&G markets. *See* http://www.gruppomg.com/petproducts.php?mi=30001&idp=14.

[56] {{
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}} In fact, M&G is not even consistent in its own filing, where it states on page II-B-44 that any truck that is overweight after loading PET at Apple Grove "must return to [the] rail car to add PET" – exactly the sort of "multiple transload" that it claims is not possible on page II-B-31. *Compare* M&G Opening at II-B-44 (emphasis added) *with id.* at II-B-31.

It is also worth noting that M&G uses a multi-step logistics chain to transport PET from its Brazilian plant for import into the United States. For those M&G import shipments PET must be loaded into a container on a truck chassis, trucked to the port and lifted onto a vessel, shipped to a United States port and then transferred onto a truck chassis or a rail car for ultimate delivery to the customer.[58] Multi-step logistics chains for the transportation of PET are not at all unusual, and M&G's litigation-driven pronouncement that it cannot even consider transloading PET more than once is plainly at odds with this reality.

But even setting aside M&G's conduct in the normal course of business, its "product integrity concerns" are significantly overstated. In the first place, the alleged logic behind M&G's product integrity concern equally applies to every truck shipment – not simply truck shipments transloaded into railcars. According to M&G, truck loading creates product quality concerns not present in railcar loading, primarily because devices like { } and streamer removers that M&G has installed to preserve product quality in the railcar loading process cannot be used for truck loading. But every truck that is loaded at Apple Grove using its vacuum

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[58] M&G has represented in other proceedings that it faces increasing competition from overseas PET producers, all of whom would have to use a similar multiple-transfer process to deliver product to U.S. destinations. *See* Initial Comments of M&G Polymers at 8-9, Ex Parte No. 705 (filed Apr. 12, 2011). If it were true that maintaining the "product integrity" of PET requires limited transloading, then it is difficult to understand why M&G would face competition from overseas competitors who must extensively rely on transloading to deliver PET to the United States.

pneumatic apparatus will be unloaded using that same apparatus. In other words, every truck shipment originating at Apple Grove today requires two transloads using the truck's own equipment – to load at Apple Grove, and to unload either into a customer silo or into a railcar. M&G's claim that a truck loading at Apple Grove "constitutes the one and only acceptable transload" is ridiculous in light of the fact that any truck loaded at Apple Grove will have to unload PET somewhere. M&G Opening at II-B-31. M&G has not provided evidence that having a truck unload into a railcar causes more "product integrity concerns" than having that same truck load PET into a customer silo. Nor has it provided any evidence that its "product integrity concerns" exist for rail car unloadings at customer facilities. Therefore there is no analytical difference between a direct truck movement where an Apple Grove-loaded truck unloads into a customer silo and a truck-rail transload movement where an Apple Grove-loaded truck unloads into a railcar for delivery to a customer.[59] The fact that M&G ships {{ }} of truckloads of PET from Apple Grove every year belies its claim that "product integrity" prevents it from increasing its reliance on trucks.

Moreover M&G has provided almost no evidence to support its claim that truck loading necessarily creates more product integrity concerns than railcar loading. The study it appends at M&G Opening Exhibit II-B-24 does not reach any conclusions about the relative superiority of railcar loading systems over truck loading systems – instead, its primary conclusions were that "low velocity transfer" and "smooth conveying lines" are essential to avoid PET degradation. *See* M&G Opening Ex. II-B-24 at 11. And the single exhibit on which M&G relies to allegedly show "a current customer problem with streamers caused by trucks" does not show a quality

[59] While it is true that a truck-rail transload movement would require the rail car to be unloaded at the customer facility, M&G has not produced any evidence that product quality concerns arise when PET is unloaded from railcars into customer facilities.

problem "caused by trucks" – it shows a quality problem {

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} This is not evidence that product quality concerns preclude truck shipments; it is evidence that there are definite steps that can be taken to eliminate product degradation and that M&G is willing and able to take those steps to preserve product quality when shipping PET by truck.

As M&G's own response to this customer complaint demonstrates, "product degradation" is not an insuperable problem, but rather a fact of life in the plastic polymers industry that can be substantially mitigated by following certain basic procedures to minimize the dust, fines, and streamers that can develop when PET is transloaded improperly. Two of CSXT's expert witnesses with extensive experience transloading PET reviewed M&G's

allegations about product integrity concerns and concluded that they are not well founded. CSXT expert Ron Akard is a 37-year veteran of the plastics industry who managed transportation logistics for PET and other commodities for Eastman for over 10 years. During Mr. Akard's tenure at Eastman it was the world's largest producer of PET, and Mr. Akard has extensive experience using rail, truck, and rail-truck transportation options for PET. John Scheeter, Director of Terminal Development for CSX TRANSFLO, has extensive experience managing rail-truck transloading of PET and other sensitive commodities and in developing best practices to be used for product transfer. In Mr. Akard's and Mr. Scheeter's experience, rail-truck transloading of PET is a common practice in the plastics industry. While it is impossible to entirely eliminate some degree of product degradation during transportation and transfer of PET (whether transportation is via rail, truck, or both), the PET industry has developed policies and procedures that allow efficient transloading in a manner that maintains a high level of product quality.

The three primary factors that can degrade PET quality during transloading are the speed of transfer; the heat generated during transfer; and the hosing and/or piping over which the transfer is conducted. Speed is particularly important, because the faster the transfer, the more opportunity for damage to a plastic pellet. A pellet transferring at a high speed will develop friction in the pipe or hose and this will result in more incremental heat build up. A low speed pellet has less friction and less degradation from impacts in the hose or pipe. Speed is a function of the pressure used by the truck unloading system. One common cause of PET degradation is truckers who turn their vacuum pneumatic systems up to high pressures in an effort to complete the loading faster. This problem is alleviated by establishing pressure guidelines that ensure a smooth, steady product transfer. {

} It is standard practice in the PET industry for shippers to tell motor carriers the acceptable range of pressures (PSI) to use to transfer the process. With too little pressure, the pellets move too slowly and fall to the bottom of the hose and impede the smooth transfer required. With too much pressure, excessive heat and speed can cause the pellets to rapidly collide with the surface of the hose and with other pellets, creating clogs in the line and potential damage to the pellets.

High heat can also degrade PET. Heat and speed are directly related, because the friction created by a high-speed transfer generates heat that can damage PET. The same pressure guidelines that mitigate the effect of excessive speed therefore also help to reduce heat. Some heat is also generated through the truck's vacuum pneumatic system itself. The system works by pulling in ambient air and compressing it to create the pressure to move PET through hoses and pipes into or out of the truck. That compression adds some heat to the air. One simple way is to mitigate this is to have truckers first unload the front compartment (which contains the pellets that are closest to the blower). As the front compartment empties it creates a large open volume for the air, allowing the compressed air to expand and thereby reduce temperatures.

{ } the relative straightness of the connection between the truck and the railcar or silo is another important factor in PET product quality. Sharp bends or rough areas in hosing or piping create opportunities for pellets to collide with the walls of the hose or pipe and to potentially break or abrade. These collisions intensify if a bend in the transfer hose creates a "surge" in which pellets accumulate in a bend clogging the flow until enough pressure builds up to blow them through the line in a shotgun-like explosion. One of the key elements in PET quality control is therefore that transfer hoses be connected in a straight line between the car and the truck.

Each of these three potential causes of PET degradation – speed, heat, and circuitous hosing – can therefore be substantially mitigated by adopting best practice quality controls that are standard in the industry. Mr. Akard and Mr. Scheeter have reviewed M&G's claims that "product integrity concerns" prevent M&G from ever transloading PET more than once and have concluded based on their experience in the industry that M&G's alleged concerns are not well founded. In their opinion, if M&G follows the best practices outlined above of establishing reasonable pressure guidelines, mitigating heat, and ensuring straight and smooth connections, adding one more transload to its logistics chain does not significantly increase the risk of PET degradation.

If for some reason M&G remained concerned about PET degradation and wished to take additional steps to maintain product quality during the transloading process, it could do so by using some of the equipment and techniques that have been developed in the industry to maintain product integrity during transloading. Below are a few examples of equipment that has been developed to maintain product quality during plastic pellet transfers.

- Inline "air to air" coolers can be installed which will reduce truck blower temperatures. This is affordable technology that TRANSFLO has used to reduce the heat during transfers of certain sensitive commodities.

- The use of Master Vacs for loading would address most of the issues that cause pellets to degrade during transfers. Master Vac units move pellets by a vacuum and the maximum temperature is the ambient temperature and no additional heat is added. The pellets are pulled by low speed and are discharged by gravity into the truck or a rail car.

- TRANSFLO uses simple devices called "candy canes" to reduce potential impacts on pellets during transfer. The candy cane is an aluminum pipe with a long radius elbow that turns the flow of pellets gingerly 90 degrees to 180 degrees into the rail car. This allows the pellet to turn the corner without impacting rough points in the transfer hose. This can be a lightweight design that can be mounted onto a cart to allow for ease of handling.

- A major plastic pellet shipper has developed a device that determines the optimum pressure on a particular truck to create an air flow allowing pellets to "ride" the air

> evenly. Mr. Akard has witnessed the results of the use of this process and seen the reduction of fines, streamers, and dust. This optimum flow allows for timely transfers that are usually as efficient, if not even more efficient than "the higher the pressure the quicker the transfer" philosophy that leads to product degradation.

In short, M&G's alleged "product integrity" concerns do not prove that CSXT is market dominant. M&G has not produced any evidence that it actually refuses to consider transportation options involving more than one transload {{ }} and it has not produced any evidence that the Apple Grove-loaded-truck-to-rail transfers it claims are unacceptable are any different from the thousands of Apple Grove-loaded-truck shipments it makes every year. Moreover, it is simply not true that the physical characteristics of PET preclude M&G from making greater use of rail-truck options. The use of standard industry practices for PET transloading will allow efficient transloading in a manner that maintains a high level of product quality.

iii. M&G Does Not Need Any Capital Investment To Use Trucks as a Competitive Option, and Its Capital Investment Estimates Are Grossly Inflated.

M&G next claims that it does not have capacity to load more trucks than it is already loading at Apple Grove, and could not expand capacity without massive capital expenses.[60] That is simply not true. M&G could convert {{ }} railcars per year from railcar to truck without spending a cent on additional capital infrastructure. It could therefore ship 100% of the volume of every Apple Grove-originating complaint lane without any new capital investments. If M&G

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[60] CSXT is not suggesting that M&G construct facilities to enable direct truck loading in order to exercise its competitive options. *Cf.* M&G Opening at II-B-34 through 37 (arguing that it would be too expensive for M&G to convert loading facilities to direct truck loading). Rather, CSXT contends that M&G can use the same competitive option it uses today – self-loading trucks that would be transloaded from rail hopper cars at Apple Grove.

did wish to enhance its transloading capacity at Apple Grove, it could substantially expand its already-considerable capacity at a tenth of the cost proposed in its Opening Evidence.

In the first place, as a matter of law and basic economics M&G does not need to be able to shift 100% of its rail volumes to alternative modes for those alternatives to be effective competitive options that preclude a finding of market dominance. The Board has made clear that "[f]or an alternative mode to provide effective competition, it need not necessarily be 'capable of handling substantially all or even a majority of the subject traffic.'" *DuPont*, STB Docket No. 42100, at 4 (citing *Amstar Corp. v. Great Alabama S. R.R.*, I.C.C. Docket No. 38239S (served Nov. 10, 1987)). The Board instead "seek[s] to determine [. . .] whether the alternative mode places 'considerable competitive pressures' on the defendant railroad." *Id.* Indeed, effective competition can exist where an alternative transportation option accounts for half or less than half of the total volume. *See Consolidated Papers*, 7 I.C.C.2d at 337-38 (trucks provided effective intermodal competition where 55% of issue traffic moved via truck); *Aluminum Ass'n*, 367 I.C.C. at 484 (finding effective intermodal competition where motor carriage accounted for one-third of nationwide aluminum movements).

Here, M&G has the immediate, present ability to shift a substantial segment of CSXT's rail volumes to truck. During 2010, M&G loaded {{ }} trucks at Apple Grove – approximately {{ }} trucks per month. *See* CSXT Reply WP "Apple Grove Current Truck Loading Capacity.xls". Mr. Heisler conservatively estimated three hours per transload,[61] that M&G would only load from half of its { } available rail-truck transloading spaces at once, and

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therefore that M&G could load as many as { } trucks per 12-hour day from its current transloading tracks. *See id.* Assuming a Monday-Friday loading schedule, M&G therefore could load as many as { } trucks per month using its current facilities – an increase of {{ }} trucks per month over current volumes. That transloading capacity would allow M&G to load an additional {{ }} trucks per year and shift the volume equivalent of {{ }} railcars per month, and {{ }} railcars per year, to trucks. *See id.* Because only {{ }} trucks would be needed to transport 100% of the 2010 volume of every current Apple Grove-originating complaint lane,[62] this means that M&G's current capacity is more than sufficient to convert the entire volume of every Apple-Grove-originating issue movement to trucks. M&G's ability to shift such substantial railcar volume to truck is precisely the sort of "considerable competitive pressure[]" that constitutes effective market competition. *DuPont (Chlorine)*, STB Docket No. 42100, at 4.

M&G's assertion that it is already using its maximum truck loading capacity at Apple Grove is not credible. Indeed, M&G's claims are not even internally consistent. It says that the most trucks it ever loaded in one day at Apple Grove is {{ }} (even though its traffic data shows {{ }} truck loadings that day) *See* CSXT Reply WP "Detail of 24Truck Shipments.xls". But M&G's average truck loadings during 2010 were approximately{{ }} trucks per day. *See* CSXT WP "Apple Grove Truck Shipment Detail.xls". Even if M&G's October 15 loadings were taken as a guide to its current truck loading capacity, that would suggest that M&G has the capacity to {{ }} its truck loading to {{ }} trucks per year, {{ }} more than it actually loaded in 2010 and enough to convert {{ }} railcar shipments to trucks.

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[62] *See* CSXT Reply WP "Truck Volumes to Issue Lanes.xls"

It also should not be forgotten that {{

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Because M&G currently has capacity at Apple Grove to load 100% of the traffic for each of the Apple-Grove-origin Complaint lanes, M&G's extensive discussion on alleged capital investment costs to increase truck loading capacity is not relevant. Moreover, M&G has grossly inflated those purported capital costs. CSXT Reply Exhibit II-B-36 contains a detailed rebuttal to M&G's claims about what it would cost to increase transloading capacity and an explanation of some of the reasonable, low-cost facility improvements that M&G could pursue to enhance transloading capacity.

iv. M&G Has Not Presented Evidence That Increasing Truck Shipments Would Increase Its Operating Costs.

Both the truck loading shown in CSXT Reply Ex. II-B-1 and the fact that M&G loads {{ }} of trucks just like it every year demonstrate that truck loading at Apple Grove is feasible and not particularly complicated. Nevertheless, M&G attempts to make truck loading seem more complicated than it is – claiming that "each bulk truck requires at least twice, and up to nearly three times as many steps for M&G compared to each rail car shipment." M&G Opening at II-B-44. But most of the tasks associated with truck loading are performed by the truck driver and their costs are included in the truck rate – these are not "steps for M&G." Specifically, steps 7-10 and 12-18 in M&G's list of supposed "steps for M&G" are functions

performed entirely or primarily by the motor carrier.[63] M&G's suggestion that it would have to repeat every step it lists four times to unload a single railcar volume into trucks is similarly untrue. M&G would not have to "[r]eceive order from customer" four times – most customers will place orders for multiple trucks at once.[64] Nor would it need to "[s]witch rail car to appropriate transload track" four times. And there is no reason to think that M&G could not streamline its invoicing or customer order entry for a customer ordering multiple truckloads of PET. The SAP system that M&G uses to manage orders and shipments is a sophisticated and flexible software that M&G could use to achieve efficiencies in a more truck-centered distribution plan.

Moreover, it is common for shippers with large-scale trucking operations to have a motor carrier manage on-site loading operations. In those situations motor carriers provide on-site personnel to supervise and manage truck loadings. Motor carriers often do not charge for that service for shipments of their own trucks, and assess a fee for shipments by other motor carriers. This option is typically much less costly than using in-house personnel to manage the loading process.

M&G's assertion that it would need to hire twenty-four additional personnel to increase truck loading is absurd. *See* M&G Opening at II-B-45 through 46. M&G's evidence and workpapers are devoid of the slightest support for its "estimate" that it needs all these additional personnel. M&G has provided only the most summary description of these employees' supposed

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[63] M&G claims that "an M&G supervisor must assist" when the bulk truck driver connects to a railcar, but does not explain why this is the case. Bulk truck operators are fully capable of connecting to a railcar and loading their trucks without any outside assistance, and indeed bulk truck loadings of vacuum pneumatic trucks are typically performed by the truck driver alone.

[64] *See, e.g.*, CSXT Reply Ex. II-B-29 at M&G-HC-014586 (single customer order for {{ }} bulk trucks).

duties (*e.g.*, nine new personnel supposedly would be hired at {{ }} each to "supervise loading operations"). The Board does not accept claimed "personnel requirements without some discussion of the duties that the proposed employees would be expected to perform." *FMC Wyoming Corp & FMC Corp v. Union Pacific R.R. Co.*, 4 S.T.B. 699, 839 (2000); *see also Carolina Power & Light Co. v. Norfolk Southern Ry. Co.*, 7 S.T.B. 235, 292-295 (2003) (rejecting claim that personnel would be necessary where Board found that evidence did not "support a need for the additional staffing . . . proposed."). Nor has M&G provided any support for the extremely high salaries it proposes for these employees, which vastly outpace typical salaries for the area.[65] This conclusory, unsupported estimate of "additional operating costs" is insufficient to satisfy M&G's burden of demonstrating that CSXT is market dominant.

v. M&G Could Secure Ample Truck Capacity If It Wished.

Finally, M&G claims that it would not be able to secure sufficient trucks for additional truck shipments out of Apple Grove. M&G both significantly exaggerates the alleged capacity constraints in the motor carrier industry and ignores the substantial role that its own business decisions have played in creating the "tight capacity" about which it complains. {{

}} If M&G wished, it certainly could enter contracts with one or more motor carriers that would allow it to secure dedicated truck capacity (and likely

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[65] Mason County West Virginia, where the Apple Grove facility is located, has a per capita income of $19,810. *See* CSXT Reply WP "Mason County Census Fact sheet.pdf".

lower rates) in exchange for a commitment from M&G to ship a certain portion of the thousands of Apple-Grove-originating truckloads via that carrier. Indeed, documents M&G produced in discovery and common sense suggest that motor carriers would be eager to obtain a share of M&G's business.

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M&G could offer very attractive business to motor carriers – dedicated, regular business originating from the Apple Grove hub and returning to the local area.[68] Consistent, repetitive, volume allows motor carriers to optimize equipment cycles and driver schedules and to effectively manage resources and assets. At current rates and fuel surcharges, the { } annual bulk truckloads of business that M&G could generate by converting 100% of the lanes with competitive trucking options to truck would represent a gross revenue potential to motor carriers of {{

}} Motor carriers would have every incentive to offer favorable rates, service commitments, and capacity guarantees for a share of that valuable business.

M&G's allegation that "Apple Grove's rural location" requires trucks to "travel as much as 150 empty miles just to pick-up a load" is not credible. M&G's primary carrier Bulkmatic has a terminal in Belpre – just 67 miles from Apple Grove. A&R Trucking is located in Parkersburg, WV – 68 miles from Apple Grove. Other bulk carriers have terminals in Institute, WV (36 miles

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[67] {{

}} Motor carriers are often willing to establish satellite terminals near a customer facility to base drivers dedicated to truck service for that customer. Of course, ordinarily motor carriers will not establish a terminal dedicated to a particular customer without a volume commitment from that customer.

[68] Several of the articles M&G attaches in its Exhibit II-B-34 about a potential shortage of truck drivers focus on the difficulty in finding new long-haul drivers willing to "be[] away from home for weeks at a time." *See* M&G Opening Ex. II-B-34, "Shortages of trucks and truck drivers stall product deliveries." The truck business originating at Apple Grove would be dedicated, cycling business that would be far more attractive to drivers.

from Apple Grove), South Point, Ohio (40 miles from Apple Grove), and Huntington, WV (36 miles from Apple Grove). And nearby Ohio River Valley industries such as chemicals plants, polymers plants, and refineries require dedicated truck service that has drawn a number of bulk carriers to the area. Recent upgrades and expansions of transloading facilities in the Ohio River Valley will attract intermodal business and increase the local supply of trucking companies and drivers. For example, NS recently expanded its Rickenbacker Terminal in Columbus, Ohio.[69] M&G therefore has many motor carrier options from which to choose.

M&G's list of examples of the supposed "impact of tight capacity of bulk trucks on its ability to obtain trucks when needed" proves nothing except {{

}} So it is not surprising that on occasion a motor carrier did not immediately have a free truck when M&G called. What is remarkable is how readily motor carriers accommodated M&G's truck shipments in a year when {{

}} Indeed, the only examples M&G proffers for the alleged impact of truck capacity commitments are instances where it gave motor carriers almost no advance notice of its need for truck deliveries. *See, e.g.*, M&G Opening Ex. II-B-17 at M&G-HC-005276 {{

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[69] For more details on the Rickenbacker terminal, see http://www.nscorp.com/nscintermodal/Intermodal/System_Info/Terminals/columbus_ric.html.

[70] M&G Opening Ex. II-B-3 shows that M&G shipped {{ }} trucks in 2010, an {{ }}

}}.[71] Indeed, M&G's own exhibit demonstrates that it only experienced difficulty obtaining trucks when looking for them on extremely short notice. {{

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See id. at M&G-HC-016586. The fact that {{

}} has utterly no relevance to whether M&G could find motor carriers willing to partner with it to implement a large-scale conversion to truck shipments that would secure significant and valuable business for the motor carrier. {{

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The articles M&G attaches as Exhibit II-B-34 in an attempt to show truck capacity shortages are similarly irrelevant. It should not be news to either M&G or the Board that there are capacity constraints in the entire U.S. freight transportation network and that tightening

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[71] {{

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capacity has an effect on rates.[72] M&G has not presented any evidence that truck capacity constraints are any more significant than rail capacity constraints. And it has not produced any evidence that alleged truck capacity constraints actually impair M&G or other shippers from obtaining truck service. The only specific example in these articles of a shipper actually affected by not being able to obtain immediate truck service is a claim that in mid-2010 PPG Industries "occasionally" was unable to find trucks to transport its products, "delaying deliveries a day or two." *See* M&G Opening Ex. II-B-34 at "Shortages of trucks and truck drivers stall product deliveries." An occasional one- or two-day delay is plainly not a capacity shortage that creates railroad market dominance.

In fact, recent articles show that capacity constraints in the trucking industry may be easing. The trucking industry is aggressively hiring drivers[73] and purchasing additional trucks. A recent Morgan Stanley report found that the high number of recent Class 8 truck orders strongly suggested that the industry was approaching a "period[] of excess capacity" and that the industry was on a pace to "make up for two years of required replacement within a one year timeframe." *See* CSXT WP "Morgan Stanley May 20, 2011 Freight Transportation Report.pdf" at 1. The report concluded that "the potential for [truck] supply growth and lower than expected rate increases is a real risk over the next 12-18 months."[74] *Id.*

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[72] *See, e.g.*, FED. RAIL ADMIN., NATIONAL RAIL PLAN PROGRESS REPORT 6 (Sep. 2010) ("Between 2010 and 2035, the [U.S. freight] transportation system will experience a 22 percent increase in the total amount of tonnage it moves.").

[73] *See* "Trucking Scrambles to Add Jobs in March," Journal of Commerce (Apr. 1, 2011) ("Trucking showed the strongest employment growth in March among transportation and warehousing industries tracked by the Bureau of Labor Statistics .... Trucking companies are aggressively recruiting truck drivers as freight demand rises.").

[74] {{

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M&G has not presented any evidence from which the Board can conclude that M&G would be unable to find a motor carrier willing to provide sufficient truck capacity in exchange for a commitment that M&G give the motor carrier a portion of the thousands of truckloads of regular, profitable business that M&G can offer. M&G's "truck capacity" argument plainly does not demonstrate that trucks are not an effective competitive alternative.

3. M&G's Other Arguments That CSXT Possesses Market Dominance Should Be Rejected.

As a last resort, M&G argues that CSXT is market dominant regardless of whether there are feasible and cost-competitive alternatives to CSXT's rail service. *See* M&G Opening at II-B-34-37. M&G does so by seriously misconstruing language from the *DuPont (Plastics)* case and the D.C. Circuit's decision in *Arizona Public Service Co. v. United States*, 742 F.2d 644, 650-51 (D.C. Cir. 1984), and interpreting these decisions in a way that would make it impossible for the Board to ever find that intermodal competition was effective. When the language M&G cites is considered in the factual context of those cases – and in the context of the Board's consistent applications of the market dominance test – the fallacies of M&G's interpretation are clear. Nor is there any merit to the additional arguments that M&G makes in support of its market dominance claims: (1) that CSXT has increased rates without losing traffic; (2) that CSXT has a cost advantage over rail-truck alternatives; and (3) that the R/VC ratios of the issue movements indicate market dominance. None of these arguments can stand against the clear and overwhelming evidence that there are feasible and cost-competitive alternatives to CSXT's rail service for many of the issue movements and that the availability of cost-competitive options from a feasible mode that M&G {{ }} utilizes today constitutes effective competition.

a. M&G's Claim that Cost-Competitive Intermodal Alternatives "Merely Demonstrate" Market Dominance Should Be Rejected.

After citing the Board's decision in the *DuPont (Plastics)* case and the D.C. Circuit's decision in *Arizona Public Service Co.*, M&G pronounces that "the fact that some transload rates are less than or comparable to CSXT's rates merely demonstrates that CSXT has priced up to the nearest, higher cost alternative, not that such alternative constitutes effective competition." M&G Opening at II-B-35. Under M&G's formulation, it would be impossible for a carrier to prove that it is not market dominant, for in M&G's view evidence that rail rates are comparable to other alternatives only proves that the railroad has priced to the "outer limit" of its market power. Indeed, if M&G were right, there is no point to the Board considering the costs of alternative transportation at all, because even if those costs are competitive with the carrier's rail service a shipper's mere assertion that the railroad had "priced up" to the competition is sufficient to prove market dominance. This approach would drain the statutory market dominance requirement of all meaning.

That is plainly not the sort of market dominance test that Congress expected the Board to implement when it passed the 4R Act and Staggers Act. And it is not the Board's understanding of the significance of the relative costs of transportation alternatives to the market dominance inquiry. *See, e.g. DuPont (Nitrobenzene)* at 5 (relying in part on "evidence that trucking rates are significantly higher than the challenged rates"); *FMC Wyoming*, 4 S.T.B. at 712 (relying on evidence that "FMC ... has obtained trucking rate quotations that are comparable to UP's current rail rate").

The decisions M&G cites certainly did not hold that comparable costs of alternative transportation should be taken as evidence that "demonstrates" the carrier's market power.

Instead, both *Arizona Public Service Co.* and *DuPont (Plastics)* stand only for the proposition that cost comparability is not sufficient to prove effective competition where there is substantial evidence that the alternative is inherently less efficient and less desirable than rail transportation. In that circumstance, it would be possible that the cost comparability between rail transportation and an obviously less suitable alternative is not the result of effective competition, but rather of the railroad's behavior as a "rational monopolist." The principle outlined by these decisions is best understood as an exception to the general rule that a feasible and cost-effective alternative will constitute effective competition. Indeed, recognizing these decisions as positing an exception to the general rule that cost-competitive intermodal alternatives are effective competition is the only way to reconcile the language M&G cites with the Board's longstanding interpretation of the market dominance test.

The limits of the *Arizona Public Service* exception are illustrated by the D.C. Circuit's pithy characterization of the issue as the "horse and buggy" problem: at some price point even a horse and buggy would be competitive with a sufficiently high rail rate. *See Arizona Pub. Serv Co.*, 742 F.2d at 651 ("At some point the availability of an alternative such as the horse and buggy or even people carrying oil in buckets theoretically prevents railroads from raising their rates beyond an outer bound."). The key factor in a "horse and buggy" scenario is not that the rail rate is set at the level of its competition, but rather that the rail rate is set at the level of a mode that is obviously inferior and inherently less efficient than rail service. Participants in competitive markets price to the level of their competitors every day – that is how markets are supposed to work. The only situation in which the Board could find that a comparably-priced transportation alternative was not effective competition would be where the alternative is at such

a clear disadvantage vis-à-vis rail that the comparable pricing was more likely the function of a monopolist pricing to its profit-maximizing price than of a competitive market.[75]

DuPont (Plastics) does not support M&G's position either. In *DuPont (Plastics)*, the question before the Board was whether CSXT's tariff rate for an 820-mile movement of plastic powder was constrained by direct truck competition. *See DuPont v. CSXT*, STB Docket No. 42099, at 1 (June 30, 2008). The direct truck move would have been over 600 miles – well outside the band of most truck movements – and the rates for direct truck movements were somewhat higher than the challenged rail rate. Moreover, the Board found that the physical characteristics of the issue commodity (which had a melting point under 100° Fahrenheit and required special temperature-controlled trucks) significantly complicated truck transportation. *See id.* at 7. Under those circumstances, where the Board found that truck transportation for a long-haul movement of a sensitive commodity had significant disadvantages vis-à-vis rail transportation, the Board concluded that on balance the less desirable and more expensive truck option was not effective competition. That case has no application here, where Mr. Heisler is proposing truck moves well in line with the distances that M&G trucks the moves today,[76] and where M&G trucks and transloads {{ }} of shipments of PET every year.

In short, for M&G to demonstrate that the cost-competitiveness of rail-truck transloading is evidence that CSXT is merely exercising its market power to price up to the nearest, higher

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[75] While *Arizona Public Service* discussed the theoretical possibility of a "horse and buggy" exception, its facts did not present such a scenario. The Court instead addressed a situation where truck transportation was both a logistically infeasible option and where truck rates were up to 60% higher than rail rates. *See Arizona Public Service*, 742 F.2d at 651 ("[T]ruck rates are much higher than railroad rates for comparable services, and there is no suggestion in this record that the truck rates are higher because of any superiority in truck transportation of oil.").

[76] {{ }}

cost competition, M&G was required to show that there was something demonstrably inferior about truck or rail-truck transportation that gave CSXT a far superior competitive advantage over that transportation. M&G's evidence does not come close to meeting that burden. Indeed, M&G could not have possibly made that showing in light of the undisputed facts that it actively uses rail-truck transload options and {{

.}} This is no horse and buggy – it is a real-world option that M&G regularly uses to transport the issue commodities to its customers, and it plainly constitutes effective competition.

b. Rate Increases for the Issue Movements Do Not Show Market Dominance.

M&G argues that its "inability" to divert traffic following CSXT's rate increases proves that CSXT is market dominant. In the first place, the lion's share of the rate increases about which M&G complains are contract increases to which M&G agreed. M&G asserts that "CSXT imposed its first significant rate increases in 2009," but glosses over the fact that M&G agreed to those increases in a negotiated private contract. M&G Opening at II-B-54. The idea that CSXT "imposes" contract terms on an international chemical producer like M&G is ridiculous. {{

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The fact that CSXT and M&G agreed to increased rail rates in 2009 is not surprising. The transportation market has changed significantly in recent years, and tightening capacity and higher costs for key inputs such as fuel has raised both rail rates and motor carrier rates across the industry. {

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There is no significance to the fact that M&G did not shift substantial volume from the issue lanes after its contract with CSXT expired. Sophisticated companies like M&G are well aware of governing law, and M&G is counseled by capable consultants and counsel who

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[77] {

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certainly would have advised it of the impact that using alternatives to CSXT's rail service would have on its ability to pursue relief with the Board. {{

}} The fact that M&G did not shift traffic from the challenged lanes doesn't prove that CSXT possesses market dominance – all it proves is that M&G knows what it needs to do to argue that CSXT is market dominant.

c. M&G's Internal Cost Analysis Is Flawed and Irrelevant.

M&G argues that CSXT is market dominant because a comparison of the internal costs of rail transportation and rail-truck alternatives supposedly demonstrates that rail transportation has substantially lower costs than rail-truck transloading. *See* M&G Opening Ex. II-B-23. The analysis presented in M&G Exhibit II-B-23 is both legally irrelevant and transparently flawed.

The premise of Exhibit II-B-23 is M&G's assertion that "[f]or 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 service by all carriers and service providers in that supply chain." M&G Opening Ex. II-B-23 at 4. M&G provides no citation to a Board or ICC decision supporting that assertion, because there are none. The series of block quotes with which M&G precedes this pronouncement do not begin to suggest that a rail carrier is market dominant if an "internal cost comparison" shows that its internal costs are lower than the internal costs of a competitor. The costs that are relevant in a market dominance inquiry aren't the internal costs of CSXT or the other rail and motor carriers who compete with CSXT – the costs that matter are the actual out-of-pocket costs that M&G incurs for transportation services. If the price that M&G has actually secured in the marketplace for a rail-truck transportation alternative is comparable to

CSXT's tariff rate, then it is hard to imagine why either M&G or the Board should care about the relative margins of those alternate transportation providers.

But even if carriers' internal costs had some relevance to the market dominance inquiry, there are severe methodological problems with M&G's attempt to compare internal costs across modes. While the Board uses URCS as a standard measure of variable costs for railroads, there is no comparable model for other transportation industries such as motor carriage or transload alternatives. Short of a massive undertaking to devise a reliable and URCS-compatible internal cost estimate for other industries, any cross-industry cost comparisons are necessarily arbitrary.

Furthermore, there are significant differences between the cost structure of the rail industry and that of the motor carrier industry. Motor carriers operate on a highway infrastructure funded, built, maintained, replaced, and expanded by federal and state governments; for a motor carrier, therefore, virtually all its costs are variable costs. But a railroad must make huge capital investments to build, maintain, and expand its infrastructure (not to mention complying with government mandates like Positive Train Control). As a result, URCS-measured variable costs are only a part of the full costs of operating a railroad. A variable cost comparison between rail transportation and truck transportation is therefore inherently flawed, because unlike motor carriers, railroads' costs include the full cost of building, upgrading, maintaining, and replacing their infrastructure.[78] Put differently, a study purporting to show that the variable costs of trucking are higher than the variable costs of rail transportation

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[78] Indeed, a study by the GAO found that "freight service provided by trucks generate[s] significantly more costs that are not passed on to consumers of that service than the same amount of freight service provided by either rail or water." U.S. GOVERNMENT ACCOUNTABILITY OFFICE SURFACE FREIGHT TRANSPORTATION: A COMPARISON OF THE COSTS OF ROAD, RAIL, AND WATERWAYS FREIGHT SHIPMENTS THAT ARE NOT PASSED ON TO CONSUMERS, GAO-11-134 (Jan. 2001).

is meaningless in the absence of a showing that trucking costs are higher than the fully allocated cost of rail transportation, including all necessary infrastructure maintenance and capital improvements.

In light of these serious methodological and policy issues, any "internal cost comparison" across modes is flawed from the outset. But M&G's Exhibit II-B-23 doesn't fail simply because of these methodological difficulties – it fails because M&G has transparently cooked the numbers for both its estimated transload facility costs and its estimated truck costs.

First, M&G treats the full price of alleged transloading facility fees and storage charges as the costs of those fees and charges to the transloading operator. The alleged point of the analysis M&G presents in Exhibit II-B-23 is to determine "the cost of providing the alternative service by all carriers and service providers in th[e] supply chain." So what allegedly matters in M&G's proffered analysis is the cost to the transload provider of providing a car space. The price charged for that car space is irrelevant. M&G makes no effort whatsoever to identify the variable costs of using a transload facility (which would be minimal, particularly for transloading that would be performed by the truck driver with equipment on his truck). Instead, it pretends that the fees charged by the transload facility precisely reflect its variable costs. That plainly erroneous assumption severely skews M&G's "analysis."

M&G's approximation of the alleged internal costs of trucking is no better. M&G's estimate of trucking variable costs derive from a study by the American Transportation Research Institute. In the first place, the ATRI study was funded by the trucking industry and was specifically developed as an advocacy tool to convince policymakers that they were underestimating truck costs. *See* CSXT WP "ATRI Report Summary" (stating that analysis was designed to respond to "problem" with policymakers "underestimat[ing] truck costs" and

"overstat[ing]" the value of operating a truck). Moreover, the fact that the ATRI study was developed through a survey raises serious questions about its analytical rigor. There is no reason to assume that this industry survey-based study developed for the express purpose of showing high truck costs is comparable to URCS costs developed by the ICC and Board and predicated upon rigorously supported and analyzed industry data (not survey results). Moreover, M&G blatantly distorts calculations derived from the ATRI study. For example, M&G effectively doubles truck costs by assuming a 100% empty return ratio – in other words, M&G assumes that every truck that carries a M&G shipment from a transload facility will be unable to find any other shipments or backhaul after delivering that shipment, and will have to return empty to the transload facility. This assumption does not comport with reality. Trucks are not empty unit train cars that need to return to origin for the next move; they are flexible transportation providers that can pick up opportunities wherever they arise.

Even if there were some theoretical validity to an "internal cost comparison" between CSXT's rail service and alternative modes of transportation (and there is not), M&G's "analysis" in Exhibit II-B-23 is transparently distorted and the Board should reject it.

d. R/VC Ratios Do Not Show Market Dominance.

Finally, M&G argues that, in combination with its other evidence, the R/VC ratios of the issue movements indicate CSXT's market dominance. M&G admits that R/VC ratios alone are insufficient evidence of market dominance – as is clear from Congress's separation of the quantitative and qualitative market dominance tests. And indeed the Board has only considered R/VC ratios as a factor in the market dominance analysis when it has already found significant evidence that the carrier is market dominant. *See, e.g., DuPont (Plastics)* at 8. Here, for the

reasons discussed above, M&G's evidence is far from sufficient to carry its burden to demonstrate market dominance, and R/VC ratios do not change that fact.

Furthermore, as discussed above in Section II-A, M&G's R/VC ratios have been inflated by its refusal to base mileage characteristics on actual movement data. While the corrected R/VC ratios are somewhat higher than those for some other commodities, PET is much more valuable than most other commodities.[79] The market prices charged by rail and motor carriers for transportation of PET is driven in part by the fact that it is a very valuable commodity. While that value (and the carrier's potential liability for loss or damage) is not reflected in the URCS model, it is a value that the Board should take into account when considering the reasonable cost of carriage.

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[79] Using a conservatively low estimate of current prices ($0.938/pound) and assuming a lading weight of 97 tons per car, the value of a single rail car of PET is approximately $182,000. *See* CSXT Reply WP "CMAI Global Plastics and Polymers Supplement 136.pdf" at 3 ("Contract-large buyer" price for PET at 93.8 cents per pound).

IV – WITNESS QUALIFICATIONS & VERIFICATIONS

BENTON V. FISHER

Mr. Fisher is Senior Managing Director in the Network Industries Strategies ("NIS") Group of FTI Consulting, specializing in the economic analysis of network industries, including railroad transportation. His business address is 1101 K Street, Suite B100, Washington, DC 20005. Mr. Fisher is sponsoring Part II-A of CSXT's Reply Evidence addressing quantitative market dominance and supporting Exhibits II-A-1 and II-A-2.

Mr. Fisher is a graduate of Princeton University where he obtained a Bachelor's of Science degree in Engineering, from the Civil Engineering and Operations Research department. He graduated with a concentration in Information and Decision Sciences, and also received a certificate for completing the requirements for the Engineering and Management Systems program. After graduating, Mr. Fisher served as the Deputy Controller for the U.S. Senate re-election campaign for Bill Bradley, and since April 1991 has been employed by FTI Consulting and Klick, Kent & Allen, an economic consulting firm that FTI Consulting acquired in 1998.

Much of the NIS group's work focuses on the economic and financial analysis of network industries, in particular different aspects of transportation. Mr. Fisher has spent more than 19 years involved in the analysis of rates, costs, and service, and the factors that affect them. In the rail industry, he has worked extensively to develop expert testimony before the Surface Transportation Board ("STB") examining the reasonableness of railroad rates, railroads' applications for mergers and acquisitions, and rulemakings regarding the establishment, evaluation, revision, and implementation of rules and regulations. He has managed the development of expert testimony covering a variety of topics in numerous contract disputes in Federal court or Arbitration, requiring the analysis of economic and operating issues and response to service performance or other claims.

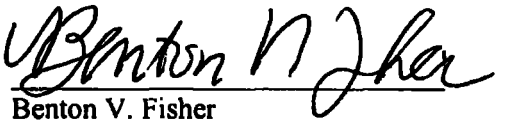
Much of Mr. Fisher's work for the railroad industry has required a detailed understanding of the regulations under which railroads operate, the rules by which rates are evaluated, and the costing approaches and models that are used. He has testified numerous times regarding stand-alone costs and URCS costs (Uniform Railroad Costing System, the STB's general purpose costing system) for individual movements, traffic groups, and entire networks. He has extensive experience with these costing approaches, including the detailed inputs and their sources, and the costing methodologies and formulae.

In addition to the rail industry, Mr. Fisher has been engaged with similar issues and disputes regarding the economic and financial analysis of telecommunications, postal, and energy matters. In those matters, as with rail, he has worked closely with detailed price, cost, and operational data and reviewed cost models and analyzed the sensitivity of multiple economic components, in evaluating rates, costs, and service in a variety of different contexts.

Mr. Fisher's complete curriculum vitae is attached.

VERIFICATION

I, Benton Fisher, declare under penalty of perjury that I have read the portions of the Reply Evidence of CSX Transportation, Inc. that I have sponsored (as described in the foregoing Statement of Qualifications), that I know the contents thereof, and that the evidence I have sponsored is true and correct. Further, I certify that I am qualified and authorized to file this statement.



Benton V. Fisher

Executed on this 1 day of July, 2011.

Benton V. Fisher

Senior Managing Director - Economic Consulting

benton.fisher@fticonsulting.com

1101 K Street, NW
Suite B100
Washington, DC 20005
Tel (202) 312-9100
Fax (202) 312-9101

Education
B.S. in Engineering and Management Systems, Princeton University

Benton V. Fisher is a Senior Managing Director of FTI's Economic Consulting group, located in Washington, D.C. Mr. Fisher has nearly 20 years of experience in providing financial, economic and analytical consulting services to corporate clients dealing with transportation, telecommunications, and postal subjects.

North America's largest railroads have retained FTI both to assist them in making strategic and tactical decisions and to provide expert testimony in litigation. FTI's ability to present a thorough understanding of myriad competitive and regulatory factors has given its clients the necessary tools to implement and advance their business. Mr. Fisher has worked extensively to develop these clients' applications for mergers and acquisitions and expert testimony justifying the reasonableness of their rates before the Surface Transportation Board. In addition to analyzing extensive financial and operating data, Mr. Fisher has worked closely with people within many departments at the railroad as well as outside counsel to ensure that the railroads' presentations are accurate and defensible. Additionally, Mr. Fisher reviews the expert testimony of the railroads' opponents in these proceedings, and advises counsel on the necessary course of action to respond.

AT&T and MCI retained FTI to advance its efforts to implement the Telecommunications Act of 1996 in local exchange markets. Mr. Fisher was primarily responsible for reviewing the incumbent local exchange carriers' (ILEC) cost studies, which significantly impacted the ability of FTI's clients to access local markets. Mr. Fisher analyzed the sensitivity of multiple economic components and incorporated this information into various models being relied upon by the parties and regulators to determine the pricing of services. Mr. Fisher was also responsible for preparing testimony that critiqued alternative presentations.

Mr. Fisher assisted in reviewing the U.S. Postal Service's evidence and preparing expert testimony on behalf of interveners in Postal Rate and Fee Changes cases. He has also been retained by a large international consulting firm to provide statistical and econometric support in their preparation of a long-range implementation plan for improving telecommunications infrastructure in a European country.

Mr. Fisher has sponsored expert testimony in rate reasonableness proceedings before the Surface Transportation Board and in contract disputes in Federal Court and arbitration proceedings.

Mr. Fisher holds a B.S. in Engineering and Management Systems from Princeton University.

TESTIMONY

Surface Transportation Board

January 15, 1999	Docket No. 42022 FMC Corporation and FMC Wyoming Corporation v. Union Pacific Railroad Company, Opening Verified Statement of Christopher D. Kent and Benton V. Fisher
March 31, 1999	Docket No. 42022 FMC Corporation and FMC Wyoming Corporation v. Union Pacific Railroad Company, Reply Verified Statement of Christopher D. Kent and Benton V. Fisher
April 30, 1999	Docket No. 42022 FMC Corporation and FMC Wyoming Corporation v. Union Pacific Railroad Company, Rebuttal Verified Statement of Christopher D. Kent and Benton V. Fisher
July 15, 1999	Docket No. 42038 Minnesota Power, Inc. v. Duluth, Missabe and Iron Range Railway Company, Opening Verified Statement of Christopher D. Kent and Benton V. Fisher
August 30, 1999	Docket No. 42038 Minnesota Power, Inc. v. Duluth, Missabe and Iron Range Railway Company, Reply Verified Statement of Christopher D. Kent and Benton V. Fisher
September 28, 1999	Docket No. 42038 Minnesota Power, Inc. v. Duluth, Missabe and Iron Range Railway Company, Rebuttal Verified Statement of Christopher D. Kent and Benton V. Fisher
June 15, 2000	Docket No. 42051 Wisconsin Power and Light Company v. Union Pacific Railroad Company, Opening Verified Statement of Christopher D. Kent and Benton V. Fisher
August 14, 2000	Docket No. 42051 Wisconsin Power and Light Company v. Union Pacific Railroad Company, Reply Verified Statement of Christopher D. Kent and Benton V. Fisher
September 28, 2000	Docket No. 42051 Wisconsin Power and Light Company v. Union Pacific Railroad Company, Rebuttal Verified Statement of Christopher D. Kent and Benton V. Fisher
December 14, 2000	Docket No. 42054 PPL Montana, LLC v. The Burlington Northern Santa Fe Railway Company, Opening Verified Statement of Christopher D. Kent and Benton V. Fisher
March 13, 2001	Docket No. 42054 PPL Montana, LLC v. The Burlington Northern Santa Fe Railway Company, Reply Verified Statement of Christopher D. Kent and Benton V. Fisher
May 7, 2001	Docket No. 42054 PPL Montana, LLC v. The Burlington Northern Santa Fe Railway Company, Rebuttal Verified Statement of Christopher D. Kent and Benton V. Fisher

October 15, 2001	Docket No. 42056 Texas Municipal Power Agency v. The Burlington Northern Santa Fe Railway Company, Opening Verified Statement of Benton V. Fisher
January 15, 2002	Docket No. 42056 Texas Municipal Power Agency v. The Burlington Northern Santa Fe Railway Company, Reply Verified Statement of Benton V. Fisher
February 25, 2002	Docket No. 42056 Texas Municipal Power Agency v. The Burlington Northern Santa Fe Railway Company, Rebuttal Verified Statement of Benton V. Fisher
May 24, 2002	Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company, Opening Evidence and Argument of Norfolk Southern Railway Company
June 10, 2002	Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Opening Evidence and Argument of Norfolk Southern Railway Company
July 19, 2002	Northern States Power Company Minnesota v. Union Pacific Railroad Company, Union Pacific's Opening Evidence
September 30, 2002	Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company, Reply Evidence and Argument of Norfolk Southern Railway Company
October 4, 2002	Northern States Power Company Minnesota v. Union Pacific Railroad Company, Union Pacific's Reply Evidence
October 11, 2002	Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Reply Evidence and Argument of Norfolk Southern Railway Company
November 1, 2002	Northern States Power Company Minnesota v. Union Pacific Railroad Company, Union Pacific's Rebuttal Evidence
November 19, 2002	Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company, Rebuttal Evidence and Argument of Norfolk Southern Railway Company
November 27, 2002	Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Rebuttal Evidence and Argument of Norfolk Southern Railway Company
January 10, 2003	Docket No. 42057 Public Service Company of Colorado D/B/A Xcel Energy v. The Burlington Northern and Santa Fe Railway Company, Opening Evidence and Argument of The Burlington Northern and Santa Fe Railway Company
February 7, 2003	Docket No. 42058 Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad, Opening Evidence of The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad

April 4, 2003	Docket No. 42057 Public Service Company of Colorado D/B/A Xcel Energy v. The Burlington Northern and Santa Fe Railway Company, Reply Evidence and Argument of The Burlington Northern and Santa Fe Railway Company
May 19, 2003	Docket No. 42057 Public Service Company of Colorado D/B/A Xcel Energy v. The Burlington Northern and Santa Fe Railway Company, Rebuttal Evidence and Argument of The Burlington Northern and Santa Fe Railway Company
May 27, 2003	Docket No. 42058 Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad, Joint Variable Cost Reply Evidence of The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad
May 27, 2003	Docket No. 42058 Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad, Reply Evidence of The Burlington Northern and Santa Fe Railway Company
June 13, 2003	Docket No. 42071 Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company, Opening Evidence of The Burlington Northern and Santa Fe Railway Company
July 3, 2003	Docket No. 42058 Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad, Joint Variable Cost Rebuttal Evidence of The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad
October 8, 2003	Docket No. 42071 Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company, Reply Evidence of The Burlington Northern and Santa Fe Railway Company
October 24, 2003	Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company Supplemental Evidence of Norfolk Southern Railway Company
October 31, 2003	STB Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company, Reply of Norfolk Southern Railway Company to Duke Energy Company's Supplemental Evidence
November 24, 2003	STB Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Supplemental Evidence of Norfolk Southern Railway Company
December 2, 2003	STB Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Reply of Norfolk Southern Railway Company to Carolina Power & Light Company's Supplemental Evidence
January 26, 2004	STB Docket No. 42058 Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company, Joint Supplemental Reply Evidence and Argument of The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company

March 1, 2004	STB Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. The Burlington Northern and Santa Fe Railway Company, Opening Evidence and Argument of The Burlington Northern and Santa Fe Railway Company
March 22, 2004	STB Docket No. 42071 Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company, Supplemental Reply Evidence of The Burlington Northern and Santa Fe Railway Company
April 29, 2004	STB Docket No. 42071 Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company, Rebuttal Evidence of The Burlington Northern and Santa Fe Railway Company
May 24, 2004	STB Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. The Burlington Northern and Santa Fe Railway Company, Reply Evidence of The Burlington Northern and Santa Fe Railway Company
March 1, 2005	Docket No. 42071 Otter Tail Power Company v. BNSF Railway Company, Supplemental Evidence of BNSF Railway Company
April 4, 2005	Docket No. 42071 Otter Tail Power Company v BNSF Railway Company, Reply of BNSF Railway Company to Supplemental Evidence
April 19, 2005	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Opening Evidence of BNSF Railway Company
July 20, 2005	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Reply Evidence of BNSF Railway Company
July 27, 2004	STB Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. The Burlington Northern and Santa Fe Railway Company, Rebuttal Evidence of The Burlington Northern and Santa Fe Railway Company
September 30, 2005	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Rebuttal Evidence of BNSF Railway Company
October 20, 2005	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Surrebuttal Evidence of BNSF Railway Company
June 15, 2006	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Reply Supplemental Evidence of BNSF Railway Company
June 15, 2006	Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. BNSF Railway Company, Reply Supplemental Evidence of BNSF Railway Company
March 19, 2007	Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. BNSF Railway Company, Reply Third Supplemental Evidence of BNSF Railway Company

March 26, 2007	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Reply Second Supplemental Evidence of BNSF Railway Company
July 30, 2007	Docket No. 42095 Kansas City Power & Light v. Union Pacific Railroad Company, Union Pacific's Opening Evidence
August 20, 2007	Docket No. 42095 Kansas City Power & Light v. Union Pacific Railroad Company, Union Pacific's Reply Evidence
February 4, 2008	Docket No. 42099 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Opening Evidence of CSXT
February 4, 2008	Docket No. 42100 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Opening Evidence of CSXT
February 4, 2008	Docket No. 42101 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Opening Evidence of CSXT
March 5, 2008	Docket No. 42099 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Reply Evidence of CSXT
March 5, 2008	Docket No. 42100 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Reply Evidence of CSXT
March 5, 2008	Docket No. 42101 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Reply Evidence of CSXT
April 4, 2008	Docket No. 42099 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Rebuttal Evidence of CSXT
April 4, 2008	Docket No. 42100 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Rebuttal Evidence of CSXT
April 4, 2008	Docket No. 42101 E.I. DuPont De Nemours and Company v. CSX Transportation, Inc., Rebuttal Evidence of CSXT
July 14, 2008	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Third Supplemental Reply Evidence of BNSF Railway Company
August 8, 2008	Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. BNSF Railway Company, Fourth Supplemental Evidence of BNSF Railway Company
September 5, 2008	Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. BNSF Railway Company, Fourth Supplemental Reply Evidence of BNSF Railway Company
October 17, 2008	Docket No. 42110 Seminole Electric Cooperative, Inc. v. CSX Transportation, Inc., CSX Transportation, Inc.'s Reply to Petition for Injunctive Relief, Verified Statement of Benton V. Fisher
August 24, 2009	Docket No. 42114 US Magnesium, L.L.C. v. Union Pacific Railroad Company, Opening Evidence of Union Pacific Railroad Company

September 22, 2009	Docket No. 42114 US Magnesium, L.L.C. v. Union Pacific Railroad Company, Reply Evidence of Union Pacific Railroad Company
October 22, 2009	Docket No. 42114 US Magnesium, L.L.C. v. Union Pacific Railroad Company, Rebuttal Evidence of Union Pacific Railroad Company
January 19, 2010	Docket No. 42110 Seminole Electric Cooperative, Inc. v. CSX Transportation, Inc., Reply Evidence of CSX Transportation, Inc.
May 7, 2010	Docket No. 42113 Arizona Electric Power Cooperative, Inc. v. BNSF Railway Company and Union Pacific Railroad Company, Joint Reply Evidence of BNSF Railway Company and Union Pacific Railroad Company
October 1, 2010	Docket No. 42121 Total Petrochemicals USA, Inc. v. CSX Transportation, Inc., Motion for Expedited Determination of Jurisdiction Over Challenged Rates, Verified Statement of Benton V. Fisher
November 22, 2010	Docket No. 42088 Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company, Comments of BNSF Railway Company on Remand, Joint Verified Statement of Michael R. Baranowski and Benton V. Fisher
January 6, 2011	Docket No. 42056 Texas Municipal Power Agency v. BNSF Railway Company, BNSF Reply to TMPA Petition for Enforcement of Decision, Joint Verified Statement of Michael R. Baranowski and Benton V. Fisher

U.S. District Court for the Eastern District of North Carolina

March 17, 2006	Civil Action No. 4:05-CV-55-D, PCS Phosphate Company v. Norfolk Southern Corporation and Norfolk Southern Railway Company, Report by Benton V. Fisher

U.S. District Court for the Eastern District of California

January 18, 2010	E.D. Cal. Case No. 08-CV-1086-AWI, BNSF Railway Company v. San Joaquin Valley Railroad Co., et al.

Arbitrations and Mediations

July 10, 2009	JAMS Ref. # 1220039135; In the Matter of the Arbitration Between Pacer International, Inc., d/b/a/ Pacer Stacktrain (f/k/a/ APL Land Transport Services, Inc.), American President Lines, Ltd. And APL Co. Pte. Ltd. And Union Pacific Railroad Company; Rebuttal Expert Report of Benton V. Fisher

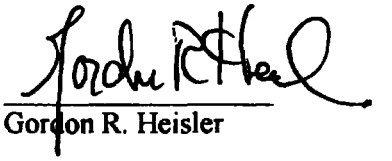
GORDON R. HEISLER

Mr. Heisler is a Principal of his own transportation consulting firm, Heislog LLC. The Firm's offices are located at 98 McConkey Drive, Washington Crossing, PA 18977. Mr. Heisler is sponsoring Part II-B and supporting exhibits of CSXT's Reply Evidence regarding qualitative market dominance, including CSXT Reply Exhibits II-B-1, II-B-2, II-B-3, II-B-4, and II-B-36.

Mr. Heisler has 38 years of experience in surface transportation and logistics, a large portion of which related to chemicals and plastics distribution for Sunoco, Inc. ("Sunoco") and for FMC Industrial Chemicals. He directed Sunoco's transportation group for approximately 13 years before retiring from that company in 2005. During his Sunoco tenure, Mr. Heisler was responsible for the operational management and economics of all deliveries including rail and bulk trucking movements of Sunoco Polymers. This entailed operation of over 3,000 plastics hopper cars delivering over 12,000 rail shipments of polymer products annually, as well as establishment and operation of 18 plastics intermodal transload facilities. Sunoco held contracts with seven Class I rail carriers and with 12 bulk motor carriers of plastics to accomplish this transportation. Mr. Heisler has made presentations regarding logistics business issues to the Surface Transportation Board, to members of the Senate and House of Representatives, and before a number of industry groups, including the National Industrial Transportation League, the Council of Logistics Management, and the American Coalition for Ethanol. He is also a former Director of the American Plastics Council-Transportation and Logistics Committee. He has been engaged in independent bulk logistics consulting since 2006 and has designed distribution networks for ethanol and petroleum coke as well as consulting in several other bulk logistics projects.

VERIFICATION

I, Gordon R. Heisler, declare under penalty of perjury that I have read the portions of the Reply Evidence of CSX Transportation, Inc. that I have sponsored (as described in the foregoing Statement of Qualifications), that I know the contents thereof, and that the evidence I have sponsored is true and correct. Further, I certify that I am qualified and authorized to file this statement.



Gordon R. Heisler

Executed on this 27th day of June, 2011.

RICHARD L. KARN

Mr. Karn is Director of Marketing in the Chemicals Group for CSX Transportation, Inc. ("CSXT"). His office address is 500 Water Street, 15th Floor, Jacksonville, FL 32202. Mr. Karn is sponsoring portions of CSXT's Reply Evidence in Part II involving CSXT's practices and operations, as well as CSXT's experiences in the chemical transportation market.

Mr. Karn has been Director of Marketing in the Chemicals group for the past six years. Mr. Karn's responsibilities as Director of Marketing include marketing and pricing CSXT's transportation services for plastics and related commodities. In addition, Mr. Karn has held a number of different marketing positions at CSXT, including responsibility for a broad range of chemical and steel products.

VERIFICATION

I, Richard L. Karn, declare under penalty of perjury that I have read the portions of the Reply Evidence of CSX Transportation, Inc. that I have sponsored (as described in the foregoing Statement of Qualifications), that I know the contents thereof, and that the evidence I have sponsored is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Richard L. Karn

Executed on this 28th day of June, 2011.

RON AKARD

Mr. Akard is an independent logistics consultant. His office's address is 620 Collins Crest Court, Nashville, Tennessee 37221. Mr. Akard is sponsoring portions of CSXT's Reply Evidence in Part II involving the use of rail-truck transloading for PET and other products and responding to M&G's alleged product integrity concerns.

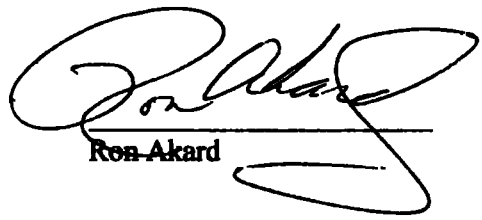
Prior to consulting, Mr. Akard spent over thirty seven years at the Eastman Chemical Company and one of its subsidiaries, Cendian Corporation. Mr. Akard's early work at Eastman involved traffic coordination and analysis, including negotiating directly with freight truck and rail carriers on rates. He also worked as a Hazardous Materials Regulatory Analyst, assuring Eastman's compliance with all pertinent regulations and best practices.

While working at Cendian Corporation, Mr. Akard managed the bulk truck and storage facilities network for the entire company. His work including handling logistics and managing all contractual and procurement activities for bulk truck carriers. Returning to Eastman in 2005, Mr. Akard was the Eastern U.S. Facilities Manager where he was responsible for all of Eastman's eastern United States and Canadian storage facilities.

Throughout his career, Mr. Akard has spent considerable time working on issues related to transloading PET and other chemical products including having direct oversight of such activities at Eastman and Cendian. He has dealt directly with external facilities such as package warehouses, bulk liquid terminals, and plastics transfer facilities and managed the transportation of products from these facilities.

VERIFICATION

I, Ron Akard, declare under penalty of perjury that I have read the portions of the Reply Evidence of CSX Transportation, Inc. that I have sponsored (as described in the foregoing Statement of Qualifications), that I know the contents thereof, and that the evidence I have sponsored is true and correct. Further, I certify that I am qualified and authorized to file this statement.



Ron Akard

Executed on this 28th day of June, 2011.

JOHN J. SCHEETER

Mr. Scheeter is Director of Terminal Development for Transflo Terminals Services, Inc., a part of CSX Transportation, Inc. ("CSXT"). His office address is **500 Water Street** Jacksonville, FL 32202. Mr. Scheeter is sponsoring portions of CSXT's Reply Evidence in Part II involving the use of rail-truck transloading for PET and other products and responding to M&G's alleged product integrity concerns.

Mr. Scheeter has worked in the rail and rail-related industries for thirty-eight years. His early career was in railcar manufacturing, where he worked with customers to develop unloading devices for covered hopper cars for ACF Industries, the premier manufacturer of covered hopper cars for the transportation of plastic pellets. Mr. Scheeter developed railcar outlets for many major companies including DuPont, Monsanto, Shell Chemical, and Exxon/Mobil.

In 1977 Mr. Scheeter joined the Chessie System as an engineer and has stayed with the company through its eventual merger with Seaboard Coast Line Industries to form CSXT. With Chessie and later CSXT, Mr. Scheeter modified railcars in the fleet to meet shipper requirements. Mr. Scheeter has helped develop the TRANSFLO Network, CSXT's network of terminals for transloading bulk commodities in the eastern United States and Canada. The TRANSLO Network began with five terminals and at one point had grown to eighty terminals during Mr. Scheeter's tenure. Mr. Scheeter continues to assist in the development of systems and practices to meet the needs of shippers and TRANSFLO terminals.

VERIFICATION

I, John J. Scheeter, declare under penalty of perjury that I have read the portions of the Reply Evidence of CSX Transportation, Inc. that I have sponsored (as described in the foregoing Statement of Qualifications), that I know the contents thereof, and that the evidence I have sponsored is true and correct. Further, I certify that I am qualified and authorized to file this statement.

John J. Scheeter

Executed on this 29 day of June, 2011.

BENEDETTO GUIDO

Mr. Guido is President of Via Rail Logistics, LLC. His office address is Via Rail Logistics, LLC S50 W34326 Ridgeway Drive Dousman, Wisconsin 53118.

Mr. Guido is sponsoring Exhibits II-B-36, II-B-37 and II-B-38 of CSXT's Reply Evidence, which propose potential capital improvements M&G could make to enhance the transloading capacity at its Apple Grove facility and responds to M&G's allegations regarding the capital investments supposedly required to increase truck loading at Apple Grove.

Mr. Guido is an expert in railroad engineering, design and logistics. He is a graduate of Marquette University, where he earned his Bachelor of Science in Civil Engineering. Since 2005 he has been president of Via Rail Logistics, LLC, a site development company which provides linkages between railroads and industry. Before starting Via Rail Logistics, Mr. Guido consulted for Key Railroad Development, LLC and STS Consultants, Ltd., focusing on a variety of railroad-related projects. Prior to consulting, Mr. Guido worked as a project engineer at Volkmann Railroad Builders, a track construction company. Mr. Guido spent approximately fifteen years with the Chicago and Northwestern Railroad ("CNW"). He began as a track laborer, became a Technical Engineer, and closed out his career at the CNW as an Industrial Development Manager. During his tenure at the CNW, Mr. Guido designed rail yards and new industry spur tracks, conducted field surveys, and assisted with accident investigations.

Mr. Guido's complete curriculum vitae is attached.

VERIFICATION

I, Benedetto Guido, declare under penalty of perjury that I have read the portions of the Reply Evidence of CSX Transportation, Inc. that I have sponsored (as described in the foregoing Statement of Qualifications), that I know the contents thereof, and that the evidence I have sponsored is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Benedetto Guido

Executed on this 28 day of June, 2011.

VIA RAIL LOGISTICS, LLC

BENEDETTO GUIDO, P.E.

Feasibility Studies

Budget Development

Design Coordination

Railroad Permitting

Project Management

Client Representation

Personal Approach

Logistics Planning

Quality Assurance

Expert Witness

EDUCATION

B.S. *Civil Engineering*, Marquette University, Milwaukee, Wisconsin
Managing Track Maintenance, University of Wisconsin, Madison, Wisconsin
Fundamentals of Professional Practice, ASFE, Silver Spring, Maryland
Account Management, Lake Forest Graduate School of Management, Lake Forest, Illinois

PROFESSIONAL REGISTRATIONS AND CERTIFICATIONS

Registered Professional Engineer – Wisconsin
Railroad Track Inspector Certification - FRA Part 213
Railroad On-Track Safety Certification - FRA Part 214
Wisconsin Economic Development Association
American Railway Engineering and Maintenance-of-Way Association
American Railway Development Association
Association of Industrial Real Estate Brokers
Professional Developers of Iowa
Illinois Development Council

PROFESSIONAL EXPERIENCE

VIA RAIL LOGISTICS, LLC, Waukesha, Wisconsin (December 2005 to Present)
President
KEY RAILROAD DEVELOPMENT, LLC, Milwaukee, Wisconsin (2001 to November 2005)
Principal
STS CONSULTANTS, LTD., Milwaukee, Wisconsin (1998 to 2001)
Associate Engineer
VOLKMANN RAILROAD BUILDERS, Menomonee Falls, Wisconsin (1987 to 1998)
Project Engineer
CHICAGO AND NORTHWESTERN RAILROAD, Des Moines, Iowa (1973 to 1987)
Industrial Development Manager

REPRESENTATIVE EXPERIENCE

Industrial Development Manager

My career with the Chicago and NorthWestern Railroad began in the Engineering Department. I worked as a Track laborer during my college years and later recruited into the Engineering Training Program. I was promoted to Technical Engineer and assigned various design and engineering responsibilities; design of rail yards, new industry spur tracks, management of special projects, field surveys, crossing accident investigations, and other duties requiring professional assistance.

During my last two years of service with the CNW, I was promoted to Industrial Development Manager under the direction of Mr. Keith Peterson, Regional Manager. My territory included eastern Iowa and northern Missouri, with responsibilities for: sale of abandoned right-of-way, industrial development, community economic development support, and public relations activities. I left the CNW to pursue opportunities in the railroad construction industry.

Project Engineer

Volkmann Railroad Builders is a track construction company located in the state of Wisconsin, and has a subsidiary, Mountain States Contracting, located in Arizona. Both companies performed work throughout the United States in the private sector, for railroads, and pursued federal contracts. My employment responsibilities included writing proposals, preparing bid documents, rail design, project management, and business development. Volkmann Railroad Builders offered me a wide range of experience; military installations, petroleum plants, copper mines. I also assisted in the development of business parks for municipalities, transload facilities, and a wide array of infrastructure for the railroad industry.

Associate Engineer

Encouraged by fellow associates and drawing on my twenty years of experience, I redirected my career to consulting with STS Consultants, Ltd. Under the Principal supervision of Mr. Richard Wagner, P.E., my goal was to build a railroad design practice within the civil site design group. My responsibilities included: business development, marketing, senior design review, and project management. I achieved my business development and marketing goals by establishing a wide network of collateral resources; networking with railroad Industrial Development Managers, Community Economic Development Directors, Development Firms, Brokers, and Utility Company Business Managers. In the three years at STS, I supported the creation of a multimillion dollar regional civil consulting practice.

Principal

Key Railroad Development, LLC, is a subsidiary of Key Engineering Group. Key Rail was formed to create a professional consulting firm primarily focused on site development opportunities in the railroad industry. Key Rail allowed me to freely engage in railroad transportation problems. At KEY my primary role was Business Development and Principal Supervision. I also became involved in public relations activities, state legislation, and federal lobbying. My career now firmly planted in economic development, railroad transportation, and land use planning.

President

Founded Via Rail Logistics, LLC with the vision of providing a wide range of consulting services in the railroad industry. Via Rail Logistics provides services to a broad network of industrial developers, brokers, economic development professionals, and railroad representatives. With over 30 years of experience in the railroad industry, Via Rail Logistics assists clients with due diligence and feasibility studies, infrastructure design, and construction services.

By contracting out our targeted expertise directly to development professionals, communities, and private sector, we can provide personal care to sensitive railroad projects. Acting as an owner's representative from project development through implementation, allows us to exercise our knowledge and practice. We are the premier owner's representative in an industry that is difficult to navigate.

REFERENCES

John Milton
CSX Transportation
Director Regional Development
500 Water Street, 6th Floor, J855
Jacksonville, FL 32202
904-359-1617
john_milton@csx.com

Jeffery Wagoner
CSX Transportation
Industrial Development Manager
4819 Snapjack Circle
Naperville, IL 60564
630-904-1493
jeff_wagoner@csx.com

Tom Willis
CSX Transportation
Regional Manager Site Design
1717 Dixie Highway, Suite 400
Fort Wright, KY 41011-2785
859-344-9675
tom_willis@csx.com

VIA RAIL LOGISTICS, LLC

RELEVANT PROJECT EXPERIENCE

Feasibility Studies

Budget Development

Design Coordination

Railroad Permitting

Project Management

Client Representation

Personal Approach

Logistics Planning

Quality Assurance

Expert Witness

Providence Development

Via Rail Logistics, LLC is currently working with Providence Development group in conjunction with the planning and layout of multiple transload sites on CSX territory. The specialized transloading operation is targeted for strategic commodities and the projects are nearing the final design phase.

BP Amoco

Via Rail Logistics, LLC was commissioned to lead a feasibility study for various ethanol transload sites. The sites were located primarily on NS and CSX territory throughout the Southeast. The feasibility study included site evaluation, rail operations and preliminary layout design services. Budgetary construction cost estimates were also developed for each site.

Frac Sand Facilities

Via Rail Logistics, LLC has provided numerous transload operation designs in the Frac Sand industry. We have assisted in the development of frac sand loading operations in Minnesota, Wisconsin, Illinois and Texas. Projects in this market sector range from 100% completed and operational to being in the planning and development stages.

Wind Energy

Via Rail Logistics, LLC has assisted clients with wind energy transload sites for the distribution of towers, turbines and blades. Transload facilities in the wind energy marketplace required consideration of unit train service, trucking logistics, and on site storage criteria. Wind energy site planning was performed in Iowa, North Dakota, Illinois and Texas.

Logistics Terminals

Via Rail Logistics, LLC was retained to conduct planning and design work for expansion of operations and rail service at inland port terminals located in Sioux City, Iowa and St. Paul, Minnesota. Terminal operations included commodities and products such as grain, fertilizer, oils, aggregates and construction materials.

Via Rail Logistics, LLC
S50 W34326 Ridgeway Drive
Dousman, Wisconsin 53118
Phone 414.405.7682 / Fax 925.403.5334
bguido@viaraillogistics.com

PUBLIC VERSION
HIGHLY CONFIDENTIAL AND CONFIDENTIAL INFORMATION REDACTED

BEFORE THE SURFACE TRANSPORTATION BOARD

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

REPLY MARKET DOMINANCE EVIDENCE OF CSX TRANSPORTATION, INC.

EXHIBITS

Peter J. Shudtz
Paul R. Hitchcock
John P. Patelli
Kathryn R. Barney
CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202

G. Paul Moates
Paul A. Hemmersbaugh
Matthew J. Warren
Hanna M. Chouest
Marc A. Korman
Sidley Austin LLP
1501 K Street, N.W.
Washington, D.C. 20005
(202) 736-8000
(202) 736-8711 (fax)

Counsel to CSX Transportation, Inc.

Dated: July 5, 2011

Filing Contains Color Images

INDEX OF EXHIBITS TO CSXT REPLY MARKET DOMINANCE EVIDENCE

II-A: Quantitative Market Dominance Exhibits

1. Loaded Miles and URCS Variable Costs per Carload (2009 Base Year) (*Public*)
2. URCS Variable Costs and R/VC Ratios, 1Q 2010 through 1Q 2011 (*Public*)

II-B: Qualitative Market Dominance Exhibits

1. Video Exhibit Of Intermodal Options (*Confidential – no public version*)
2. Description of Competitive Alternatives to Individual Case Lanes (*Highly Confidential – redacted public version*)
3. Cost Details of Competitive Options to CSXT Rail Service (*Highly Confidential – redacted public version*)
4. Maps Illustrating Competitive Options to CSXT Rail Service (*Highly Confidential – redacted public version*)
5. Photographs of Apple Grove Loading Process (Taken Dec. 16, 2010) (*Confidential – no public version*)
6. {{ }} (*Highly Confidential – no public version*)
7. {{ }} (*Highly Confidential – no public version*)
8. {{ }} (*Highly Confidential – no public version*)
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10. {{ }} (*Highly Confidential – no public version*)
11. {{ }} (*Highly Confidential – no public version*)
12. {{ }} (*Highly Confidential – no public version*)

13. Objections and Responses of M&G Polymers USA, LLC to Defendant CSXT's Second Set of Interrogatories, served December 23, 2010 (*Highly Confidential – redacted public version*)

14. {{ }} (*Highly Confidential – no public version*)

15. {{ }} (*Highly Confidential – no public version*)

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33. {{ }} (*Highly Confidential – no public version*)

34. {{ }} (*Highly Confidential – no public version*)

35. {{ }} (*Highly Confidential – no public version*)

36. Capital expense costs (*Highly Confidential – redacted public version*)

37. Summary of proposed ViaRail capital expense costs (*Confidential – no public version)*

38. Map of proposed ViaRail capital expense costs (*Confidential – no public version)*

39. {{ }} (*Highly Confidential – no public version*)

40. {{ }} (*Highly Confidential – no public version*)

41. {{ }} (*Highly Confidential – no public version*)

42. {{ }} (*Highly Confidential – no public version*)

Loaded Miles and URCS Variable Costs per Carload (2009 Base-Year)

Lane	Origin City	ST	Destination City	ST	Commodity Description	STCC	Loaded Miles M&G Open.	CSXT Reply	Diff.	Variable Costs per Car (2009) M&G Open.	CSXT Reply	Diff.
Exhibit A												
1	APPLE GROVE	WV	BELPRE	OH	Polyethylene Terephthalate	2821156	97	130	33	$759	$819	$61
2	APPLE GROVE	WV	BORDENTOWN	NJ	Polyethylene Terephthalate	2821156	700	886	186	$1,869	$2,211	$342
3	APPLE GROVE	WV	CARTERSVILLE	GA	Polyethylene Terephthalate	2821156	728	750	22	$1,920	$1,961	$40
4	APPLE GROVE	WV	CLIFTON FORGE	VA	Polyethylene Terephthalate	2821156	294	389	95	$1,122	$1,296	$175
5	APPLE GROVE	WV	DEVON	KY	Polyethylene Terephthalate	2821156	192	193	1	$933	$935	$2
6	APPLE GROVE	WV	ORLANDO	FL	Polyethylene Terephthalate	2821156	1,043	1,088	45	$2,499	$2,582	$83
7	APPLE GROVE	WV	PARIS	IL	Polyethylene Terephthalate	2821156	401	400	(1)	$1,317	$1,315	($2)
8	APPLE GROVE	WV	PARKERSBURG	WV	Polyethylene Terephthalate	2821156	95	95	0	$755	$755	$0
9	APPLE GROVE	WV	RAINS	SC	Polyethylene Terephthalate	2821156	840	840	0	$2,131	$2,131	$0
10	APPLE GROVE	WV	ROCHESTER	NY	Polyethylene Terephthalate	2821156	614	727	113	$1,748	$1,963	$215
11	BELPRE	OH	APPLE GROVE	WV	Polyethylene Terephthalate	2821156	97	97	0	$754	$754	$0
12	BELPRE	OH	BORDENTOWN	NJ	Polyethylene Terephthalate	2821156	607	600	(7)	$1,698	$1,685	($13)
13	BELPRE	OH	CARTERSVILLE	GA	Polyethylene Terephthalate	2821156	823	823	0	$2,077	$2,077	$0
14	BELPRE	OH	DEVON	KY	Polyethylene Terephthalate	2821156	289	290	1	$1,107	$1,109	$2
15	BELPRE	OH	ORLANDO	FL	Polyethylene Terephthalate	2821156	1,140	1,140	0	$2,678	$2,678	$0
16	BELPRE	OH	PARIS	IL	Polyethylene Terephthalate	2821156	500	500	0	$1,502	$1,502	$0
17	PARKERSBURG	WV	APPLE GROVE	WV	Polyethylene Terephthalate	2821156	95	95	0	$754	$754	$0
18	RAINS	SC	CARTERSVILLE	GA	Polyethylene Terephthalate	2821156	537	513	(24)	$1,568	$1,523	($44)
Exhibit B												
1	ALTAMIRA	TM	APPLE GROVE	WV	Polyethylene Terephthalate	2821156	563	563	0	$1,375	$1,375	$0
2	ALTAMIRA	TM	BELPRE	OH	Polyethylene Terephthalate	2821156	660	660	0	$1,548	$1,548	$0
3	ALTAMIRA	TM	CAMBRIDGE	OH	Polyethylene Terephthalate	2821156	359	359	0	$767	$767	$0
4	ALTAMIRA	TM	CARTERSVILLE	GA	Polyethylene Terephthalate	2821156	558	558	0	$1,369	$1,369	$0
5	ALTAMIRA	TM	CLIFTON FORGE	VA	Polyethylene Terephthalate	2821156	1,306	1,335	29	$2,738	$2,791	$53
6	ALTAMIRA	TM	ORLANDO	FL	Polyethylene Terephthalate	2821156	895	889	(6)	$1,985	$1,974	($11)
7	APPLE GROVE	WV	AGUILA	AZ	Polyethylene Terephthalate	2821156	565	558	(7)	$1,377	$1,364	($13)
8	APPLE GROVE	WV	ALLENTOWN	PA	Polyethylene Terephthalate	2821156	409	409	0	$1,095	$1,095	$0
9	APPLE GROVE	WV	ALTAMIRA	TM	Polyethylene Terephthalate	2821156	565	558	(7)	$1,377	$1,364	($13)
10	APPLE GROVE	WV	CHAMPAIGN	IL	Polyethylene Terephthalate	2821156	488	501	13	$1,245	$1,270	$24
11	APPLE GROVE	WV	CHAMPAIGN	IL	Polyethylene Terephthalate	2821156	458	458	0	$1,191	$1,191	$0
12	APPLE GROVE	WV	DARLINGTON	SC	Polyethylene Terephthalate	2821156	654	653	(1)	$1,549	$1,547	($2)
13	APPLE GROVE	WV	DONEY SPUR	PQ	Polyethylene Terephthalate	2821156	279	320	41	$851	$927	$75
14	APPLE GROVE	WV	FRANKLIN	IN	Polyethylene Terephthalate	2821156	319	327	8	$930	$945	$15
15	APPLE GROVE	WV	FREMONT	OH	Polyethylene Terephthalate	2821156	157	198	41	$632	$708	$76
16	APPLE GROVE	WV	GLENDALE	AZ	Polyethylene Terephthalate	2821156	565	558	(7)	$1,377	$1,364	($13)
17	APPLE GROVE	WV	HAMILTON	ON	Polyethylene Terephthalate	2821156	279	320	41	$854	$929	$76
18	APPLE GROVE	WV	HAVRE DE GRACE	MD	Polyethylene Terephthalate	2821156	409	409	0	$1,095	$1,095	$0
19	APPLE GROVE	WV	HAZLETON	PA	Polyethylene Terephthalate	2821156	409	409	0	$1,095	$1,095	$0
20	APPLE GROVE	WV	HEBRON	OH	Polyethylene Terephthalate	2821156	347	347	0	$987	$987	$0
21	APPLE GROVE	WV	LENEXA	KS	Polyethylene Terephthalate	2821156	565	558	(7)	$1,380	$1,367	($13)
22	APPLE GROVE	WV	LITTLE ROCK	AR	Polyethylene Terephthalate	2821156	565	558	(7)	$1,379	$1,366	($13)
23	APPLE GROVE	WV	MEMPHIS	TN	Polyethylene Terephthalate	2821156	734	733	(1)	$1,698	$1,697	($2)
24	APPLE GROVE	WV	NICHOLASVILLE	KY	Polyethylene Terephthalate	2821156	157	198	41	$630	$706	$76
25	APPLE GROVE	WV	ROCKFORD	IL	Polyethylene Terephthalate	2821156	565	558	(7)	$1,383	$1,370	($13)
26	APPLE GROVE	WV	ROGERS	MN	Polyethylene Terephthalate	2821156	565	558	(7)	$1,380	$1,367	($13)
27	APPLE GROVE	WV	RUSSELLVILLE	AR	Polyethylene Terephthalate	2821156	554	596	42	$1,354	$1,431	$77
28	APPLE GROVE	WV	ST JEAN	PQ	Polyethylene Terephthalate	2821156	279	320	41	$851	$927	$75
29	APPLE GROVE	WV	SUISUN FAIRFIELD	CA	Polyethylene Terephthalate	2821156	554	596	42	$1,350	$1,427	$77
30	APPLE GROVE	WV	SWEETWATER	TX	Polyethylene Terephthalate	2821156	565	558	(7)	$1,378	$1,365	($13)
31	APPLE GROVE	WV	TEXARKANA	TX	Polyethylene Terephthalate	2821156	554	596	42	$1,354	$1,430	$77
32	APPLE GROVE	WV	UNIVERSITY PARK	IL	Polyethylene Terephthalate	2821156	537	542	5	$1,333	$1,342	$9
33	APPLE GROVE	WV	VADO	NM	Polyethylene Terephthalate	2821156	565	558	(7)	$1,377	$1,364	($13)
34	APPLE GROVE	WV	W CHICAGO	IL	Polyethylene Terephthalate	2821156	565	557	(8)	$1,384	$1,370	($15)
35	APPLE GROVE	WV	WAYNESVILLE	NC	Polyethylene Terephthalate	2821156	572	572	0	$1,399	$1,399	$0
36	BELPRE	OH	AGUILA	AZ	Polyethylene Terephthalate	2821156	662	652	(10)	$1,552	$1,534	($18)
37	BELPRE	OH	ALLENTOWN	PA	Polyethylene Terephthalate	2821156	316	316	0	$925	$925	$0
38	BELPRE	OH	CAMBRIDGE	ON	Polyethylene Terephthalate	2821156	487	487	0	$1,239	$1,239	$0
39	BELPRE	OH	FRANKLIN	IN	Polyethylene Terephthalate	2821156	416	422	6	$1,095	$1,106	$11
40	BELPRE	OH	FREMONT	OH	Polyethylene Terephthalate	2821156	254	254	0	$812	$812	$0
41	BELPRE	OH	HAZLETON	PA	Polyethylene Terephthalate	2821156	316	316	0	$924	$924	$0
42	BELPRE	OH	LENEXA	KS	Polyethylene Terephthalate	2821156	662	652	(10)	$1,555	$1,537	($18)
43	BELPRE	OH	RUSSELLVILLE	AR	Polyethylene Terephthalate	2821156	649	662	13	$1,536	$1,560	$24
44	BELPRE	OH	ST JEAN	PQ	Polyethylene Terephthalate	2821156	487	487	0	$1,237	$1,237	$0
45	BELPRE	OH	SUISUN FAIRFIELD	CA	Polyethylene Terephthalate	2821156	649	662	13	$1,533	$1,557	$24
46	BELPRE	OH	SWEETWATER	TX	Polyethylene Terephthalate	2821156	662	652	(10)	$1,553	$1,535	($18)
47	SPRING	TX	APPLE GROVE	WV	Polyethylene Terephthalate	2821156	603	603	0	$1,444	$1,444	$0
48	SWEETWATER	TX	APPLE GROVE	WV	Polyethylene Terephthalate	2821156	563	563	0	$1,376	$1,376	$0
49	SWEETWATER	TX	CARTERSVILLE	GA	Polyethylene Terephthalate	2821156	558	558	0	$1,371	$1,371	$0
50	SWEETWATER	TX	CLIFTON FORGE	VA	Polyethylene Terephthalate	2821156	1,306	1,335	29	$2,740	$2,793	$53
51	APPLE GROVE	WV	LEXINGTON	KY	Polyethylene Terephthalate	2821156	277	277	0	$858	$858	$0
52	APPLE GROVE	WV	PRATTVILLE	AL	Polyethylene Terephthalate	2821156	188	189	1	$686	$688	$2

URCS Variable Costs and R/VC Ratios, 1Q 2010

Lane	Origin City	ST	Destination City	ST	Indexed Variable Costs M&G Open.	CSXT Reply	Diff.	R/VC Ratio M&G Open.	CSXT Reply	Diff.
Exhibit A										
1	APPLE GROVE	WV	BELPRE	OH	$795	$859	$64	322%	299%	-24%
2	APPLE GROVE	WV	BORDENTOWN	NJ	$1,959	$2,317	$359	299%	252%	-46%
3	APPLE GROVE	WV	CARTERSVILLE	GA	$2,013	$2,055	$42	281%	276%	-6%
4	APPLE GROVE	WV	CLIFTON FORGE	VA	$1,175	$1,359	$183	331%	287%	-45%
5	APPLE GROVE	WV	DEVON	KY	$978	$980	$2	285%	285%	-1%
6	APPLE GROVE	WV	ORLANDO	FL	$2,619	$2,706	$87	306%	296%	-10%
7	APPLE GROVE	WV	PARIS	IL	$1,380	$1,378	($2)	395%	395%	1%
8	APPLE GROVE	WV	PARKERSBURG	WV	$791	$791	$0	324%	324%	0%
9	APPLE GROVE	WV	RAINS	SC	$2,233	$2,233	$0	243%	243%	0%
10	APPLE GROVE	WV	ROCHESTER	NY	$1,832	$2,057	$225	468%	417%	-51%
11	BELPRE	OH	APPLE GROVE	WV	$790	$790	$0	394%	394%	0%
12	BELPRE	OH	BORDENTOWN	NJ	$1,779	$1,766	($14)	295%	298%	2%
13	BELPRE	OH	CARTERSVILLE	GA	$2,177	$2,177	$0	301%	301%	0%
14	BELPRE	OH	DEVON	KY	$1,161	$1,162	$2	329%	329%	-1%
15	BELPRE	OH	ORLANDO	FL	$2,807	$2,807	$0	285%	285%	0%
16	BELPRE	OH	PARIS	IL	$1,574	$1,574	$0	325%	325%	0%
17	PARKERSBURG	WV	APPLE GROVE	WV	$790	$790	$0	394%	394%	0%
18	RAINS	SC	CARTERSVILLE	GA	$1,643	$1,597	($46)	252%	259%	7%
Exhibit B										
1	ALTAMIRA	TM	APPLE GROVE	WV	$1,441	$1,441	$0	388%	388%	0%
2	ALTAMIRA	TM	BELPRE	OH	$1,622	$1,622	$0	340%	340%	0%
3	ALTAMIRA	TM	CAMBRIDGE	OH	$804	$804	$0	610%	610%	0%
4	ALTAMIRA	TM	CARTERSVILLE	GA	$1,435	$1,435	$0	415%	415%	0%
5	ALTAMIRA	TM	CLIFTON FORGE	VA	$2,870	$2,926	$56	253%	248%	-5%
6	ALTAMIRA	TM	ORLANDO	FL	$2,080	$2,069	($12)	356%	358%	2%
7	APPLE GROVE	WV	AGUILA	AZ	$1,443	$1,430	($14)	385%	388%	4%
8	APPLE GROVE	WV	ALLENTOWN	PA	$1,148	$1,148	$0	461%	461%	0%
9	APPLE GROVE	WV	ALTAMIRA	TM	$1,443	$1,429	($14)	385%	388%	4%
10	APPLE GROVE	WV	CHAMPAIGN	IL	$1,305	$1,331	$25	424%	416%	-8%
11	APPLE GROVE	WV	CHAMPAIGN	IL	$1,248	$1,248	$0	446%	446%	0%
12	APPLE GROVE	WV	DARLINGTON	SC	$1,623	$1,621	($2)	332%	332%	0%
13	APPLE GROVE	WV	DONEY SPUR	PQ	$892	$971	$79	321%	295%	-26%
14	APPLE GROVE	WV	FRANKLIN	IN	$975	$990	$15	367%	362%	-6%
15	APPLE GROVE	WV	FREMONT	OH	$662	$742	$80	431%	385%	-46%
16	APPLE GROVE	WV	GLENDALE	AZ	$1,443	$1,430	($14)	385%	388%	4%
17	APPLE GROVE	WV	HAMILTON	ON	$895	$974	$79	320%	294%	-26%
18	APPLE GROVE	WV	HAVRE DE GRACE	MD	$1,148	$1,148	$0	461%	461%	0%
19	APPLE GROVE	WV	HAZLETON	PA	$1,147	$1,147	$0	462%	462%	0%
20	APPLE GROVE	WV	HEBRON	OH	$1,034	$1,034	$0	280%	280%	0%
21	APPLE GROVE	WV	LENEXA	KS	$1,447	$1,433	($14)	384%	387%	4%
22	APPLE GROVE	WV	LITTLE ROCK	AR	$1,445	$1,432	($14)	384%	388%	4%
23	APPLE GROVE	WV	MEMPHIS	TN	$1,780	$1,778	($2)	338%	338%	0%
24	APPLE GROVE	WV	NICHOLASVILLE	KY	$661	$740	$80	432%	385%	-47%
25	APPLE GROVE	WV	ROCKFORD	IL	$1,450	$1,436	($13)	383%	386%	4%
26	APPLE GROVE	WV	ROGERS	MN	$1,447	$1,433	($14)	384%	387%	4%
27	APPLE GROVE	WV	RUSSELLVILLE	AR	$1,419	$1,500	$81	394%	373%	-21%
28	APPLE GROVE	WV	ST JEAN	PQ	$892	$971	$79	321%	295%	-26%
29	APPLE GROVE	WV	SUISUN FAIRFIELD	CA	$1,415	$1,496	$81	395%	374%	-21%
30	APPLE GROVE	WV	SWEETWATER	TX	$1,444	$1,431	($14)	384%	388%	4%
31	APPLE GROVE	WV	TEXARKANA	TX	$1,419	$1,499	$81	394%	373%	-21%
32	APPLE GROVE	WV	UNIVERSITY PARK	IL	$1,397	$1,406	$10	397%	394%	-3%
33	APPLE GROVE	WV	VADO	NM	$1,444	$1,430	($14)	384%	388%	4%
34	APPLE GROVE	WV	W CHICAGO	IL	$1,451	$1,435	($15)	382%	387%	4%
35	APPLE GROVE	WV	WAYNESVILLE	NC	$1,466	$1,466	$0	269%	269%	0%
36	BELPRE	OH	AGUILA	AZ	$1,627	$1,607	($19)	352%	356%	4%
37	BELPRE	OH	ALLENTOWN	PA	$969	$969	$0	478%	478%	0%
38	BELPRE	OH	CAMBRIDGE	ON	$1,299	$1,299	$0	313%	313%	0%
39	BELPRE	OH	FRANKLIN	IN	$1,148	$1,159	$11	444%	440%	-4%
40	BELPRE	OH	FREMONT	OH	$851	$851	$0	387%	387%	0%
41	BELPRE	OH	HAZLETON	PA	$969	$969	$0	479%	479%	0%
42	BELPRE	OH	LENEXA	KS	$1,630	$1,611	($19)	351%	355%	4%
43	BELPRE	OH	RUSSELLVILLE	AR	$1,610	$1,635	$25	381%	375%	-6%
44	BELPRE	OH	ST JEAN	PQ	$1,297	$1,297	$0	313%	313%	0%
45	BELPRE	OH	SUISUN FAIRFIELD	CA	$1,606	$1,631	$25	382%	376%	-6%
46	BELPRE	OH	SWEETWATER	TX	$1,628	$1,608	($19)	352%	356%	4%
47	SPRING	TX	APPLE GROVE	WV	$1,514	$1,514	$0	359%	359%	0%
48	SWEETWATER	TX	APPLE GROVE	WV	$1,442	$1,442	$0	387%	387%	0%
49	SWEETWATER	TX	CARTERSVILLE	GA	$1,437	$1,437	$0	414%	414%	0%
50	SWEETWATER	TX	CLIFTON FORGE	VA	$2,871	$2,927	$56	253%	248%	-5%
51	APPLE GROVE	WV	LEXINGTON	KY	$899	$899	$0	348%	348%	0%
52	APPLE GROVE	WV	PRATTVILLE	AL	$719	$721	$2	388%	387%	-1%

URCS Variable Costs and R/VC Ratios, 2Q 2010

Lane	Origin City	ST	Destination City	ST	Indexed Variable Costs M&G Open.	CSXT Reply	Diff.	R/VC Ratio M&G Open.	CSXT Reply	Diff.
Exhibit A										
1	APPLE GROVE	WV	BELPRE	OH	$804	$868	$64	324%	300%	-24%
2	APPLE GROVE	WV	BORDENTOWN	NJ	$1,981	$2,344	$363	301%	254%	-47%
3	APPLE GROVE	WV	CARTERSVILLE	GA	$2,036	$2,078	$43	284%	278%	-6%
4	APPLE GROVE	WV	CLIFTON FORGE	VA	$1,189	$1,374	$185	333%	288%	-45%
5	APPLE GROVE	WV	DEVON	KY	$989	$991	$2	287%	286%	-1%
6	APPLE GROVE	WV	ORLANDO	FL	$2,649	$2,737	$88	308%	299%	-10%
7	APPLE GROVE	WV	PARIS	IL	$1,396	$1,394	($2)	397%	398%	1%
8	APPLE GROVE	WV	PARKERSBURG	WV	$800	$800	$0	326%	326%	0%
9	APPLE GROVE	WV	RAINS	SC	$2,259	$2,259	$0	245%	245%	0%
10	APPLE GROVE	WV	ROCHESTER	NY	$1,853	$2,081	$227	471%	419%	-51%
11	BELPRE	OH	APPLE GROVE	WV	$799	$799	$0	397%	397%	0%
12	BELPRE	OH	BORDENTOWN	NJ	$1,800	$1,786	($14)	298%	301%	2%
13	BELPRE	OH	CARTERSVILLE	GA	$2,202	$2,202	$0	304%	304%	0%
14	BELPRE	OH	DEVON	KY	$1,174	$1,176	$2	333%	332%	-1%
15	BELPRE	OH	ORLANDO	FL	$2,839	$2,839	$0	290%	290%	0%
16	BELPRE	OH	PARIS	IL	$1,592	$1,592	$0	329%	329%	0%
17	PARKERSBURG	WV	APPLE GROVE	WV	$799	$799	$0	397%	397%	0%
18	RAINS	SC	CARTERSVILLE	GA	$1,662	$1,615	($47)	254%	261%	7%
Exhibit B										
1	ALTAMIRA	TM	APPLE GROVE	WV	$1,458	$1,458	$0	392%	392%	0%
2	ALTAMIRA	TM	BELPRE	OH	$1,641	$1,641	$0	344%	344%	0%
3	ALTAMIRA	TM	CAMBRIDGE	OH	$813	$813	$0	616%	616%	0%
4	ALTAMIRA	TM	CARTERSVILLE	GA	$1,452	$1,452	$0	411%	411%	0%
5	ALTAMIRA	TM	CLIFTON FORGE	VA	$2,903	$2,959	$56	256%	251%	-5%
6	ALTAMIRA	TM	ORLANDO	FL	$2,104	$2,092	($12)	362%	364%	2%
7	APPLE GROVE	WV	AGUILA	AZ	$1,460	$1,446	($14)	387%	391%	4%
8	APPLE GROVE	WV	ALLENTOWN	PA	$1,161	$1,161	$0	464%	464%	0%
9	APPLE GROVE	WV	ALTAMIRA	TM	$1,459	$1,446	($14)	387%	391%	4%
10	APPLE GROVE	WV	CHAMPAIGN	IL	$1,320	$1,346	$25	427%	419%	-8%
11	APPLE GROVE	WV	CHAMPAIGN	IL	$1,262	$1,262	$0	449%	449%	0%
12	APPLE GROVE	WV	DARLINGTON	SC	$1,642	$1,640	($2)	334%	335%	0%
13	APPLE GROVE	WV	DONEY SPUR	PQ	$902	$982	$80	326%	299%	-27%
14	APPLE GROVE	WV	FRANKLIN	IN	$986	$1,002	$16	380%	374%	-6%
15	APPLE GROVE	WV	FREMONT	OH	$670	$751	$81	445%	397%	-48%
16	APPLE GROVE	WV	GLENDALE	AZ	$1,460	$1,446	($14)	387%	391%	4%
17	APPLE GROVE	WV	HAMILTON	ON	$905	$985	$80	325%	299%	-26%
18	APPLE GROVE	WV	HAVRE DE GRACE	MD	$1,161	$1,161	$0	464%	464%	0%
19	APPLE GROVE	WV	HAZLETON	PA	$1,160	$1,160	$0	465%	465%	0%
20	APPLE GROVE	WV	HEBRON	OH	$1,046	$1,046	$0	289%	289%	0%
21	APPLE GROVE	WV	LENEXA	KS	$1,463	$1,449	($14)	386%	390%	4%
22	APPLE GROVE	WV	LITTLE ROCK	AR	$1,462	$1,448	($14)	387%	390%	4%
23	APPLE GROVE	WV	MEMPHIS	TN	$1,800	$1,799	($2)	340%	341%	0%
24	APPLE GROVE	WV	NICHOLASVILLE	KY	$668	$749	$81	446%	398%	-48%
25	APPLE GROVE	WV	ROCKFORD	IL	$1,466	$1,453	($14)	386%	389%	4%
26	APPLE GROVE	WV	ROGERS	MN	$1,463	$1,449	($14)	386%	390%	4%
27	APPLE GROVE	WV	RUSSELLVILLE	AR	$1,435	$1,517	$82	397%	375%	-21%
28	APPLE GROVE	WV	ST JEAN	PQ	$902	$982	$80	326%	299%	-27%
29	APPLE GROVE	WV	SUISUN FAIRFIELD	CA	$1,432	$1,513	$81	398%	376%	-21%
30	APPLE GROVE	WV	SWEETWATER	TX	$1,461	$1,447	($14)	387%	391%	4%
31	APPLE GROVE	WV	TEXARKANA	TX	$1,435	$1,516	$82	397%	375%	-21%
32	APPLE GROVE	WV	UNIVERSITY PARK	IL	$1,413	$1,423	$10	400%	397%	-3%
33	APPLE GROVE	WV	VADO	NM	$1,460	$1,446	($14)	387%	391%	4%
34	APPLE GROVE	WV	W CHICAGO	IL	$1,467	$1,452	($16)	385%	389%	4%
35	APPLE GROVE	WV	WAYNESVILLE	NC	$1,483	$1,483	$0	272%	272%	0%
36	BELPRE	OH	AGUILA	AZ	$1,645	$1,626	($19)	356%	360%	4%
37	BELPRE	OH	ALLENTOWN	PA	$980	$980	$0	483%	483%	0%
38	BELPRE	OH	CAMBRIDGE	ON	$1,314	$1,314	$0	318%	318%	0%
39	BELPRE	OH	FRANKLIN	IN	$1,161	$1,172	$11	449%	444%	-4%
40	BELPRE	OH	FREMONT	OH	$861	$861	$0	413%	413%	0%
41	BELPRE	OH	HAZLETON	PA	$980	$980	$0	483%	483%	0%
42	BELPRE	OH	LENEXA	KS	$1,649	$1,629	($19)	355%	359%	4%
43	BELPRE	OH	RUSSELLVILLE	AR	$1,629	$1,654	$25	385%	379%	-6%
44	BELPRE	OH	ST JEAN	PQ	$1,311	$1,311	$0	318%	318%	0%
45	BELPRE	OH	SUISUN FAIRFIELD	CA	$1,625	$1,650	$25	386%	380%	-6%
46	BELPRE	OH	SWEETWATER	TX	$1,646	$1,627	($19)	355%	360%	4%
47	SPRING	TX	APPLE GROVE	WV	$1,531	$1,531	$0	362%	362%	0%
48	SWEETWATER	TX	APPLE GROVE	WV	$1,459	$1,459	$0	391%	391%	0%
49	SWEETWATER	TX	CARTERSVILLE	GA	$1,453	$1,453	$0	411%	411%	0%
50	SWEETWATER	TX	CLIFTON FORGE	VA	$2,904	$2,961	$56	256%	251%	-5%
51	APPLE GROVE	WV	LEXINGTON	KY	$909	$909	$0	350%	350%	0%
52	APPLE GROVE	WV	PRATTVILLE	AL	$727	$729	$2	390%	389%	-1%

URCS Variable Costs and R/VC Ratios, 3Q 2010

Lane	Origin City	ST	Destination City	ST	Indexed Variable Costs M&G Open.	CSXT Reply	Diff.	R/VC Ratio M&G Open.	CSXT Reply	Diff.
Exhibit A										
1	APPLE GROVE	WV	BELPRE	OH	$796	$859	$64	328%	304%	-24%
2	APPLE GROVE	WV	BORDENTOWN	NJ	$1,960	$2,319	$359	305%	258%	-47%
3	APPLE GROVE	WV	CARTERSVILLE	GA	$2,014	$2,057	$42	287%	282%	-6%
4	APPLE GROVE	WV	CLIFTON FORGE	VA	$1,176	$1,360	$183	337%	292%	-46%
5	APPLE GROVE	WV	DEVON	KY	$978	$980	$2	290%	290%	-1%
6	APPLE GROVE	WV	ORLANDO	FL	$2,621	$2,708	$87	312%	302%	-10%
7	APPLE GROVE	WV	PARIS	IL	$1,381	$1,380	($2)	402%	403%	1%
8	APPLE GROVE	WV	PARKERSBURG	WV	$792	$792	$0	329%	329%	0%
9	APPLE GROVE	WV	RAINS	SC	$2,235	$2,235	$0	248%	248%	0%
10	APPLE GROVE	WV	ROCHESTER	NY	$1,834	$2,059	$225	477%	424%	-52%
11	BELPRE	OH	APPLE GROVE	WV	$791	$791	$0	402%	402%	0%
12	BELPRE	OH	BORDENTOWN	NJ	$1,781	$1,767	($14)	302%	305%	2%
13	BELPRE	OH	CARTERSVILLE	GA	$2,179	$2,179	$0	308%	308%	0%
14	BELPRE	OH	DEVON	KY	$1,161	$1,163	$2	337%	336%	-1%
15	BELPRE	OH	ORLANDO	FL	$2,809	$2,809	$0	294%	294%	0%
16	BELPRE	OH	PARIS	IL	$1,575	$1,575	$0	333%	333%	0%
17	PARKERSBURG	WV	APPLE GROVE	WV	$791	$791	$0	401%	401%	0%
18	RAINS	SC	CARTERSVILLE	GA	$1,644	$1,598	($46)	257%	264%	7%
Exhibit B										
1	ALTAMIRA	TM	APPLE GROVE	WV	$1,442	$1,442	$0	396%	396%	0%
2	ALTAMIRA	TM	BELPRE	OH	$1,624	$1,624	$0	348%	348%	0%
3	ALTAMIRA	TM	CAMBRIDGE	OH	$805	$805	$0	623%	623%	0%
4	ALTAMIRA	TM	CARTERSVILLE	GA	$1,436	$1,436	$0	416%	416%	0%
5	ALTAMIRA	TM	CLIFTON FORGE	VA	$2,872	$2,928	$56	259%	255%	-5%
6	ALTAMIRA	TM	ORLANDO	FL	$2,082	$2,070	($12)	367%	369%	2%
7	APPLE GROVE	WV	AGUILA	AZ	$1,444	$1,431	($14)	392%	396%	4%
8	APPLE GROVE	WV	ALLENTOWN	PA	$1,149	$1,149	$0	470%	470%	0%
9	APPLE GROVE	WV	ALTAMIRA	TM	$1,444	$1,431	($14)	392%	396%	4%
10	APPLE GROVE	WV	CHAMPAIGN	IL	$1,306	$1,332	$25	432%	424%.	-8%
11	APPLE GROVE	WV	CHAMPAIGN	IL	$1,249	$1,249	$0	455%	455%	0%
12	APPLE GROVE	WV	DARLINGTON	SC	$1,625	$1,623	($2)	339%	339%	0%
13	APPLE GROVE	WV	DONEY SPUR	PQ	$893	$972	$79	330%	303%	-27%
14	APPLE GROVE	WV	FRANKLIN	IN	$976	$991	$15	385%	379%	-6%
15	APPLE GROVE	WV	FREMONT	OH	$663	$743	$80	450%	402%	-48%
16	APPLE GROVE	WV	GLENDALE	AZ	$1,444	$1,431	($14)	392%	396%	4%
17	APPLE GROVE	WV	HAMILTON	ON	$895	$974	$79	329%	302%	-27%
18	APPLE GROVE	WV	HAVRE DE GRACE	MD	$1,149	$1,149	$0	470%	470%	0%
19	APPLE GROVE	WV	HAZLETON	PA	$1,148	$1,148	$0	470%	470%	0%
20	APPLE GROVE	WV	HEBRON	OH	$1,035	$1,035	$0	293%	293%	0%
21	APPLE GROVE	WV	LENEXA	KS	$1,448	$1,434	($14)	391%	395%	4%
22	APPLE GROVE	WV	LITTLE ROCK	AR	$1,446	$1,433	($14)	392%	395%	4%
23	APPLE GROVE	WV	MEMPHIS	TN	$1,781	$1,779	($2)	345%	345%	0%
24	APPLE GROVE	WV	NICHOLASVILLE	KY	$661	$741	$80	451%	403%	-49%
25	APPLE GROVE	WV	ROCKFORD	IL	$1,451	$1,437	($14)	391%	394%	4%
26	APPLE GROVE	WV	ROGERS	MN	$1,448	$1,434	($14)	391%	395%	4%
27	APPLE GROVE	WV	RUSSELLVILLE	AR	$1,420	$1,501	$81	402%	380%	-22%
28	APPLE GROVE	WV	ST JEAN	PQ	$893	$972	$79	330%	303%	-27%
29	APPLE GROVE	WV	SUISUN FAIRFIELD	CA	$1,416	$1,497	$81	403%	381%	-22%
30	APPLE GROVE	WV	SWEETWATER	TX	$1,445	$1,432	($14)	392%	396%	4%
31	APPLE GROVE	WV	TEXARKANA	TX	$1,420	$1,500	$81	402%	380%	-22%
32	APPLE GROVE	WV	UNIVERSITY PARK	IL	$1,398	$1,408	$10	405%	402%	-3%
33	APPLE GROVE	WV	VADO	NM	$1,445	$1,431	($14)	392%	396%	4%
34	APPLE GROVE	WV	W CHICAGO	IL	$1,452	$1,437	($15)	390%	394%	4%
35	APPLE GROVE	WV	WAYNESVILLE	NC	$1,467	$1,467	$0	275%	275%	0%
36	BELPRE	OH	AGUILA	AZ	$1,628	$1,609	($19)	360%	365%	4%
37	BELPRE	OH	ALLENTOWN	PA	$970	$970	$0	489%	489%	0%
38	BELPRE	OH	CAMBRIDGE	ON	$1,300	$1,300	$0	322%	322%	0%
39	BELPRE	OH	FRANKLIN	IN	$1,149	$1,160	$11	454%	450%	-4%
40	BELPRE	OH	FREMONT	OH	$851	$851	$0	418%	418%	0%
41	BELPRE	OH	HAZLETON	PA	$969	$969	$0	489%	489%	0%
42	BELPRE	OH	LENEXA	KS	$1,631	$1,612	($19)	359%	364%	4%
43	BELPRE	OH	RUSSELLVILLE	AR	$1,611	$1,636	$25	390%	384%	-6%
44	BELPRE	OH	ST JEAN	PQ	$1,298	$1,298	$0	323%	323%	0%
45	BELPRE	OH	SUISUN FAIRFIELD	CA	$1,607	$1,633	$25	390%	384%	-6%
46	BELPRE	OH	SWEETWATER	TX	$1,629	$1,609	($19)	360%	364%	4%
47	SPRING	TX	APPLE GROVE	WV	$1,515	$1,515	$0	367%	367%	0%
48	SWEETWATER	TX	APPLE GROVE	WV	$1,443	$1,443	$0	396%	396%	0%
49	SWEETWATER	TX	CARTERSVILLE	GA	$1,438	$1,438	$0	416%	416%	0%
50	SWEETWATER	TX	CLIFTON FORGE	VA	$2,873	$2,929	$56	259%	254%	-5%
51	APPLE GROVE	WV	LEXINGTON	KY	$899	$899	$0	355%	355%	0%
52	APPLE GROVE	WV	PRATTVILLE	AL	$720	$722	$2	395%	394%	-1%

URCS Variable Costs and R/VC Ratios, 4Q 2010

Lane	Origin City	ST	Destination City	ST	Indexed Variable Costs M&G Open.	CSXT Reply	Diff.	R/VC Ratio M&G Open.	CSXT Reply	Diff.
Exhibit A										
1	APPLE GROVE	WV	BELPRE	OH	$810	$875	$65	322%	298%	-24%
2	APPLE GROVE	WV	BORDENTOWN	NJ	$1,995	$2,360	$365	299%	253%	-46%
3	APPLE GROVE	WV	CARTERSVILLE	GA	$2,050	$2,093	$43	282%	277%	-6%
4	APPLE GROVE	WV	CLIFTON FORGE	VA	$1,197	$1,384	$186	332%	287%	-45%
5	APPLE GROVE	WV	DEVON	KY	$996	$998	$2	285%	285%	-1%
6	APPLE GROVE	WV	ORLANDO	FL	$2,668	$2,756	$88	307%	297%	-10%
7	APPLE GROVE	WV	PARIS	IL	$1,406	$1,404	($2)	395%	396%	1%
8	APPLE GROVE	WV	PARKERSBURG	WV	$806	$806	($0)	324%	324%	0%
9	APPLE GROVE	WV	RAINS	SC	$2,275	$2,275	($0)	244%	244%	0%
10	APPLE GROVE	WV	ROCHESTER	NY	$1,866	$2,095	$229	468%	417%	-51%
11	BELPRE	OH	APPLE GROVE	WV	$805	$805	($0)	395%	395%	0%
12	BELPRE	OH	BORDENTOWN	NJ	$1,812	$1,798	($14)	297%	299%	2%
13	BELPRE	OH	CARTERSVILLE	GA	$2,218	$2,217	($0)	303%	303%	0%
14	BELPRE	OH	DEVON	KY	$1,182	$1,184	$2	331%	330%	-1%
15	BELPRE	OH	ORLANDO	FL	$2,859	$2,859	($0)	288%	289%	0%
16	BELPRE	OH	PARIS	IL	$1,603	$1,603	($0)	327%	327%	0%
17	PARKERSBURG	WV	APPLE GROVE	WV	$805	$805	($0)	394%	394%	0%
18	RAINS	SC	CARTERSVILLE	GA	$1,673	$1,626	($47)	252%	260%	7%
Exhibit B										
1	ALTAMIRA	TM	APPLE GROVE	WV	$1,468	$1,468	($0)	390%	390%	0%
2	ALTAMIRA	TM	BELPRE	OH	$1,653	$1,652	($0)	342%	342%	0%
3	ALTAMIRA	TM	CAMBRIDGE	OH	$819	$819	($0)	612%	612%	0%
4	ALTAMIRA	TM	CARTERSVILLE	GA	$1,462	$1,462	($0)	409%	409%	0%
5	ALTAMIRA	TM	CLIFTON FORGE	VA	$2,923	$2,980	$57	255%	250%	-5%
6	ALTAMIRA	TM	ORLANDO	FL	$2,119	$2,107	($12)	360%	362%	2%
7	APPLE GROVE	WV	AGUILA	AZ	$1,470	$1,456	($14)	385%	389%	4%
8	APPLE GROVE	WV	ALLENTOWN	PA	$1,169	$1,169	($0)	462%	462%	0%
9	APPLE GROVE	WV	ALTAMIRA	TM	$1,470	$1,456	($14)	385%	389%	4%
10	APPLE GROVE	WV	CHAMPAIGN	IL	$1,330	$1,355	$25	425%	417%	-8%
11	APPLE GROVE	WV	CHAMPAIGN	IL	$1,271	$1,271	($0)	447%	447%	0%
12	APPLE GROVE	WV	DARLINGTON	SC	$1,654	$1,651	($2)	333%	333%	0%
13	APPLE GROVE	WV	DONEY SPUR	PQ	$909	$989	$80	324%	298%	-26%
14	APPLE GROVE	WV	FRANKLIN	IN	$993	$1,009	$16	378%	372%	-6%
15	APPLE GROVE	WV	FREMONT	OH	$675	$756	$81	442%	395%	-47%
16	APPLE GROVE	WV	GLENDALE	AZ	$1,470	$1,456	($14)	385%	389%	4%
17	APPLE GROVE	WV	HAMILTON	ON	$911	$992	$81	323%	297%	-26%
18	APPLE GROVE	WV	HAVRE DE GRACE	MD	$1,169	$1,169	($0)	462%	462%	0%
19	APPLE GROVE	WV	HAZLETON	PA	$1,169	$1,168	($0)	462%	462%	0%
20	APPLE GROVE	WV	HEBRON	OH	$1,053	$1,053	($0)	288%	288%	0%
21	APPLE GROVE	WV	LENEXA	KS	$1,474	$1,460	($14)	384%	388%	4%
22	APPLE GROVE	WV	LITTLE ROCK	AR	$1,472	$1,458	($14)	385%	389%	4%
23	APPLE GROVE	WV	MEMPHIS	TN	$1,813	$1,811	($2)	339%	339%	0%
24	APPLE GROVE	WV	NICHOLASVILLE	KY	$673	$754	$81	444%	396%	-48%
25	APPLE GROVE	WV	ROCKFORD	IL	$1,477	$1,463	($14)	384%	387%	4%
26	APPLE GROVE	WV	ROGERS	MN	$1,473	$1,460	($14)	384%	388%	4%
27	APPLE GROVE	WV	RUSSELLVILLE	AR	$1,445	$1,527	$82	395%	373%	-21%
28	APPLE GROVE	WV	ST JEAN	PQ	$909	$989	$80	324%	298%	-26%
29	APPLE GROVE	WV	SUISUN FAIRFIELD	CA	$1,442	$1,524	$82	396%	374%	-21%
30	APPLE GROVE	WV	SWEETWATER	TX	$1,471	$1,457	($14)	385%	389%	4%
31	APPLE GROVE	WV	TEXARKANA	TX	$1,445	$1,527	$82	395%	374%	-21%
32	APPLE GROVE	WV	UNIVERSITY PARK	IL	$1,423	$1,433	$10	398%	395%	-3%
33	APPLE GROVE	WV	VADO	NM	$1,470	$1,457	($14)	385%	389%	4%
34	APPLE GROVE	WV	W CHICAGO	IL	$1,478	$1,462	($16)	383%	388%	4%
35	APPLE GROVE	WV	WAYNESVILLE	NC	$1,493	$1,493	($0)	270%	270%	0%
36	BELPRE	OH	AGUILA	AZ	$1,657	$1,637	($20)	354%	358%	4%
37	BELPRE	OH	ALLENTOWN	PA	$987	$987	($0)	480%	480%	0%
38	BELPRE	OH	CAMBRIDGE	ON	$1,323	$1,323	($0)	316%	316%	0%
39	BELPRE	OH	FRANKLIN	IN	$1,169	$1,181	$11	446%	442%	-4%
40	BELPRE	OH	FREMONT	OH	$867	$867	($0)	411%	411%	0%
41	BELPRE	OH	HAZLETON	PA	$987	$987	($0)	480%	480%	0%
42	BELPRE	OH	LENEXA	KS	$1,660	$1,641	($20)	353%	357%	4%
43	BELPRE	OH	RUSSELLVILLE	AR	$1,640	$1,665	$25	383%	377%	-6%
44	BELPRE	OH	ST JEAN	PQ	$1,321	$1,321	($0)	317%	317%	0%
45	BELPRE	OH	SUISUN FAIRFIELD	CA	$1,636	$1,661	$25	384%	378%	-6%
46	BELPRE	OH	SWEETWATER	TX	$1,658	$1,638	($20)	354%	358%	4%
47	SPRING	TX	APPLE GROVE	WV	$1,542	$1,542	($0)	361%	361%	0%
48	SWEETWATER	TX	APPLE GROVE	WV	$1,469	$1,469	($0)	389%	389%	0%
49	SWEETWATER	TX	CARTERSVILLE	GA	$1,463	$1,463	($0)	409%	409%	0%
50	SWEETWATER	TX	CLIFTON FORGE	VA	$2,925	$2,981	$57	255%	250%	-5%
51	APPLE GROVE	WV	LEXINGTON	KY	$915	$915	($0)	349%	349%	0%
52	APPLE GROVE	WV	PRATTVILLE	AL	$733	$734	$2	388%	387%	-1%

URCS Variable Costs and R/VC Ratios, 1Q 2011

Lane	Origin City	ST	Destination City	ST	Indexed Variable Costs M&G Open.	CSXT Reply	Diff.	R/VC Ratio M&G Open.	CSXT Reply	Diff.
Exhibit A										
1	APPLE GROVE	WV	BELPRE	OH	$832	$899	$67	314%	291%	-23%
2	APPLE GROVE	WV	BORDENTOWN	NJ	$2,050	$2,426	$376	294%	248%	-46%
3	APPLE GROVE	WV	CARTERSVILLE	GA	$2,106	$2,151	$45	277%	272%	-6%
4	APPLE GROVE	WV	CLIFTON FORGE	VA	$1,230	$1,422	$192	324%	281%	-44%
5	APPLE GROVE	WV	DEVON	KY	$1,023	$1,026	$2	279%	278%	-1%
6	APPLE GROVE	WV	ORLANDO	FL	$2,741	$2,832	$91	301%	292%	-10%
7	APPLE GROVE	WV	PARIS	IL	$1,445	$1,443	($2)	387%	387%	0%
8	APPLE GROVE	WV	PARKERSBURG	WV	$828	$828	$0	316%	316%	0%
9	APPLE GROVE	WV	RAINS	SC	$2,337	$2,338	$1	240%	240%	0%
10	APPLE GROVE	WV	ROCHESTER	NY	$1,918	$2,154	$236	458%	408%	-50%
11	BELPRE	OH	APPLE GROVE	WV	$827	$827	$0	385%	385%	0%
12	BELPRE	OH	BORDENTOWN	NJ	$1,862	$1,848	($14)	291%	294%	2%
13	BELPRE	OH	CARTERSVILLE	GA	$2,279	$2,279	$1	297%	297%	0%
14	BELPRE	OH	DEVON	KY	$1,215	$1,217	$2	323%	323%	-1%
15	BELPRE	OH	ORLANDO	FL	$2,938	$2,939	$1	283%	283%	0%
16	BELPRE	OH	PARIS	IL	$1,647	$1,648	$0	320%	320%	0%
17	PARKERSBURG	WV	APPLE GROVE	WV	$827	$827	$0	385%	385%	0%
18	RAINS	SC	CARTERSVILLE	GA	$1,720	$1,672	($48)	248%	255%	7%
Exhibit B										
1	ALTAMIRA	TM	APPLE GROVE	WV	$1,508	$1,509	$0	382%	382%	0%
2	ALTAMIRA	TM	BELPRE	OH	$1,698	$1,699	$0	336%	335%	0%
3	ALTAMIRA	TM	CAMBRIDGE	OH	$841	$842	$0	599%	599%	0%
4	ALTAMIRA	TM	CARTERSVILLE	GA	$1,502	$1,503	$0	401%	401%	0%
5	ALTAMIRA	TM	CLIFTON FORGE	VA	$3,004	$3,063	$59	251%	246%	-5%
6	ALTAMIRA	TM	ORLANDO	FL	$2,177	$2,166	($12)	354%	355%	2%
7	APPLE GROVE	WV	AGUILA	AZ	$1,510	$1,497	($14)	378%	381%	3%
8	APPLE GROVE	WV	ALLENTOWN	PA	$1,201	$1,202	$0	452%	452%	0%
9	APPLE GROVE	WV	ALTAMIRA	TM	$1,510	$1,496	($14)	378%	381%	3%
10	APPLE GROVE	WV	CHAMPAIGN	IL	$1,366	$1,393	$27	416%	408%	-8%
11	APPLE GROVE	WV	CHAMPAIGN	IL	$1,306	$1,307	$0	437%	437%	0%
12	APPLE GROVE	WV	DARLINGTON	SC	$1,699	$1,697	($2)	327%	327%	0%
13	APPLE GROVE	WV	DONEY SPUR	PQ	$934	$1,017	$83	318%	292%	-26%
14	APPLE GROVE	WV	FRANKLIN	IN	$1,020	$1,037	$16	370%	364%	-6%
15	APPLE GROVE	WV	FREMONT	OH	$693	$777	$84	432%	386%	-47%
16	APPLE GROVE	WV	GLENDALE	AZ	$1,510	$1,497	($14)	378%	381%	3%
17	APPLE GROVE	WV	HAMILTON	ON	$936	$1,019	$83	317%	291%	-26%
18	APPLE GROVE	WV	HAVRE DE GRACE	MD	$1,202	$1,202	$0	452%	452%	0%
19	APPLE GROVE	WV	HAZLETON	PA	$1,201	$1,201	$0	452%	452%	0%
20	APPLE GROVE	WV	HEBRON	OH	$1,082	$1,082	$0	282%	282%	0%
21	APPLE GROVE	WV	LENEXA	KS	$1,514	$1,500	($14)	377%	380%	3%
22	APPLE GROVE	WV	LITTLE ROCK	AR	$1,512	$1,499	($14)	377%	381%	3%
23	APPLE GROVE	WV	MEMPHIS	TN	$1,863	$1,862	($2)	333%	333%	0%
24	APPLE GROVE	WV	NICHOLASVILLE	KY	$691	$775	$84	433%	386%	-47%
25	APPLE GROVE	WV	ROCKFORD	IL	$1,517	$1,503	($14)	376%	379%	3%
26	APPLE GROVE	WV	ROGERS	MN	$1,514	$1,500	($14)	377%	380%	3%
27	APPLE GROVE	WV	RUSSELLVILLE	AR	$1,485	$1,570	$85	387%	366%	-21%
28	APPLE GROVE	WV	ST JEAN	PQ	$934	$1,017	$83	318%	292%	-26%
29	APPLE GROVE	WV	SUISUN FAIRFIELD	CA	$1,481	$1,566	$85	388%	367%	-21%
30	APPLE GROVE	WV	SWEETWATER	TX	$1,511	$1,498	($14)	377%	381%	3%
31	APPLE GROVE	WV	TEXARKANA	TX	$1,485	$1,569	$85	387%	366%	-21%
32	APPLE GROVE	WV	UNIVERSITY PARK	IL	$1,462	$1,472	$10	390%	387%	-3%
33	APPLE GROVE	WV	VADO	NM	$1,511	$1,497	($14)	378%	381%	3%
34	APPLE GROVE	WV	W CHICAGO	IL	$1,518	$1,503	($16)	376%	380%	4%
35	APPLE GROVE	WV	WAYNESVILLE	NC	$1,534	$1,535	$0	266%	266%	0%
36	BELPRE	OH	AGUILA	AZ	$1,702	$1,683	($20)	347%	351%	4%
37	BELPRE	OH	ALLENTOWN	PA	$1,015	$1,015	$0	469%	469%	0%
38	BELPRE	OH	CAMBRIDGE	ON	$1,359	$1,360	$0	310%	310%	0%
39	BELPRE	OH	FRANKLIN	IN	$1,201	$1,213	$12	437%	432%	-4%
40	BELPRE	OH	FREMONT	OH	$890	$891	$0	402%	402%	0%
41	BELPRE	OH	HAZLETON	PA	$1,014	$1,014	$0	470%	470%	0%
42	BELPRE	OH	LENEXA	KS	$1,706	$1,686	($20)	346%	350%	4%
43	BELPRE	OH	RUSSELLVILLE	AR	$1,685	$1,712	$27	375%	369%	-6%
44	BELPRE	OH	ST JEAN	PQ	$1,357	$1,357	$0	311%	311%	0%
45	BELPRE	OH	SUISUN FAIRFIELD	CA	$1,681	$1,708	$27	376%	370%	-6%
46	BELPRE	OH	SWEETWATER	TX	$1,703	$1,684	($20)	347%	351%	4%
47	SPRING	TX	APPLE GROVE	WV	$1,584	$1,585	$0	354%	354%	0%
48	SWEETWATER	TX	APPLE GROVE	WV	$1,509	$1,510	$0	381%	381%	0%
49	SWEETWATER	TX	CARTERSVILLE	GA	$1,504	$1,504	$0	400%	400%	0%
50	SWEETWATER	TX	CLIFTON FORGE	VA	$3,005	$3,064	$59	251%	246%	-5%
51	APPLE GROVE	WV	LEXINGTON	KY	$941	$941	$0	341%	341%	0%
52	APPLE GROVE	WV	PRATTVILLE	AL	$753	$755	$2	379%	378%	-1%

CONFIDENTIAL EXHIBIT REDACTED

LANE A-1: APPLE GROVE, WV TO BELPRE, OH

CSXT Tariff Rate Plus Fuel Surcharge	$2,647	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck direct to Belpre, OH via Bulkmatic Transport

Responses to M&G Claims of Market Dominance[1]:

4. { {{ }} }
   See supra at II.B.2.g.i.
5. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.
6. **Truck Volumes.** {{ }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.
7. **Transloads into railcars are not "irrational".** M&G currently completes {{ }} transloads at Belpre and Apple Grove. It is not "irrational" to ship truckloads of PET to Belpre to be blown into railcars for storage. {{ }} And whether or not any other rail shipments from Belpre would be "captive" to CSXT is irrelevant to whether CSXT has market dominance over this lane of traffic.
8. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

[1] The Responses to M&G's Claims of Market Dominance are numbered to correspond to the numbering in the lane descriptions in M&G Opening Evidence Section II-B-4.

LANE A-4: APPLE GROVE, WV TO CLIFTON FORGE, VA

CSXT Tariff Rate Plus Fuel Surcharge	$4,016	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck direct to customer in Clifton Forge, VA via R&J Trucking

Responses to M&G Claims of Market Dominance:

3. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d.

4. **Cost of alternative.** Alternative transportation via direct truck service to the ultimate customer is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.

5. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

6. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

7. **Truck Volumes.** {{
}} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b. Further, M&G would only have had to utilize {{ }} trucks to satisfy the entire volume for this customer over the last 3 years.

8. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE A-5: APPLE GROVE, WV TO DEVON, KY

CSXT Tariff Rate Plus Fuel Surcharge	$2,885	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck direct to customer in Devon, KY via A&R Transport

Responses to M&G Claims of Market Dominance:

4. {
{{ }}
} *See supra* at II.B.2.g.i.

5. {{

}}

6. {{

}} *See supra* at II.B.2.g.i.

7. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d.

8. **Cost of alternative.** Alternative transportation via truck service to the ultimate customer is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.

9. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

10. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

11. **Truck Volumes.** {{
}} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

12. {{
}}

13. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE A-8: APPLE GROVE, WV TO PARKERSBURG, WV

CSXT Tariff Rate Plus Fuel Surcharge	$2,630	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck direct to facility in Parkersburg, WV via Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii. M&G has not produced any evidence that CSXT would not consent to truck transloading at Parkersburg.
4. **Truck Volumes.** {{
}} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.
5. **Transloads are not "irrational".** Transloading equipment is self-contained in the truck, making it easy to transload PET at the Parkersburg facility. M&G does not identify the conditions at Parkersburg that would raise safety concerns or quality risks. And whether or not any other rail shipments to or from Parkersburg would be "captive" to CSXT is irrelevant to whether CSXT has market dominance over this lane of traffic.
6. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.
7. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE A-10: APPLE GROVE, WV TO ROCHESTER, NY

CSXT Tariff Rate Plus Fuel Surcharge	$8,848	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck direct to customer in Rochester, NY via R&J Trucking

Responses to M&G Claims of Market Dominance:

3. {
{{ }}
} *See supra* at II.B.2.g.i.

4. {{
}}

5. {{
}} *See supra* at II.B.2.g.i.

6. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{
}} *See supra* at § II.B.2.d.

7. **Cost of alternative.** Alternative transportation via truck service to the ultimate customer is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.

8. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

9. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

10. **Truck Volumes.** {{
}} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.

11. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE A-11: BELPRE, OH TO APPLE GROVE, WV

CSXT Tariff Rate Plus Fuel Surcharge	$3,213	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck direct to Apple Grove, WV via Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.
4. **Cost savings.** M&G has the ability to truck both to and from Apple Grove, WV thereby eliminating the costs of transporting empty rail cars between the two facilities.
5. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

   }} *See supra* at § II.B.2.d.
6. **Captive to CSXT.** Whether or not rail shipments to Belpre allegedly would be "captive" to CSXT is irrelevant to whether CSXT has market dominance over this lane of traffic.
7. **Truck Volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that direct truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

LANE A-14: BELPRE, OH TO DEVON, KY

CSXT Tariff Rate Plus Fuel Surcharge	$3,974	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck direct to customer in Devon, KY via Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

4. {

{{ }}

{{ }} } *See supra* at II.B.2.g.i.

5. {{

}}

6. {{

}} *See supra* at II.B.2.g.i.

7. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d.

8. **Cost of alternative.** Alternative transportation via truck service to the ultimate customer is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.

9. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

10. **Truck Volumes.** {{

}} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all

demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

11. **Staging of PET at Belpre.** As demonstrated above, Lane A-1 (Apple Grove to Belpre) could easily be converted to truck transportation. M&G could stage empty rail cars at Belpre which it could use for storage, thereby eliminating any need for rail transportation. Moreover, whether or not CSXT possesses market dominance over movements to Belpre is irrelevant to whether CSXT possesses market dominance over movements from Belpre.

12. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE A-17: PARKERSBURG, WV TO APPLE GROVE, WV

CSXT Tariff Rate Plus Fuel Surcharge	$3,196	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck direct to Apple Grove, WV via Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. **Transloads are not "irrational".** M&G has extensive experience with transloading PET. It is not "irrational" to ship truckloads of PET to Apple Grove, which is then blown into a railcar for storage. {{
}}
4. **Cost savings.** M&G has the ability to truck both to and from Parkersburg, WV thereby eliminating the costs of transporting empty rail cars back to Apple Grove.
5. **Storage** M&G could easily store PET in rail cars at Apple Grove without using rail transportation. M&G has extensive experience with PET transloads at Apple Grove and offers no reason why it could not transload PET from a rail car to truck for transport. {{
}}
6. **Captive to CSXT.** Whether or not any other rail shipments to Parkersburg would be "captive" to CSXT is irrelevant to whether CSXT has market dominance over this lane of traffic.
7. **Truck Volumes.** {{
}} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.
8. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-1: ALTAMIRA, MX TO APPLE GROVE, WV

CSXT Tariff Rate Plus Fuel Surcharge	$5,808	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	NS rail transport from Chicago to the Thoroughbred Bulk Transfer Terminal transload facility in Columbus, OH. Transload to truck for delivery to Apple Grove, WV via R&J Trucking.	
	Gateway:	Chicago, IL
	Rail Route	Chicago, IL—NS—Columbus, OH
	Intermodal Terminal	Thoroughbred Bulk Transfer Terminal, Columbus, OH
	Motor Carrier	R&J Trucking

Responses to M&G Claims of Market Dominance:

3. **Truck Border Crossings.** Whether trucks can cross the U.S.-Mexico border is irrelevant because CSXT is not proposing that M&G truck PET across the border – PET would move across the border in railcars, as it does today.
4. **Truck Volumes.** {{ }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.
5. { {{ }} {{ }} } *See supra* at II.B.2.g.i.
6. **Inefficient use of railcars.** Railcars would not return empty to Altamira as materials coming from Apple Grove, WV to Altamira, MX could be transloaded at Lima, OH and returned by rail to Altamira.
7. **Storage** M&G could easily store PET in rail cars at Apple Grove without using rail transportation. M&G has extensive experience with PET transloads at Apple Grove and offers no reason why it could not transload PET from a rail car to truck for transport. {{ }}
8. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-2: ALTAMIRA, MX TO BELPRE, OH

CSXT Tariff Rate Plus Fuel Surcharge	$5,848	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	NS rail transport from Chicago to the Thoroughbred Bulk Transfer Terminal transload facility in Columbus, OH. Transload to truck for delivery to Belpre, OH via Bulkmatic Transport.	
	Gateway:	Chicago, IL
	Rail Route	Chicago, IL—NS—Columbus, OH
	Intermodal Terminal	Thoroughbred Bulk Transfer Terminal, Columbus, OH
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. **Transloads into railcars are not "irrational".** M&G currently completes {{ }} transloads at Belpre. It is not "irrational" to ship truckloads of PET to Belpre to be blown into railcars for storage. {{ }} Moreover, whether trucks can cross the U.S.-Mexico border is irrelevant because CSXT is not proposing that M&G truck PET across the border – PET would move across the border in railcars, as it does today.
4. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.
5. **Inefficient use of railcars.** Railcars would not return empty to Altamira as materials coming from Belpre, OH to Altamira, MX could be transloaded at Lima, OH and returned by rail to Altamira.
6. **Storage.** M&G could easily store PET in rail cars at Belpre without using rail transportation. M&G has extensive experience with PET transloads at Apple Grove and offers no reason why it could not transload PET from a rail car to truck for transport. {{ }}
7. **Truck Volumes.** {{ }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.
8. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-3: ALTAMIRA, MX TO CAMBRIDGE, OH

CSXT Tariff Rate Plus Fuel Surcharge	$5,984	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Interchange to the CFE for delivery to the transload facility in Lima, OH. Transload to truck for delivery to customer in Cambridge, OH.	
	Gateway:	Chicago, IL
	Rail Route	Chicago, IL—CFE—Lima, OH
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	R&J Trucking

Responses to M&G Claims of Market Dominance:

4. **Truck Border Crossings.** Whether trucks can cross the U.S.-Mexico border is irrelevant because CSXT is not proposing that M&G truck PET across the border – PET would move across the border in railcars, as it does today.

5. **Truck Volumes.** {{ }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b. Furthermore {{ }} traffic has moved on this lane for the last 3 years.

6. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-4: ALTAMIRA, MX TO CARTERSVILLE, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,101	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	NS rail transport from New Orleans, LA to Thoroughbred Bulk Transfer Terminal, Dalton, GA transload facility. Transload to truck for delivery to customer in Cartersville, GA via A&R Transport.	
	Gateway:	New Orleans
	Rail Route	New Orleans, LA—NS—Dalton, GA
	Intermodal Terminal	Thoroughbred Bulk Transfer Terminal, Dalton, GA
	Motor Carrier	A&R Transport

Responses to M&G Claims of Market Dominance:

3. {{

}}

4. {{

}} *See supra* at II.B.2.g.i.

5. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d.

6. **Truck Border Crossings.** Whether trucks can cross the U.S.-Mexico border is irrelevant because CSXT is not proposing that M&G truck PET across the border – PET would move across the border in railcars, as it does today.

7. **Truck Volumes.** {{
}} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.

LANE B-5: ALTAMIRA, MX TO CLIFTON FORGE, VA

CSXT Tariff Rate Plus Fuel Surcharge	$7,670	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	NS rail transport from New Orleans, LA to Thoroughbred Bulk Transfer Terminal transload facility in Petersburg, VA. Transload to truck for delivery to customer in Clifton Forge, VA via Bulkmatic.	
	Gateway:	New Orleans
	Rail Route	New Orleans, LA—NS—Petersburg, VA
	Intermodal Terminal	Thoroughbred Bulk Transfer Terminal, Petersburg, VA
	Motor Carrier	Bulkmatic

Responses to M&G Claims of Market Dominance:

3. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

   }} *See supra* at § II.B.2.d.

4. **Truck Border Crossings.** Whether trucks can cross the U.S.-Mexico border is irrelevant because CSXT is not proposing that M&G truck PET across the border – PET would move across the border in railcars, as it does today.

5. **Cost of alternative.** Alternative transportation via rail-truck transload to the ultimate customer is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.

6. **Truck Volumes.** {{
   }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.

7. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-6: ALTAMIRA, MX TO ORLANDO, FL

CSXT Tariff Rate Plus Fuel Surcharge	$7,777	Cost of Alternate Transportation	{{ }}

Description of Alternative to CSXT Transportation:	NS rail transport from New Orleans, LA to the Florida East Coast Railway to a transload facility in City Point, FL. Transload to truck for delivery to customer in Orlando, FL via A&R Transport.	
	Gateway:	New Orleans, LA
	Rail Route	New Orleans, LA—NS—FEC—City Point, FL
	Intermodal Terminal	Ambassador Services (ASI), City Point, FL transload facility
	Motor Carrier	A&R Transport

Responses to M&G Claims of Market Dominance:

3. {
{{
}}, {{ }}
{{ }}
} *See supra* at II.B.2.g.i.

4. {{
}}

5. {{
}} *See supra* at II.B.2.g.i.

6. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{
}} *See supra* at § II.B.2.d.

7. **Truck Border Crossings.** Whether trucks can cross the U.S.-Mexico border is irrelevant because CSXT is not proposing that M&G truck PET across the border – PET would move across the border in railcars, as it does today.

8. **Truck Volumes.** {{
}} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that truck transportation is an effective competitive option. *See supra* at § II.B.2.b and II.B.2.e.

9. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-7: APPLE GROVE, WV TO AGUILA, AZ

CSXT Tariff Rate Plus Fuel Surcharge	$5,755	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck from Apple Grove to transload facility at Lima, OH via R&J trucking; transload to the CFE for rail transport to Chicago.	
	Gateway:	Chicago, IL
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	R&J Trucking

Responses to M&G Claims of Market Dominance:

5. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.
6. **Staging at Aguila.** M&G's argument that direct truck shipments are not practical is irrelevant because the Aguila storage facility will still receive PET by rail.
7. **Cost of alternative.** Alternative transportation via rail-truck transload to Aguila, AZ for storage is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.
8. **Product integrity.** See above response for M&G argument #5..
9. **Storage.** M&G's argument that rail cars are used for storage is irrelevant because the Aguila storage facility will still receive PET by rail.
10. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.
11. **Truck Volumes.** {{ }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.
12. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-8: APPLE GROVE, WV TO ALLENTOWN, PA

CSXT Tariff Rate Plus Fuel Surcharge and NS Rate to Allentown, PA	{{ }}	**Cost of Direct Truck Shipment to Allentown, PA**	{{ }}
CSXT Tariff Rate Plus Fuel Surcharge to Hagerstown, MD	$5,496	**Cost of Truck-Rail Alternative to Allentown, PA**	{{ }}

Description of Direct Truck Shipment:	Truck direct to customer in Allentown, PA via R&J Trucking	
Description of Alternative Rail-Truck Transportation:	Truck from Apple Grove, WV to Hagerstown, MD via Bulkmatic Transport; Transload onto the NS at the Utility Supply transload facility.	
	Rail Route	Hagerstown, MD—NS—Allentown, PA
	Intermodal Terminal	Utility Supply Transload Facility at Hagerstown
	Motor Carrier	Bulkmatic

Responses to M&G Claims of Market Dominance:

4. {
{{ }}
} *See supra* at II.B.2.g.i.

5. {{
}}

6. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{
}} *See supra* at § II.B.2.d. M&G's storage argument is irrelevant as to the transload option because in that scenario the customer will still receive PET by rail.

7. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

8. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

9. **Truck Volumes.** {{
}} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

10. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-9: APPLE GROVE, WV TO ALTAMIRA, MX

CSXT Tariff Rate Plus Fuel Surcharge	$5,755	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck from Apple Grove to transload facility at Lima, OH via R&J trucking; transload to the CFE for rail transport to Chicago.	
	Gateway:	Chicago, IL
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	R&J Trucking

Responses to M&G Claims of Market Dominance:

3. **Truck Border Crossings.** Whether trucks can cross the U.S.-Mexico border is irrelevant because CSXT is not proposing that M&G truck PET across the border – PET would move across the border in railcars, as it does today.

4. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

5. **Storage.** M&G's storage argument is irrelevant because the Altamira plant will still receive PET by rail.

6. **Truck Volumes.** {{
}} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.

7. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-10: APPLE GROVE, WV TO CHAMPAIGN, IL

CSXT Tariff Rate Plus Fuel Surcharge and CN Rate to Champaign, IL	{{ }}	**Cost of Direct Truck Shipment to Champaign, IL**	{{ }}
CSXT Tariff Rate Plus Fuel Surcharge to Chicago, IL	$5,755	**Cost of Truck-Rail Alternative to Champaign, IL**	{{ }}

Description of Direct Truck Shipment:	Truck direct to customer in Champaign, IL via R&J Trucking	
Description of Rail-Truck Transportation:	Truck from Apple Grove to transload facility at Lima, OH via Bulkmatic Transport; transload to the CFE for rail transport to Chicago.	
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

4. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{ }} *See supra* at § II.B.2.d. M&G's storage argument is irrelevant as to the transload option because in that scenario the customer will still receive PET by rail.
5. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.
6. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.
7. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.
8. **Truck Volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all

demonstrate that direct truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

LANE B-11: APPLE GROVE, WV TO CHAMPAIGN, IL

CSXT Tariff Rate Plus Fuel Surcharge and CN Rate	{{ }}	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck direct to customer in Champaign, IL via R&J Trucking

Responses to M&G Claims of Market Dominance:

4. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

   }} *See supra* at § II.B.2.d.

5. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

6. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
   }} Moreover, standard quality control measures—{
   }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

7. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

8. **Truck Volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that direct truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

LANE B-14: APPLE GROVE, WV TO FRANKLIN, IN

CSXT Tariff Rate Plus Fuel Surcharge and LIRC Rate	{{ }}	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck direct to customer in Franklin, IN via Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. {
{{ }}
.} *See supra* at II.B.2.g.i.

4. {{
}}

5. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{
}} *See supra* at § II.B.2.d.

6. **Cost of alternative.** Alternative transportation via truck service to the ultimate customer is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.

7. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

8. **Truck Volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that direct truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

9. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

10. {{

}}

11. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-15: APPLE GROVE, WV TO FREMONT, OH

CSXT Tariff Rate Plus Fuel Surcharge and NS Rate to Fremont, OH	{{ }}	**Cost of Direct Truck Shipment to Fremont, OH**	{{ }}
CSXT Tariff Rate Plus Fuel Surcharge to Columbus, OH	$3,025	**Cost of Truck-Rail Alternative to Fremont, OH**	{{ }}

Description of Direct Truck Shipment:	Truck direct to customer in Fremont, OH via R&J Trucking	
Description of Alternative Rail-Truck Transportation:	Truck from Apple Grove, WV to the NS Thoroughbred Bulk Transfer Terminal at Columbus, OH for transload to the NS for rail delivery to the customer in Fremont, OH.	
	Rail Route	Columbus, OH—NS—Fremont, OH
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal, Columbus, OH
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. {
{{ }}
} *See supra* at II.B.2.g.i.

4. {{

}}

5. {{

}} *See supra* at II.B.2.g.i.

6. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d. Further, if the transload alternative is used, M&G's storage argument is irrelevant because this customer will still receive PET by rail.

7. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

8. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

9. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

10. **Truck Volumes.** {{
}} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

11. {{

}}

12. See above response to M&G argument #11.

LANE B-16: APPLE GROVE, WV TO GLENDALE, AZ

CSXT Tariff Rate Plus Fuel Surcharge	$5,755	Cost of Alternate Transportation	{{ }}

Description of Alternative to CSXT Transportation:	Truck from Apple Grove to transload facility at Lima, OH via Bulkmatic Transport; transload to the CFE for rail transport to Chicago.	
	Gateway:	Chicago, IL
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

4. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.
5. **Cost of alternative.** Alternative transportation via rail-truck transload to the ultimate customers is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f
6. **Product integrity.** See above response to M&G argument #4.
7. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.
8. **Truck Volumes.** {{ }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.
9. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-18: APPLE GROVE, WV TO HAVRE DE GRACE, MD

CSXT Tariff Rate Plus Fuel Surcharge and NS Rate to Havre de Grace, MD	{{ }}	**Cost of Direct Truck Shipment to Havre de Grace, MD**	{{ }}
CSXT Tariff Rate Plus Fuel Surcharge to Hagerstown, MD	$5,496	**Cost of Truck-Rail Alternative to Havre de Grace, MD**	{{ }}

Description of Direct Truck Shipment:	Truck direct to Customer in Havre de Grace, MD via Bulkmatic Transport	
Description of Alternative Rail-Truck Transportation:	Truck from Apple Grove, WV to Hagerstown, MD via Bulkmatic Transport. Transload onto the NS at the Utility Supply transload facility for delivery to the customer in Havre de Grace, MD via Bulkmatic Transport.	
	Rail Route	Hagerstown, MD—NS—Havre de Grace, MD
	Intermodal Terminal	Utility Supply Transload Facility, Hagerstown, MD
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. {

{{ }}

{{ }}

} *See supra* at II.B.2.g.i.

4. {{

}} *See supra* at § II.B.2.g.i. and II.B.2.g.i.

5. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d. Further, if the transload alternative is used, M&G's storage argument is irrelevant because this customer will still receive PET by rail.

6. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

7. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

8. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

9. **Truck Volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that direct truck transportation is an effective competitive option. Notably, M&G transported {{ }} to this customer in 2010. *See supra* at § II.B.2.b.

LANE B-19: APPLE GROVE, WV TO HAZELTON, PA

CSXT Tariff Rate Plus Fuel Surcharge and NS Rate to Hazelton, PA	{{ }}	**Cost of Direct Truck Shipment to Hazelton, PA**	{{ }}
CSXT Tariff Rate Plus Fuel Surcharge to Hagerstown, MD	$5,496	**Cost of Truck-Rail Alternative to Hazelton, PA**	{{ }}

Description of Direct Truck Shipment:	Truck direct to customer in Hazelton, PA via R&J Trucking	
Description of Alternative Rail-Truck Transportation:	Truck from Apple Grove, WV to Hagerstown, MD via Bulkmatic Transport. Transload onto the NS at the Utility Supply transload transload facility for delivery to the customer in Hazelton, PA.	
	Rail Route	Hagerstown, MD—NS—Hazelton, PA
	Intermodal Terminal	Utility Supply Transload Facility, Hagerstown, MD
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. {{

}}

4. {{

}} *See supra* at II.B.2.g.i.

5. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d. Further, if the transload alternative is used, M&G's storage argument is irrelevant because this customer will still receive PET by rail.

6. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

7. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}—can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

8. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

9. **Truck Volumes.** {{
}} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

10. {{
}}

LANE B-20: APPLE GROVE, WV TO HEBRON, OH

CSXT Tariff Rate Plus Fuel Surcharge and CUOH Rate	{{ }}	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Direct truck from Apple Grove, WV to customer in Hebron, OH via Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. {
{{ }}
.} *See supra* at II.B.2.g.i.

4. {{

}} *See supra* at II.B.2.g.i.

5. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d.

6. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

7. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

8. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

9. **Truck Volumes.** {{
}} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.

LANE B-21: APPLE GROVE, WV TO LENEXA, KS

CSXT Tariff Rate Plus Fuel Surcharge	$5,755	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck from Apple Grove to transload facility at Lima, OH via Bulkmatic Transport; transload to the CFE for rail transport to Chicago.	
	Gateway:	Chicago, IL
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. { {{ }} } *See supra* at II.B.2.g.i.
4. {{ }}
5. **Storage.** M&G's storage argument is irrelevant because this customer will still receive PET by rail.
6. **Cost of alternative.** Alternative transportation via rail-truck transload is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.
7. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.
8. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.
9. **Truck Volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.
10. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

11. {{

}}

LANE B-22: APPLE GROVE, WV TO LITTLE ROCK, AR

CSXT Tariff Rate Plus Fuel Surcharge	$5,755	Cost of Alternate Transportation	{{ }}

Description of Alternative to CSXT Transportation:	Truck from Apple Grove to transload facility at Lima, OH via Bulkmatic Transport; transload to the CFE for rail transport to Chicago.	
	Gateway:	Chicago, IL
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. **Storage.** M&G's storage argument is irrelevant because this customer will still receive PET by rail.
4. **Cost of alternative.** Alternative transportation via rail-truck transload is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.
5. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.
6. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.
7. **Truck Volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that direct truck transportation is an effective competitive option. *See supra* at § II.B.2.b.
8. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-24: APPLE GROVE, WV TO NICHOLASVILLE, KY

CSXT Tariff Rate Plus Fuel Surcharge	$3,025	Cost of Alternate Transportation	{{ }}

Description of Alternative to CSXT Transportation:	Truck from Apple Grove, WV to the NS Thoroughbred Bulk Transfer Terminal at Columbus, OH for transload to the NS and delivery to the customer in Nicholasville, KY.	
	Rail Route	Columbus, OH—NS—Nicholasville, KY
	Intermodal Terminal	NS Thoroughbred Bulk Transfer Terminal
	Motor Carrier	R&J Trucking

Responses to M&G Claims of Market Dominance:

3. {
{{ }}
} *See supra* at II.B.2.g.i.

4. {{
}}

5. **Storage.** M&G's storage argument is irrelevant because this customer will still receive PET by rail.

6. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

7. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

8. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

9. **Truck Volumes.** {{
}} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

10. {{

}}

11. **Product integrity.** {

}

LANE B-25: APPLE GROVE, WV TO ROCKFORD, IL

CSXT Tariff Rate Plus Fuel Surcharge	$5,755	Cost of Alternate Transportation	{{ }}

Description of Alternative to CSXT Transportation:	Truck from Apple Grove to transload facility at Lima, OH via Bulkmatic Transport; transload to the CFE for rail transport to Chicago.	
	Gateway:	Chicago, IL
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. **Storage.** M&G's storage argument is irrelevant because this customer will still receive PET by rail.
4. **Cost of alternative.** Alternative transportation via rail-truck transload is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.
5. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.
6. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.
7. **Truck Volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that direct truck transportation is an effective competitive option. *See supra* at § II.B.2.b.
8. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-26: APPLE GROVE, WV TO ROGERS, MN

CSXT Tariff Rate Plus Fuel Surcharge	$5,755	Cost of Alternate Transportation	{{ }}

Description of Alternative to CSXT Transportation:	Truck from Apple Grove to transload facility at Lima, OH via R&J Trucking; transload to the CFE for rail transport to Chicago.	
	Gateway:	Chicago, IL
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	R&J Trucking

Responses to M&G Claims of Market Dominance:

3. **Storage.** M&G's storage argument is irrelevant because this customer will still receive PET by rail.
4. **Cost of alternative.** Alternative transportation via rail-truck transload is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.
5. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.
6. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.
7. **Truck Volumes.** {{ }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.
8. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-30: APPLE GROVE, WV TO SWEETWATER, TX

CSXT Tariff Rate Plus Fuel Surcharge	$5,755	Cost of Alternate Transportation	{{ }}

Description of Alternative to CSXT Transportation:	Truck from Apple Grove to transload facility at Lima, OH via Bulkmatic Transport; transload to the CFE for rail transport to Chicago.	
	Gateway:	Chicago, IL
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

4. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.
5. **Direct truck infeasible.** M&G's argument that it cannot directly truck to Sweetwater- is irrelevant because the Sweetwater storage facility will still receive PET by rail.
6. **Truck Volumes.** {{ }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.
7. **Cost of alternative.** Alternative transportation via rail-truck transload to Sweetwater, TX for storage is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.
8. **Product integrity.** See above response to M&G argument #4
9. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.
10. **Storage.** M&G's storage argument is irrelevant because the Sweetwater storage facility will still receive PET by rail.
11. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-32: APPLE GROVE, WV TO UNIVERSITY PARK, IL

CSXT Tariff Rate Plus Fuel Surcharge and CN Rate to University Park, IL	{{ }}	**Cost of Direct Truck Shipment to University Park, IL**	{{ }}
CSXT Tariff Rate Plus Fuel Surcharge to Chicago, IL	$5,755	**Cost of Truck-Rail Alternative to University Park, IL**	{{ }}

Description of Direct Truck Shipment:	Truck direct to customer in University Park, IL via Bulkmatic Trucking	
Description of Alternative Rail-Truck Transportation:	Truck from Apple Grove to transload facility at Lima, OH via Bulkmatic Transport; transload to the CFE for rail transport to Chicago.	
	Gateway:	Chicago, IL
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d. Further, if the transload alternative is used, M&G's storage argument is irrelevant because this customer will still receive PET by rail.

4. **Cost of alternative.** Alternative transportation via truck service or rail-truck transload is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.

5. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

6. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

7. **Truck Volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that direct truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

8. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-33: APPLE GROVE, WV TO VADO, NM

CSXT Tariff Rate Plus Fuel Surcharge	$5,755	Cost of Truck-Rail Alternative	{{ }}

Description of Alternative Truck-Rail Transportation:	Truck from Apple Grove to transload facility at Lima, OH via Bulkmatic Transport; transload to the CFE for rail transport to Chicago.	
	Gateway:	Chicago, IL
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.
4. **Direct truck infeasible.** M&G's argument that it cannot directly truck to Vado is irrelevant because Vado will still receive PET by rail.
5. **Cost of alternative.** Alternative transportation via truck service or rail-truck transload is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.
6. **Product integrity.** See above response to M&G argument #3.
7. **Storage.** M&G's storage argument is irrelevant because the Vado SIT facility will still receive PET by rail.
8. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.
9. **Truck Volumes.** {{ }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.
10. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-34: APPLE GROVE, WV TO W. CHICAGO, IL

CSXT Tariff Rate Plus Fuel Surcharge and UP Rate to W. Chicago, IL	{{ }}	**Cost of Direct Truck Shipment to W. Chicago, IL**	{{ }}
CSXT Tariff Rate Plus Fuel Surcharge to Chicago, IL	$5,755	**Cost of Truck-Rail Alternative to W. Chicago, IL**	{{ }}

Description of Direct Truck Shipment:	Truck direct to customer in W. Chicago, IL via A&R Transport	
Description of Alternative Truck-Rail Transportation:	Truck from Apple Grove to transload facility at Lima, OH via Bulkmatic Transport; transload to the CFE for rail transport to Chicago.	
	Gateway:	Chicago, IL
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. {{

}} *See supra* at II.B.2.g.i.

4. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d. Further, if the transload alternative is used, M&G's storage argument is irrelevant because this customer will still receive PET by rail.

5. **Cost of alternative.** Alternative transportation via truck service or rail-truck transload is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.

6. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

7. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating

complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

8. **Truck Volumes.** {{
}} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.

9. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-35: APPLE GROVE, WV TO WAYNESVILLE, NC

CSXT Tariff Rate Plus Fuel Surcharge and NS Rate	{{ }}	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck direct to customer in Waynesville, NC via Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d.

4. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

5. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{

}} Moreover, standard quality control measures—{

}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

6. **Plant reconfiguration.** M&G would not have to spend any resources to reconfigure its Apple Grove plant as it currently has sufficient capacity to load enough additional trucks at Apple Grove to handle 100% of the 2010 traffic volume of Apple-Grove-originating complaint lanes. *See supra* at § II.B.2.g.iii. Moreover, M&G's cost estimates for expanding its transloading capacity are vastly overstated. *See* CSXT Reply Ex. II-B-36.

7. **Truck Volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that direct truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

LANE B-36: BELPRE, OH TO AGUILA, AZ

CSXT Tariff Rate Plus Fuel Surcharge	$5,969	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck from Apple Grove to transload facility at Lima, OH via Bulkmatic Transport; transload to the CFE for rail transport to Chicago.	
	Gateway:	Chicago, IL
	Rail Route	Lima, OH—CFE—Chicago, IL
	Intermodal Terminal	CFE's Lima, OH transload facility
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

5. **Storage.** M&G's storage argument is irrelevant because the Aguila storage facility will still receive PET by rail.
6. **Cost of alternative.** Alternative transportation via rail-truck transload is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.
7. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.
8. **Truck Volumes.** {{ }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.
9. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

LANE B-37: BELPRE, OH TO ALLENTOWN, PA

CSXT Tariff Rate Plus Fuel Surcharge	$4,813	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck from Apple Grove, WV to Hagerstown, MD via Bulkmatic Transport; Transload onto the NS at the Utility Supply transload facility for delivery to the customer in Allentown, PA	
	Rail Route	Hagerstown, MD—NS—Allentown, PA
	Intermodal Terminal	Utility Supply Transload Facility, Hagerstown, MD
	Motor Carrier	Bulkmatic

Responses to M&G Claims of Market Dominance:

4. { {{ }} {{ }} } *See supra* at II.B.2.g.i.

5. {{ }}

6. **Storage.** M&G's storage argument is irrelevant because this customer will still receive PET by rail.

7. **Rate increase.** CSXT's rate increases {{ e}} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

8. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{ }} Moreover, standard quality control measures—{ }— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

9. **Truck Volumes.** {{ }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.

LANE B-39: BELPRE, OH TO FRANKLIN, IN

CSXT Tariff Rate Plus Fuel Surcharge and LIRC Rate	{{ }}	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck direct to customer in Franklin, IN via Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. {
{{ }}
} *See supra* at II.B.2.g.i.

4. {{
}}

5. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{
}} *See supra* at § II.B.2.d.

6. **Cost of alternative.** Alternative transportation via truck service to the ultimate customer is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.

7. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

8. **Truck Volumes.** {{ }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that direct truck transportation is an effective competitive option. *See supra* at § II.B.2.b.

9. {{
}}

LANE B-40: BELPRE, OH TO FREMONT, OH

CSXT Tariff Rate Plus Fuel Surcharge	$3,621	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Truck from Belpre, OH to the NS Thoroughbred Bulk Transfer Terminal at Columbus, OH for transload to the NS for delivery to the customer in Fremont, OH.	
	Rail Route	Columbus, OH—NS—Fremont, OH
	Intermodal Terminal	Thoroughbred Bulk Transfer Terminal, Columbus OH
	Motor Carrier	Bulkmatic Trucking

Responses to M&G Claims of Market Dominance:

3. {
{{ }}
{{ }}
} *See supra* at II.B.2.g.i.

4. {{
}}

5. {{
}} *See supra* at II.B.2.g.i.

6. **Storage.** M&G's storage argument is irrelevant because this customer will still receive PET by rail.

7. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

8. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

9. **Truck Volumes.** {{
}} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.

LANE B-41: BELPRE, OH TO HAZELTON, PA

CSXT Tariff Rate Plus Fuel Surcharge and NS Rate	{{ }}	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	Direct truck to customer in Hazelton, PA via Bulkmatic, Transport.

Responses to M&G Claims of Market Dominance:

3. {{

}}

4. {{

}} *See supra* at II.B.2.g.i.

5. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d.

6. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

7. **Product integrity.** M&G's claim that it cannot transload PET more than once because of product integrity concerns {{
}} Moreover, standard quality control measures—{
}— can be used to substantially mitigate M&G's alleged quality concerns. *See supra* at § II.B.2.g.ii.

8. **Truck Volumes.** {{
}} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.

LANE B-48: SWEETWATER, TX TO APPLE GROVE, WV

CSXT Tariff Rate Plus Fuel Surcharge	$5,808	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	NS rail transport from Chicago to the Thoroughbred Bulk Transfer Terminal transload facility in Columbus, OH. Transload to truck for delivery to Apple Grove, WV via R&J Trucking.	
	Gateway:	Chicago, IL
	Rail Route	Chicago, IL—NS—Columbus, OH
	Intermodal Terminal	Thoroughbred Bulk Transfer Terminal, Columbus, OH
	Motor Carrier	R&J Trucking

Responses to M&G Claims of Market Dominance:

3. **Cost of alternative.** Alternative transportation via rail-truck transload to Apple Grove, WV is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.
4. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.
5. **Inefficient use of railcars.** Railcars would not return empty to Apple Grove as materials coming from Apple Grove, WV to Sweetwater, TX could be sent by rail to Lima, OH and transloaded into trucks for delivery to Apple Grove.
6. **Truck Volumes.** {{ }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.

LANE B-49: SWEETWATER, TX TO CARTERSVILLE, GA

CSXT Tariff Rate Plus Fuel Surcharge	$6,101	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	NS rail transport from New Orleans, LA to Thoroughbred Bulk Transfer Terminal, Dalton, GA transload facility. Transload to truck for deliverty to customer in Cartersville, GA via A&R Transport.	
	Gateway:	New Orleans
	Rail Route	New Orleans, LA—NS—Dalton, GA
	Intermodal Terminal	Thoroughbred Bulk Transfer Terminal, Dalton, GA
	Motor Carrier	A&R Transport

Responses to M&G Claims of Market Dominance:

4. {{

}}

5. {{

}} *See supra* at II.B.2.g.i.

6. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

}} *See supra* at § II.B.2.d.

7. **Cost of alternative.** Alternative transportation via rail-truck transload to the ultimate customer is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.

8. **Relative truck volume.** M&G's argument that "CSXT has not lost any traffic to trucks" makes little sense in light of the {

}

9. **Truck Volumes.** {{
}} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.

LANE B-50: SWEETWATER, TX TO CLIFTON FORGE, VA

CSXT Tariff Rate Plus Fuel Surcharge	$7,670	**Cost of Alternate Transportation**	{{ }}

Description of Alternative to CSXT Transportation:	NS rail transport from New Orleans, LA to Thoroughbred Bulk Transfer Terminal transload facility in Petersburg, VA. Transload to truck for delivery to customer in Clifton Forge, VA via Bulkmatic Transport.	
	Gateway:	New Orleans
	Rail Route	New Orleans, LA—NS—Petersburg, VA
	Intermodal Terminal	Thoroughbred Bulk Transfer Terminal, Petersburg, VA
	Motor Carrier	Bulkmatic Transport

Responses to M&G Claims of Market Dominance:

3. **Storage.** M&G provides no evidence that its customer uses rail cars for storage, and no evidence that this alleged preference would render CSXT market dominant. *See supra* at § II.B.2.g.i. {{

   }} *See supra* at § II.B.2.d.

4. **Cost of alternative.** CSXT does not contend that direct truck service is competitive for this lane.

5. **Cost of alternative.** Alternative transportation via rail-truck transload to the ultimate customer is cost-competitive with CSXT's rail service. *See supra* at § II.B.2.f.

6. **Truck Volumes.** {{
   }} does not demonstrate CSXT's market dominance in light of M&G's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.

7. **Rate increase.** CSXT's rate increases {{ }} and do not demonstrate market dominance. *See supra* at § II.B.3.b.

COMPETITIVE ALTERNATIVES TO CSXT RAIL SERVICE:
DIRECT TRUCK ALTERNATIVES

Lane	Origin City	O St	Dest. City	D St	Route	CSXT Tariff Rate Incl. FSC	Other Rail Cost	Total Rail Cost	Trucking Provider	Total Cost of Truck Alternative (Carload Equivalent)
A-1	Apple Grove	WV	Belpre	OH	CSXT Direct	$2,647		$2,647	Bulkmatic	{{ }}
A-4	Apple Grove	WV	Clifton Forge	VA	CSXT Direct	$4,016		$4,016	R&J	{{ }}
A-5	Apple Grove	WV	Devon	KY	CSXT (CINTI-NS switch)	$2,885		$2,885	A& R Transport	{{ }}
A-8	Apple Grove	WV	Parkersburg	WV	CSXT Direct	$2,630		$2,630	Bulkmatic	{{ }}
A-10	Apple Grove	WV	Rochester	NY	CSXT Direct	$8,848		$8,848	R&J	{{ }}
A-11	Belpre	OH	Apple Grove	WV	CSXT Direct	$3,213		$3,213	Bulkmatic	{{ }}
A-14	Belpre	OH	Devon	KY	CSXT (CINTI-NS switch)	$3,974		$3,974	Bulkmatic	{{ }}
A-17	Parkersburg	WV	Apple Grove	WV	CSXT Direct	$3,196		$3,196	Bulkmatic	{{ }}
B-8	Apple Grove	WV	Allentown	PA	CSXT-HAGTN-NS	$5,496	{{ }}	{{ }}	R&J	{{ }}
B-10	Apple Grove	WV	Champaign	IL	CSXT-CHGO-CN	$6,017	{{ }}	{{ }}	R&J	{{ }}
B-11	Apple Grove	WV	Champaign	IL	CSXT-EFHAM-CN	$6,050	{{ }}	{{ }}	R&J	{{ }}
B-14	Apple Grove	WV	Franklin	IN	CSXT-LOUVL-LIRC	$3,819	{{ }}	{{ }}	Bulkmatic	{{ }}
B-15	Apple Grove	WV	Fremont	OH	CSXT-CLMBO-NS	$3,025	{{ }}	{{ }}	R&J	{{ }}
B-18	Apple Grove	WV	Havre de Grace	MD	CSXT-HAGTN-NS	$5,496	{{ }}	{{ }}	Bulkmatic	{{ }}
B-19	Apple Grove	WV	Hazleton	PA	CSXT-HAGTN-NS	$5,496	{{ }}	{{ }}	R&J	{{ }}
B-20	Apple Grove	WV	Hebron	OH	CSXT-CLMBO-CUOH	$3,025	{{ }}	{{ }}	Bulkmatic	{{ }}
B-32	Apple Grove	WV	University Park	IL	CSXT-CHGO-CN	$5,755	{{ }}	{{ }}	Bulkmatic	{{ }}
B-34	Apple Grove	WV	West Chicago	IL	CSXT-CHGO-UP	$5,755	{{ }}	{{ }}	A& R Transport	{{ }}
B-35	Apple Grove	WV	Waynesville	NC	CSXT-LYNCH-NS	$4,056	{{ }}	{{ }}	Bulkmatic	{{ }}
B-41	Belpre	OH	Hazleton	PA	CSXT-HAGTN-NS	$4,813	{{ }}	{{ }}	Bulkmatic	{{ }}

COMPETITIVE ALTERNATIVES TO CSXT RAIL SERVICE:
TRUCK-TO-TRANSLOAD FACILITY AT CURRENT INTERCHANGE POINT

Lane	Origin City	O St	Dest. City	D St	Route	CSXT Tariff Rate Incl. FSC	Trucking Provider	Truck Cost (Carload Equivalent)	Transload Facility	Facility Fee	Intermodal Alternative Carload Equivalent Cost
B-8	Apple Grove	WV	Allentown	PA	CSXT-HAGTN-NS	$5,496	Bulkmatic	{{ }}	Utility Supply, Hagerstown, MD	{{ }}	{{ }}
B-15	Apple Grove	WV	Fremont	OH	CSXT-CLMBO-NS	$3,025	R&J	{{ }}	NS Thoroughbred Bulk Terminal, Columbus, OH	{{ }}	{{ }}
B-18	Apple Grove	WV	Havre de Grace	MD	CSXT-HAGTN-NS	$5,496	Bulkmatic	{{ }}	Utility Supply, Hagerstown, MD	{{ }}	{{ }}
B-19	Apple Grove	WV	Hazleton	PA	CSXT-HAGTN-NS	$5,496	Bulkmatic	{{ }}	Utility Supply, Hagerstown, MD	{{ }}	{{ }}
B-24	Apple Grove	WV	Nicholasville	KY	CSXT-CLMBO-NS	$3,025	R&J	{{ }}	NS Thoroughbred Bulk Terminal, Columbus, OH	{{ }}	{{ }}
B-37	Belpre	OH	Allentown	PA	CSXT-HAGTN-NS	$4,813	Bulkmatic	{{ }}	Utility Supply, Hagerstown, MD	{{ }}	{{ }}
B-40	Belpre	OH	Fremont	OH	CSXT-CLMBO-NS	$3,621	Bulkmatic	{{ }}	NS Thoroughbred Bulk Terminal, Columbus, OH	{{ }}	{{ }}

COMPETITIVE ALTERNATIVES TO CSXT RAIL SERVICE:
TRUCK TO LIMA TRANSLOAD FACILITY FOR RAIL TRANSPORTATION TO CHICAGO

Lane	Origin City	O St	Dest. City	D St	Route	CSXT Tariff Rate Incl. FSC	Trucking Provider	Truck Cost (Carload Equivalent)	Transload Facility	CFE Rate from Chicago to Lima	Intermodal Alternative Carload Equivalent Cost
B-7	Apple Grove	WV	Aguila	AZ	CSXT-CHGO-BNSF	$5,755	R&J	{{ }}	CFE, LIMA OH	{{ }}	{{ }}
B-9	Apple Grove	WV	Altamira	MX	CSXT-CHGO-BNSF-EAGPA-FXE	$5,755	R&J	{{ }}	CFE, LIMA OH	{{ }}	{{ }}
B-10	Apple Grove	WV	Champaign	IL	CSXT-CHGO-CN	$5,755	Bulkmatic	{{ }}	CFE, LIMA OH	{{ }}	{{ }}
B-16	Apple Grove	WV	Glendale	AZ	CSXT-CHGO-BNSF	$5,755	Bulkmatic	{{ }}	CFE, LIMA OH	{{ }}	{{ }}
B-21	Apple Grove	WV	Lenexa	KS	CSXT-CHGO-BNSF	$5,755	Bulkmatic	{{ }}	CFE, LIMA OH	{{ }}	{{ }}
B-22	Apple Grove	WV	Little Rock	AR	CSXT-CHGO-BNSF (UP switch)	$5,755	Bulkmatic	{{ }}	CFE, LIMA OH	{{ }}	{{ }}
B-25	Apple Grove	WV	Rockford	IL	CSXT-CHGO-CPRS	$5,755	Bulkmatic	{{ }}	CFE, LIMA OH	{{ }}	{{ }}
B-26	Apple Grove	WV	Rogers	MN	CSXT-CHGO-BNSF	$5,755	R&J	{{ }}	CFE, LIMA OH	{{ }}	{{ }}
B-30	Apple Grove	WV	Sweetwater	TX	CSXT-CHGO-BNSF	$5,755	Bulkmatic	{{ }}	CFE, LIMA OH	{{ }}	{{ }}
B-32	Apple Grove	WV	University Park	IL	CSXT-CHGO-CN	$5,755	Bulkmatic	{{ }}	CFE, LIMA OH	{{ }}	{{ }}
B-33	Apple Grove	WV	Vado	NM	CSXT-CHGO-BNSF	$5,755	Bulkmatic	{{ }}	CFE, LIMA OH	{{ }}	{{ }}
B-34	Apple Grove	WV	West Chicago	IL	CSXT-CHGO-UP	$5,755	Bulkmatic	{{ }}	CFE, LIMA OH	{{ }}	{{ }}
B-36	Belpre	OH	Aguila	AZ	CSXT-CHGO-BNSF	$5,969	Bulkmatic	{{ }}	CFE, LIMA OH	{{ }}	{{ }}

COMPETITIVE ALTERNATIVES TO CSXT RAIL SERVICE:
TRANSLOAD FACILITY TO TRUCK FOR WESTERN ORIGIN MOVEMENTS

Lane	Origin City	O St	Dest. City	D St	Route	CSXT Tariff Rate Incl. FSC	Alternate Rail Route	Trucking Provider	Transload Facility	Truck Cost (Carload Equivalent)	Total Cost of Truck Alternative (Carload Equivalent)
B-1	Altamira	MX	Apple Grove	WV	FXE-EAGPA-BNSF-CHGO-CSXT	$5,808	{{ }}	R&J	NS TBT, COLUMBUS OH	{{ }}	{{ }}
B-2	Altamira	MX	Belpre	OH	FXE-EAGPA-BNSF-CHGO-CSXT	$5,848	{{ }}	Bulkmatic	NS TBT, COLUMBUS OH	{{ }}	{{ }}
B-3	Altamira	MX	Cambridge	OH	FXE-EAGPA-BNSF-CHGO-CSXT-CLMBO-CUOH	$5,984	{{ }}	R&J	CFE, LIMA OH	{{ }}	{{ }}
B-4	Altamira	MX	Cartersville	GA	FXE-EAGPA-BNSF-NEWOR-CSXT	$6,101	{{ }}	A&R Transport	NS TBT, DALTON GA	{{ }}	{{ }}
B-5	Altamira	MX	Clifton Forge	VA	FXE-EAGPA-BNSF-NEWOR-CSXT	$7,670	{{ }}	Bulkmatic	NS TBT, PETERSBURG VA	{{ }}	{{ }}
B-6	Altamira	MX	Orlando	FL	FXE-EAGPA-BNSF-NEWOR-CSXT	$7,777	{{ }}	A&R Transport	ASI, CITY POINT FL	{{ }}	{{ }}
B-48	Sweetwater	TX	Apple Grove	WV	BNSF-CHGO-CSXT	$5,808	{{ }}	R&J	NS TBT, COLUMBUS OH	{{ }}	{{ }}
B-49	Sweetwater	TX	Cartersville	GA	BNSF-NEWOR-CSXT	$6,101	{{ }}	A&R Transport	NS TBT, DALTON GA	{{ }}	{{ }}
B-50	Sweetwater	TX	Clifton Forge	VA	FXE-EAGPA-BNSF-NEWOR-CSXT	$7,670	{{ }}	Bulkmatic	NS TBT, PETERSBURG VA	{{ }}	{{ }}

Exhibit II-B-4:
Maps of Competitive Alternatives

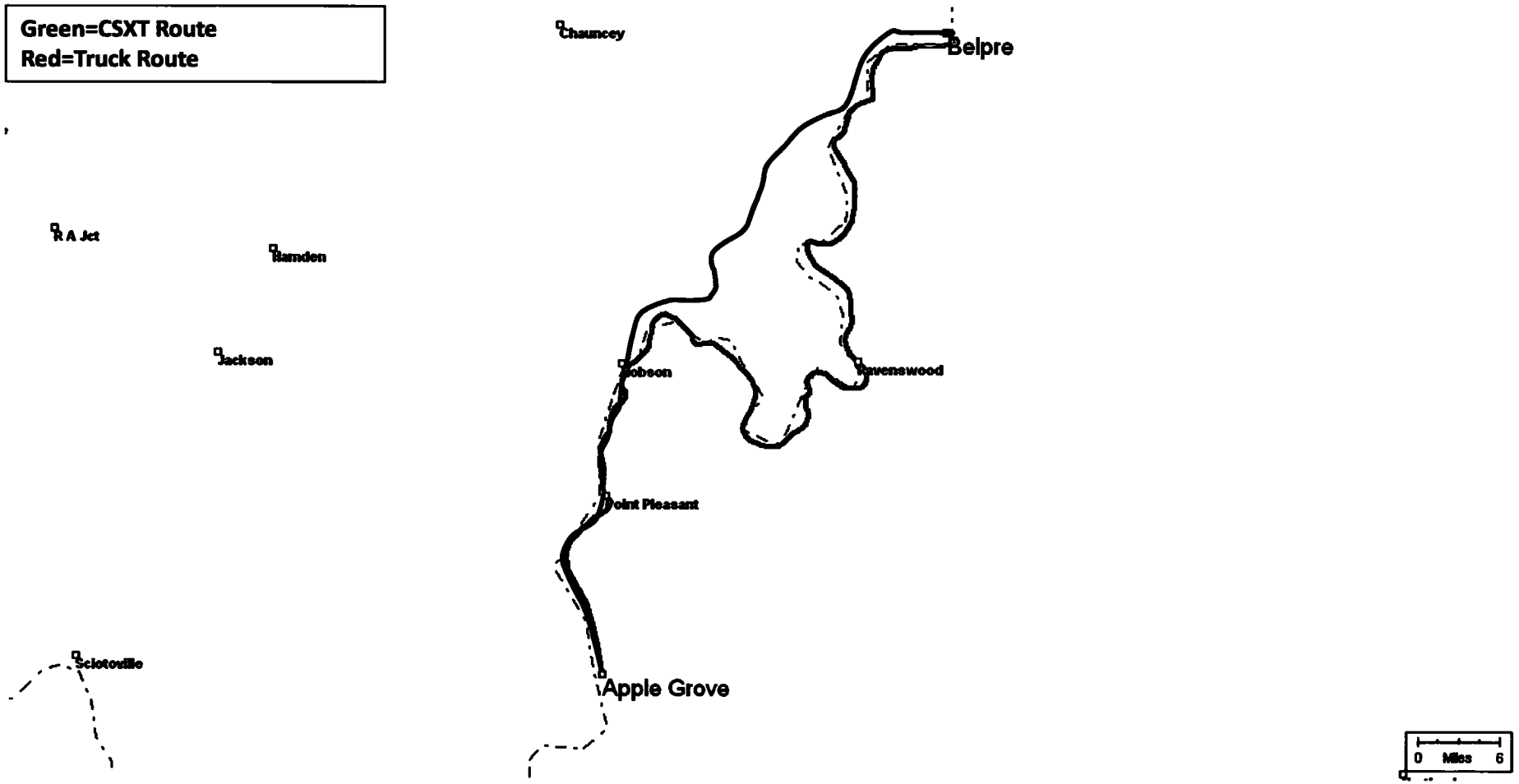
Maps Illustrating Alternatives Where Shipments Could Be Moved By Truck Directly to Destination

M&G Movement Number A-1: Apple Grove, WV – Belpre, OH

CSXT Direct: 95 Mi

Truck Alternative:

Truck: Apple Grove, WV – Belpre, OH (71 Mi)



CSXT Tariff Rate: $2,647

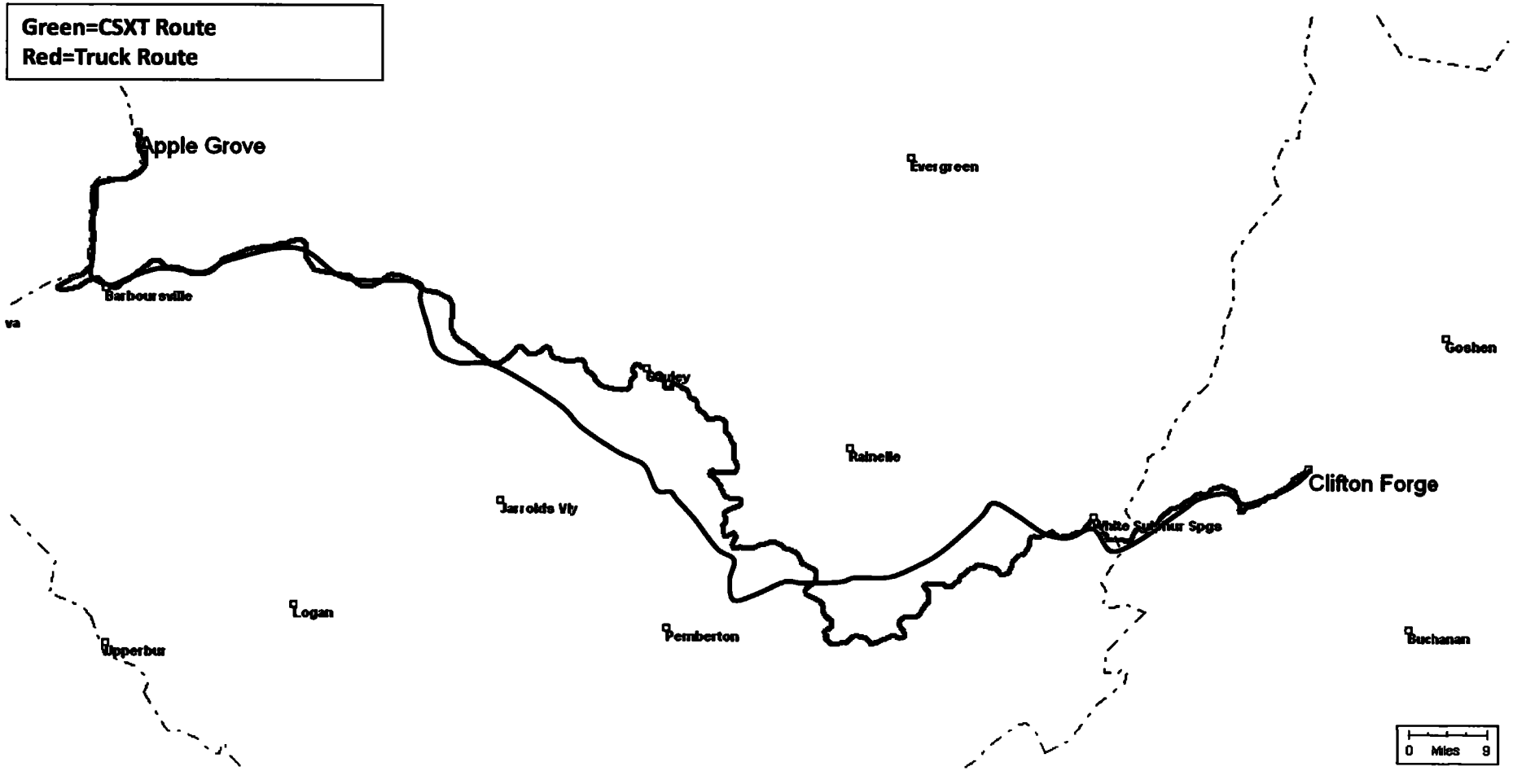
Cost of Truck Alternative: {{ }}

M&G Movement Number A-4: Apple Grove, WV – Clifton Forge, VA

CSXT Direct: 250 Mi

Truck Alternative:

Truck: Apple Grove, WV – Clifton Forge, VA (198 Mi)



CSXT Tariff Rate: $4,016

Cost of Truck Alternative: {{ }}

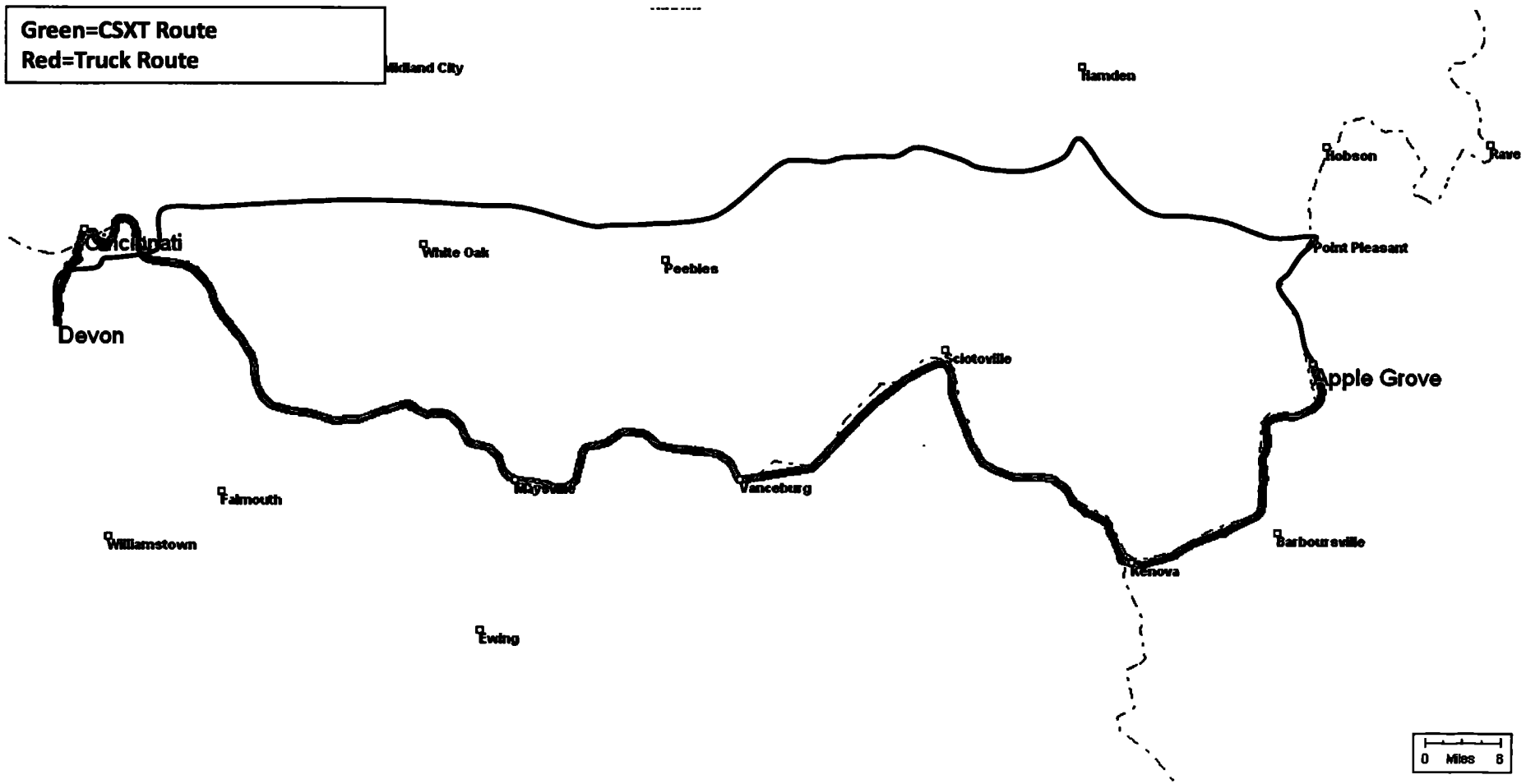
4

M&G Movement Number A-5: Apple Grove, WV – Devon, KY

CSXT Direct (NS Switch at Cincinnati): 199 Mi

Truck Alternative:

Truck: Apple Grove, WV – Devon, KY (180 Mi)



CSXT Tariff Rate: $2,885

Cost of Truck Alternative: {{ }}

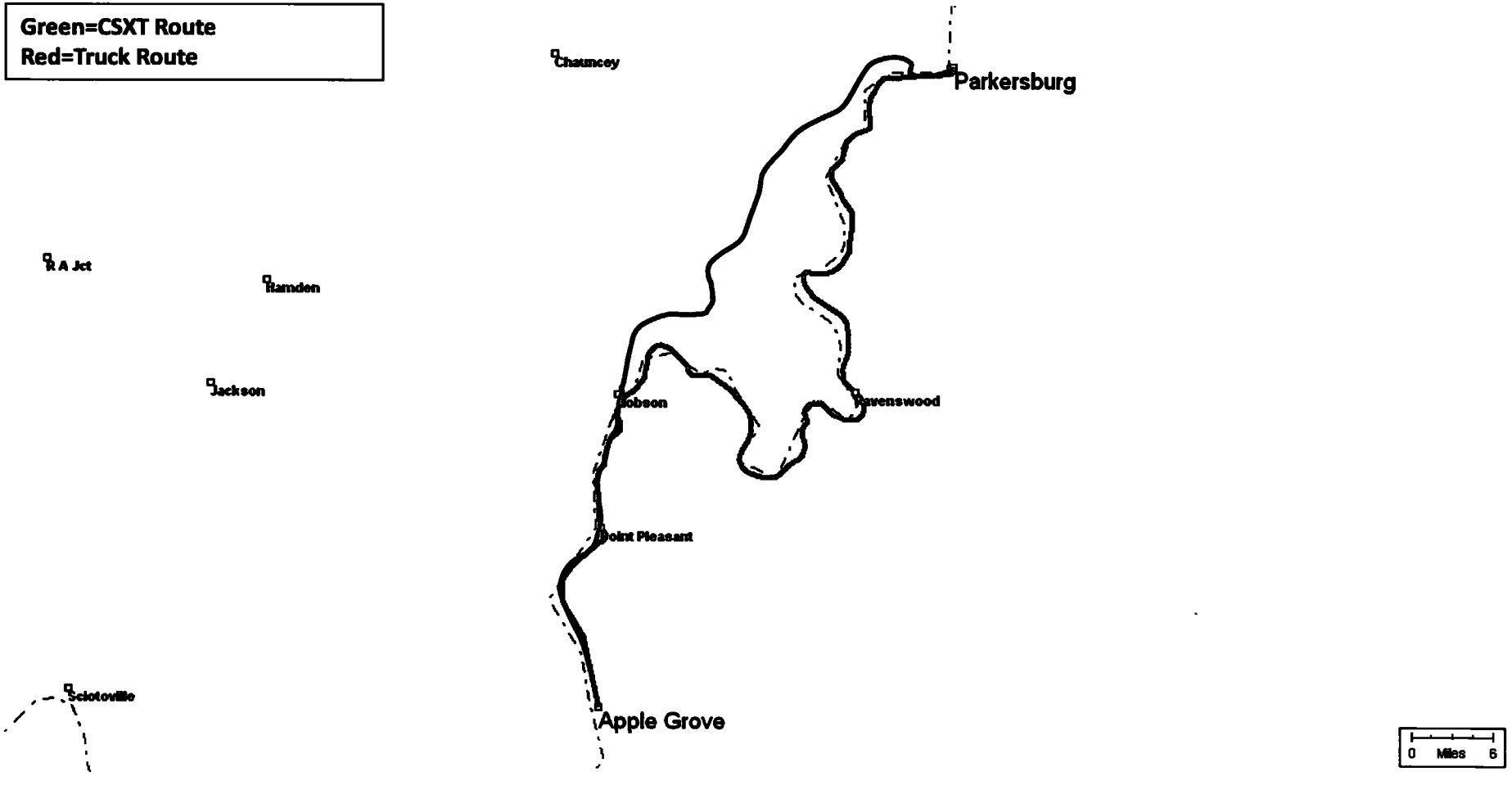
5

M&G Movement Number A-8: Apple Grove, WV – Parkersburg, WV

CSXT Direct: 94 Mi

Truck Alternative:

Truck: Apple Grove, WV – Parkersburg, WV (71 Mi)



CSXT Tariff Rate: $2,630

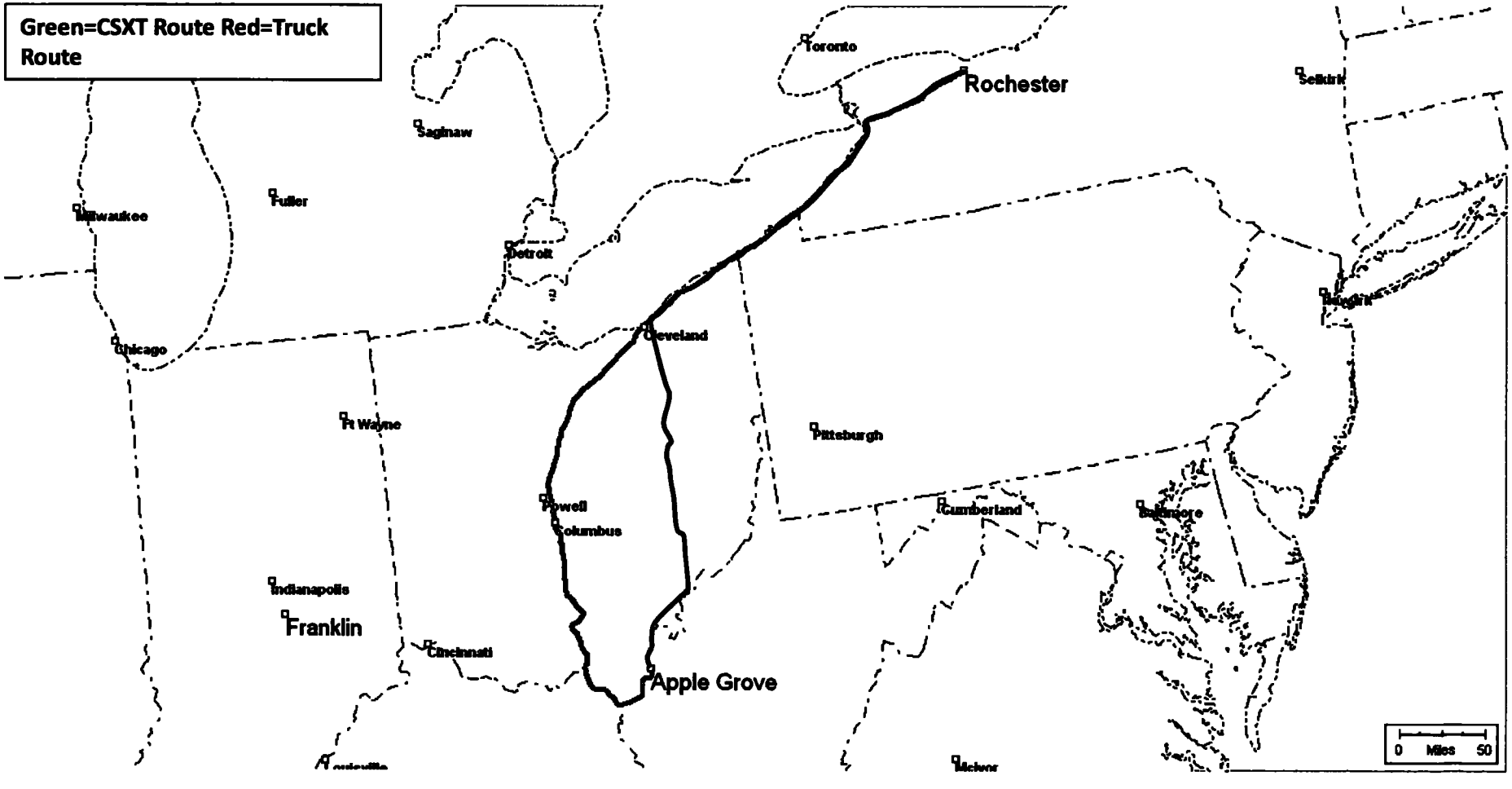
Cost of Truck Alternative: {{ }}

M&G Movement Number A-10: Apple Grove, WV – Rochester, NY

CSXT Direct: 551 Mi

Truck Alternative:

Truck: Apple Grove, WV – Rochester, NY (507 Mi)



CSXT Tariff Rate: $8,848

Cost of Truck Alternative: {{ }}

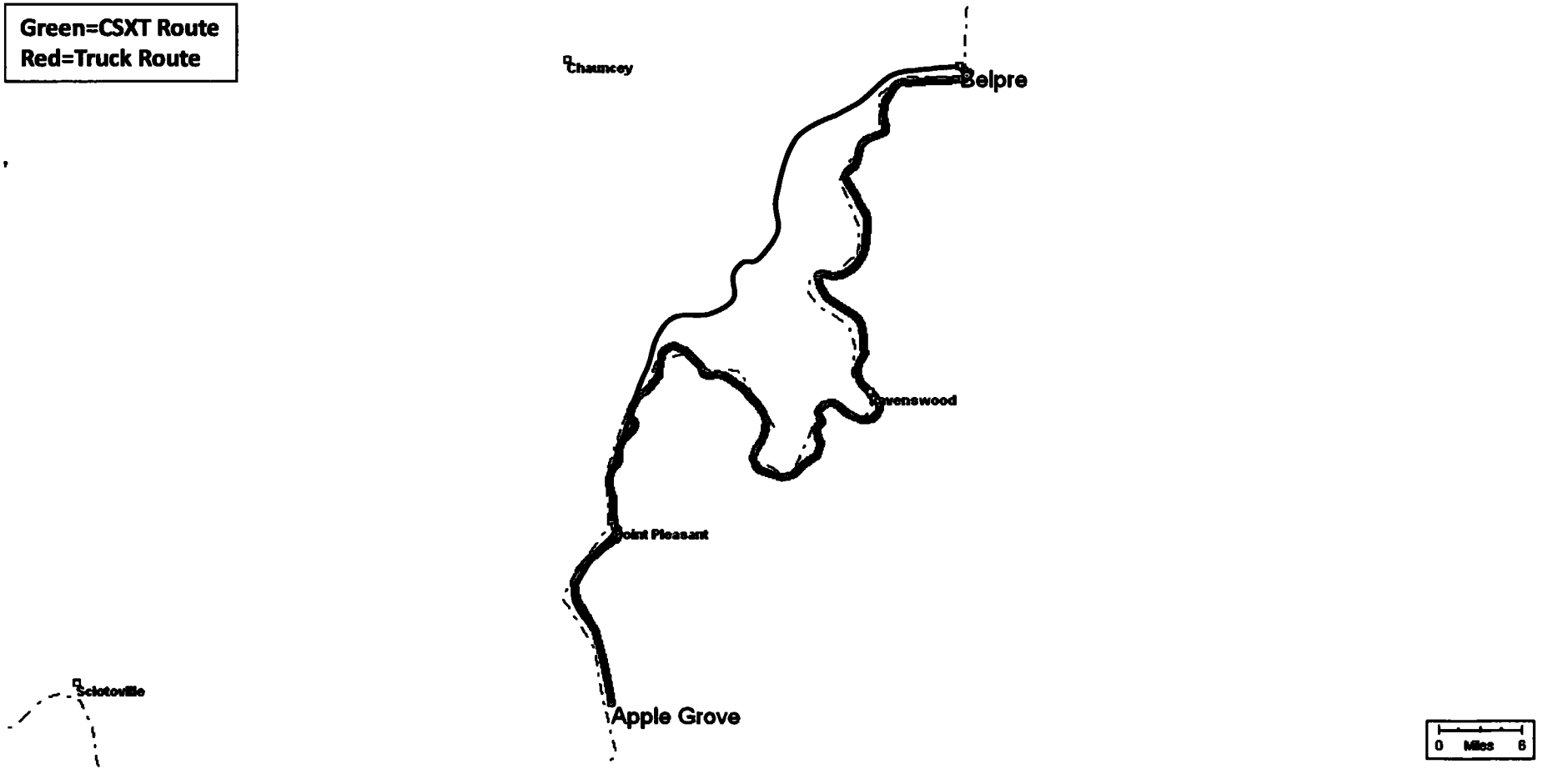
M&G Movement Number A-11: Belpre, OH – Apple Grove, WV

CSXT Direct: 95 Mi

Alternative:

Truck: Belpre, OH – Apple Grove, WV (66 Mi)

Green=CSXT Route
Red=Truck Route



CSXT Tariff Rate: $3,213

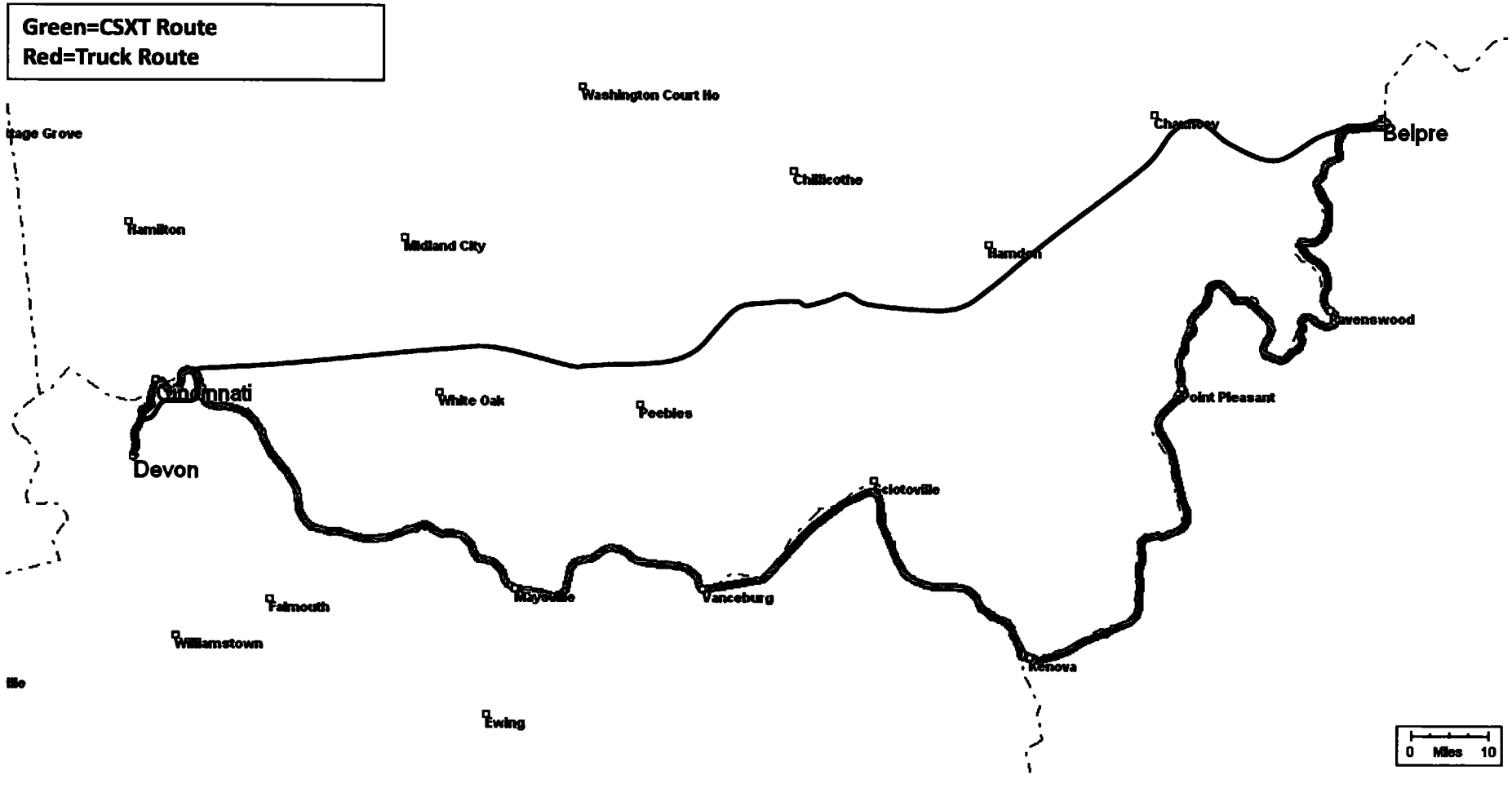
Cost of Truck Alternative: {{ }}

M&G Movement Number A-14: Belpre, OH – Devon, KY

CSXT Direct (NS Switch at Cincinnati): 294 Mi

Truck Alternative:

Truck: Belpre, OH – Devon, KY (208 Mi)



CSXT Tariff Rate: $3,974

Cost of Truck Alternative: {{ }}

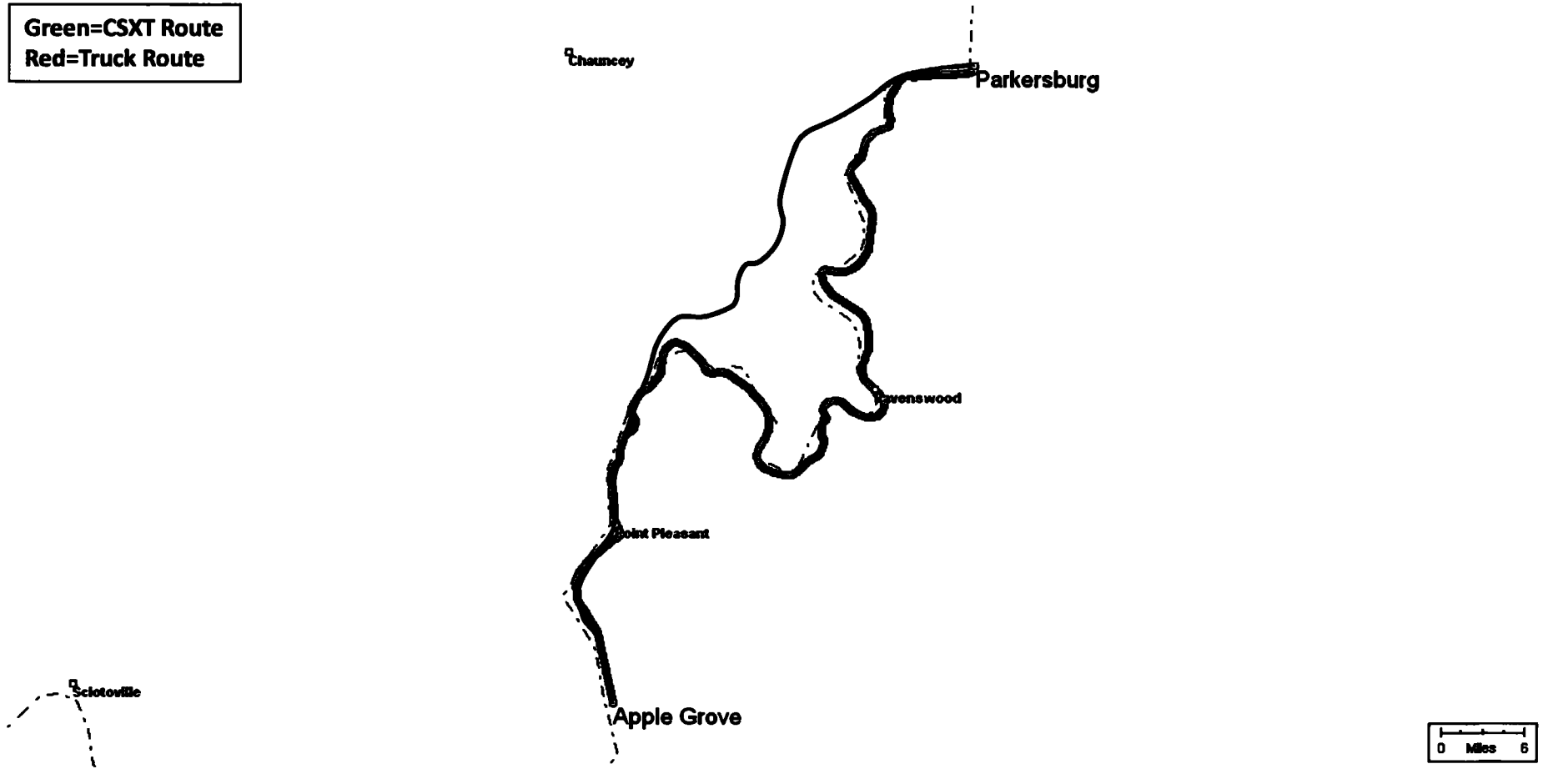
M&G Movement Number A-17: Parkersburg, WV – Apple Grove, WV

CSXT Direct: 94 Mi

Alternative:

Truck: Parkersburg, WV – Apple Grove, WV (67 Mi)

Green=CSXT Route
Red=Truck Route



CSXT Tariff Rate: $3,196

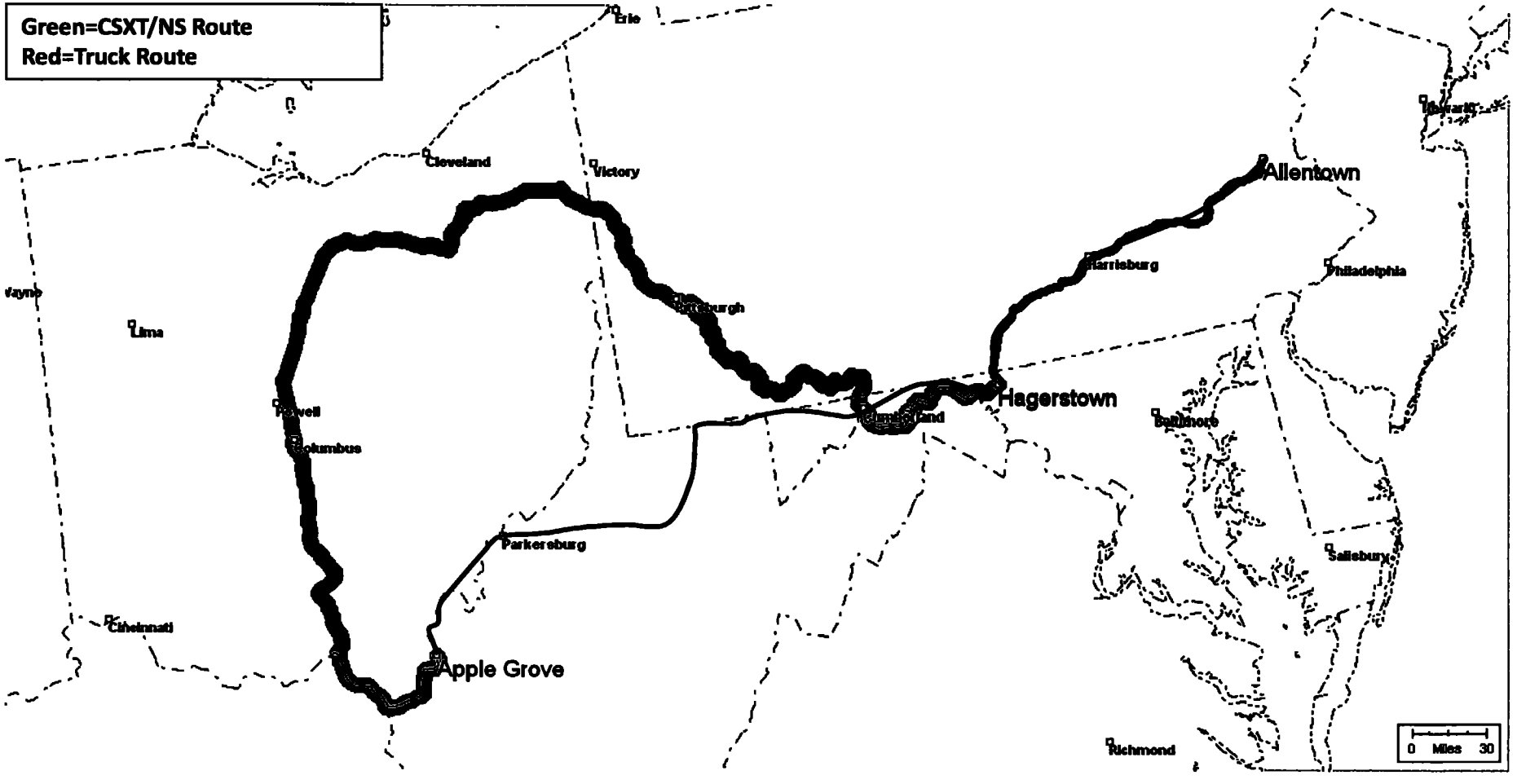
Cost of Truck Alternative: {{ }}

M&G Movement Number B-8*: Apple Grove, WV – Allentown, PA

Apple Grove-CSXT-Hagerstown, MD-NS-Allentown: 829 Mi

Truck Alternative:

Truck: Apple Grove, WV – Allentown, PA (470 Mi)



Total CSXT/NS Rail Cost: {{ }}

Cost of Truck Alternative: {{ }}

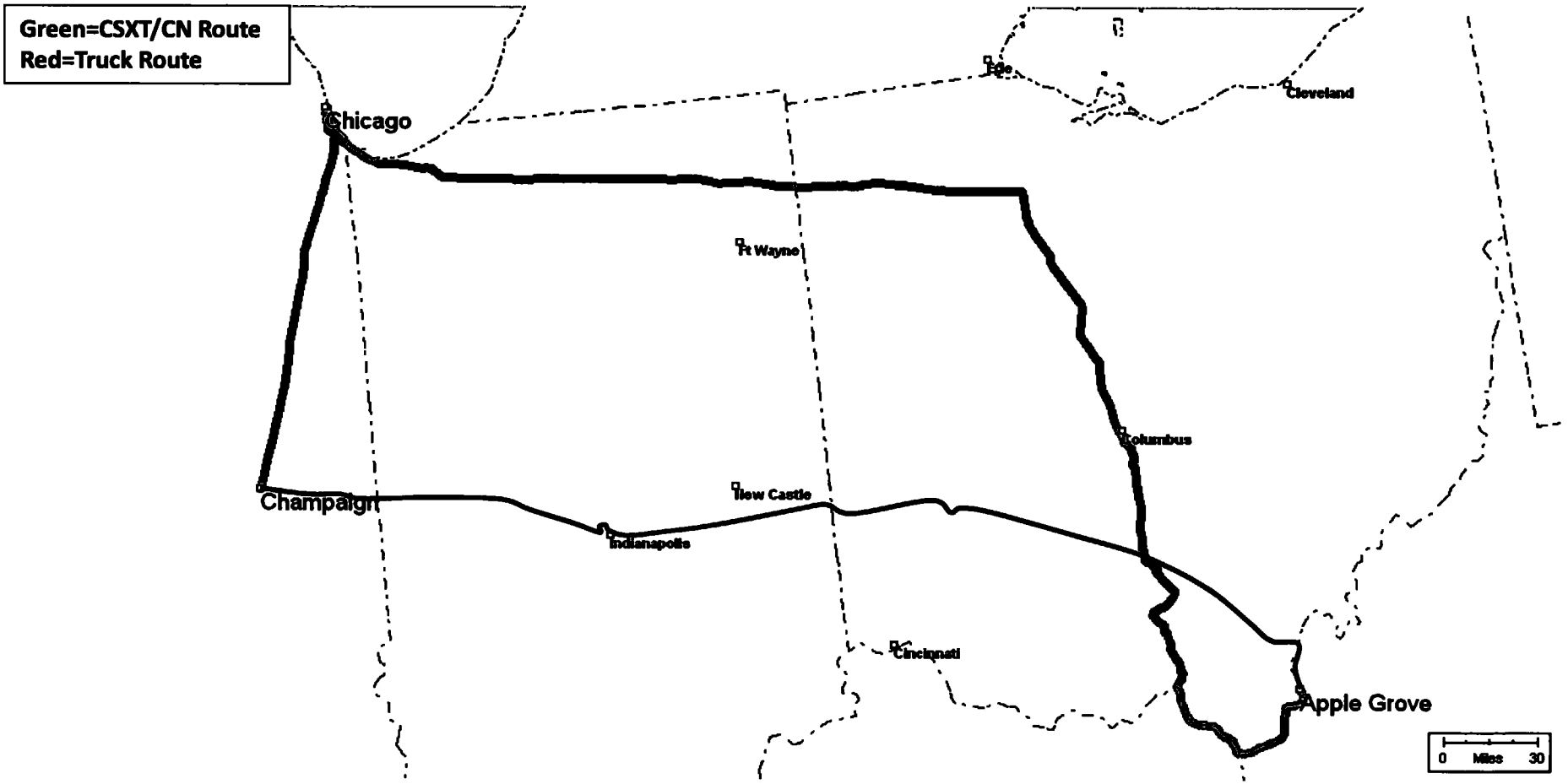
*Movement subject to another competitive option

M&G Movement Number B-10*: Apple Grove, WV – Champaign, IL

Apple Grove-CSXT-Chicago, IL-CN-Champaign: 617 Mi (CSXT Portion: 488 Mi)

Alternative:

Truck: Apple Grove, WV – Champaign, IL (386 Mi)



Total CSXT/CN Rail Cost: {{ }}

Cost of Truck Alternative: {{ }}

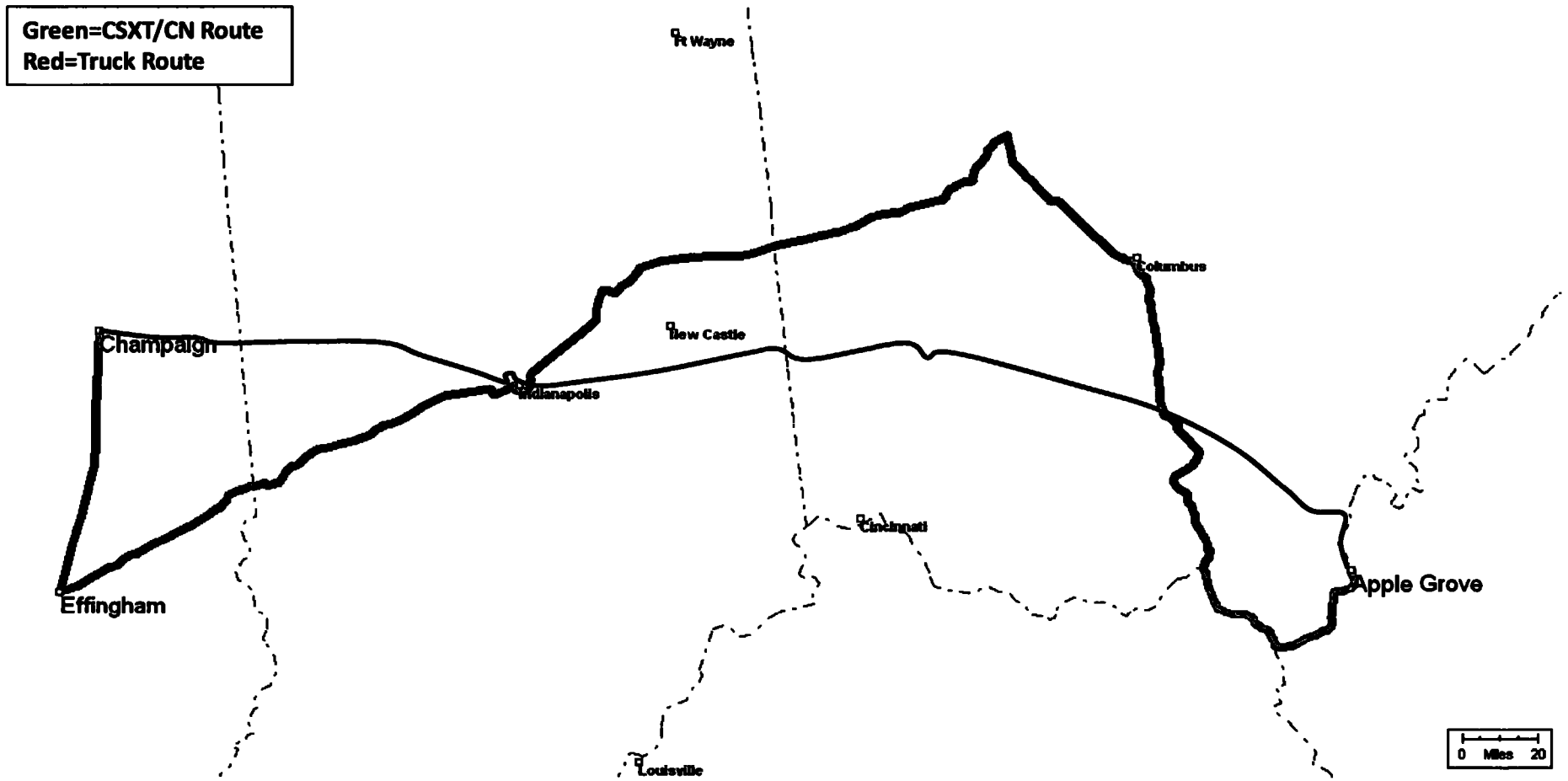
*Movement subject to another competitive option

M&G Movement Number B-11: Apple Grove, WV – Champaign, IL

Apple Grove-CSXT-Effingham, IL-CN-Champaign: 591 Mi (CSXT Portion: 518 Mi)

Alternative:

Truck: Apple Grove, WV – Champaign, IL (386 Mi)



Total CSXT/CN Rail Cost: {{ }}

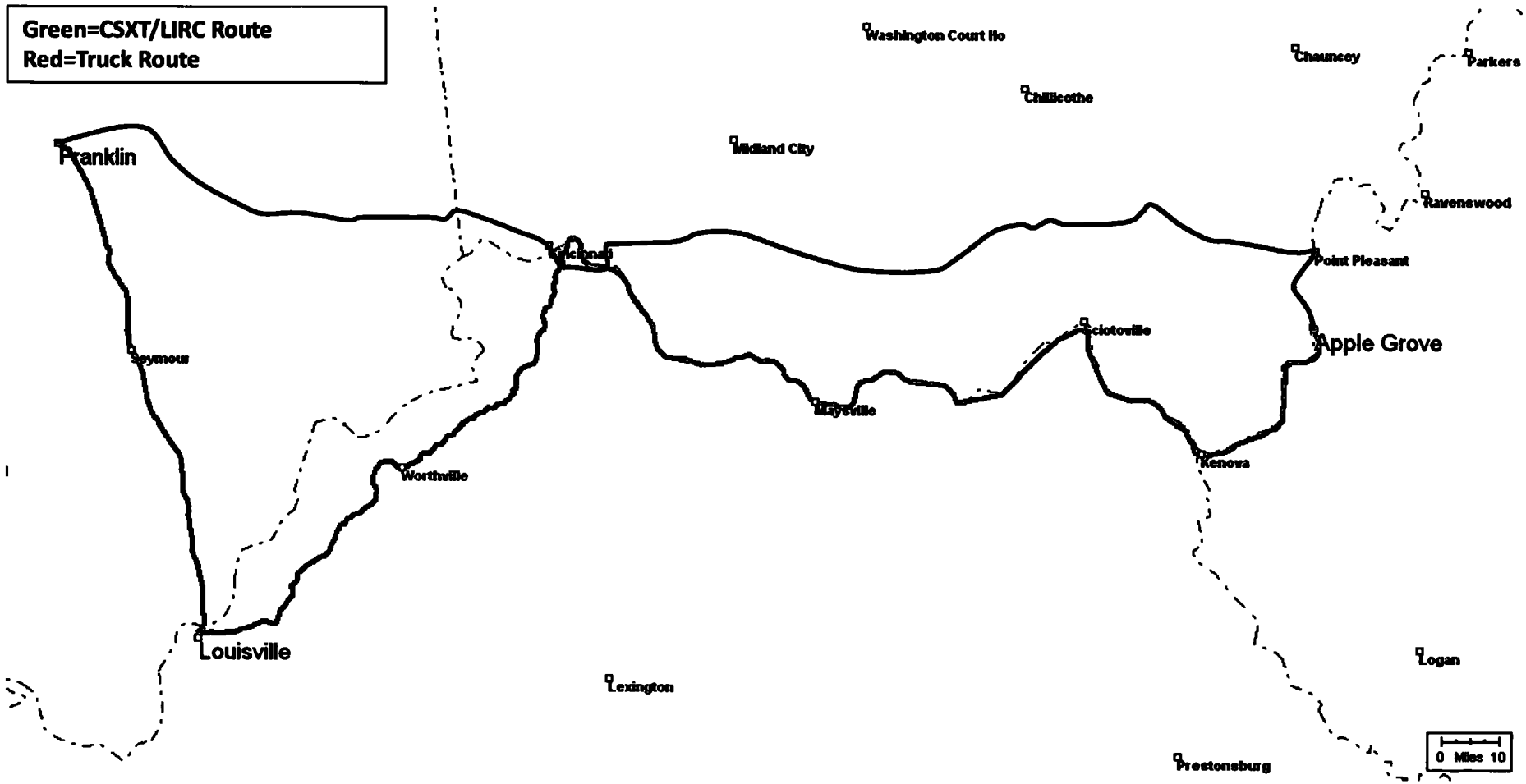
Cost of Truck Alternative: {{ }}

M&G Movement Number B-14: Apple Grove, WV – Franklin, IN

Apple Grove-CSXT-Louisville, KY-LIRC-Franklin: 383 Mi

Truck Alternative:

Truck: Apple Grove, WV – Franklin, IN (280 Mi)



Total CSXT/LIRC Rail Cost: {{ }}

Cost of Truck Alternative: {{ }}

M&G Movement Number B-15*: Apple Grove, WV – Fremont, OH

Apple Grove-CSXT-Columbus, OH-NS-Fremont: 277 Mi (CSXT Portion: 166 Mi)

Alternative:

Truck: Apple Grove, WV – Fremont, OH (227 Mi)

Total CSXT/NS Rail Cost: {{ }}

Cost of Truck Alternative: {{ }}

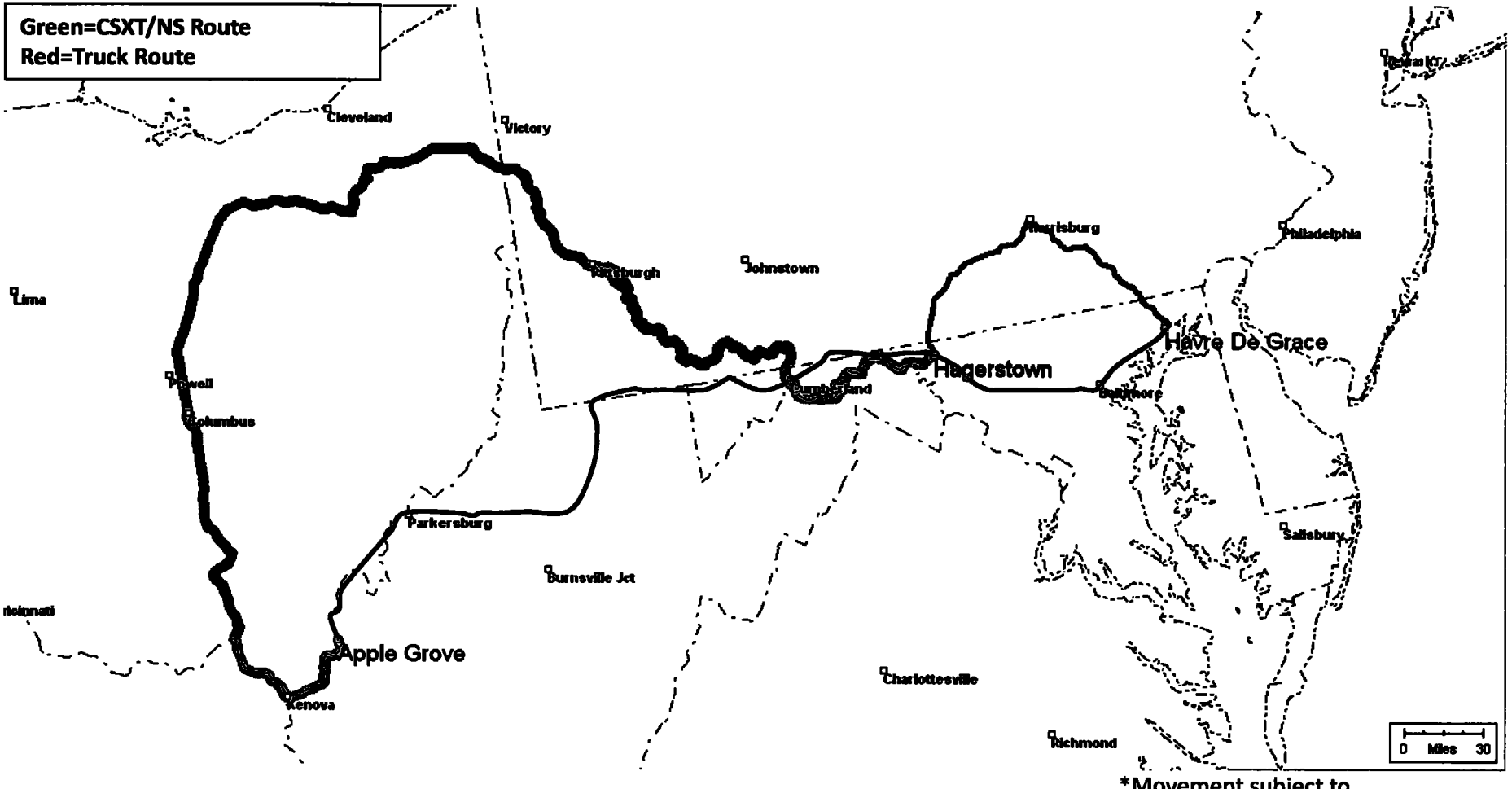
*Movement subject to another competitive option

M&G Movement Number B-18*: Apple Grove, WV – Havre de Grace, MD

Apple Grove-CSXT-Hagerstown, MD-NS-Havre de Grace: 815 Mi

Truck Alternative:

Truck: Apple Grove, WV – Havre de Grace, MD (430 Mi)



*Movement subject to another competitive option

Total CSXT/NS Rail Cost: {{ }}

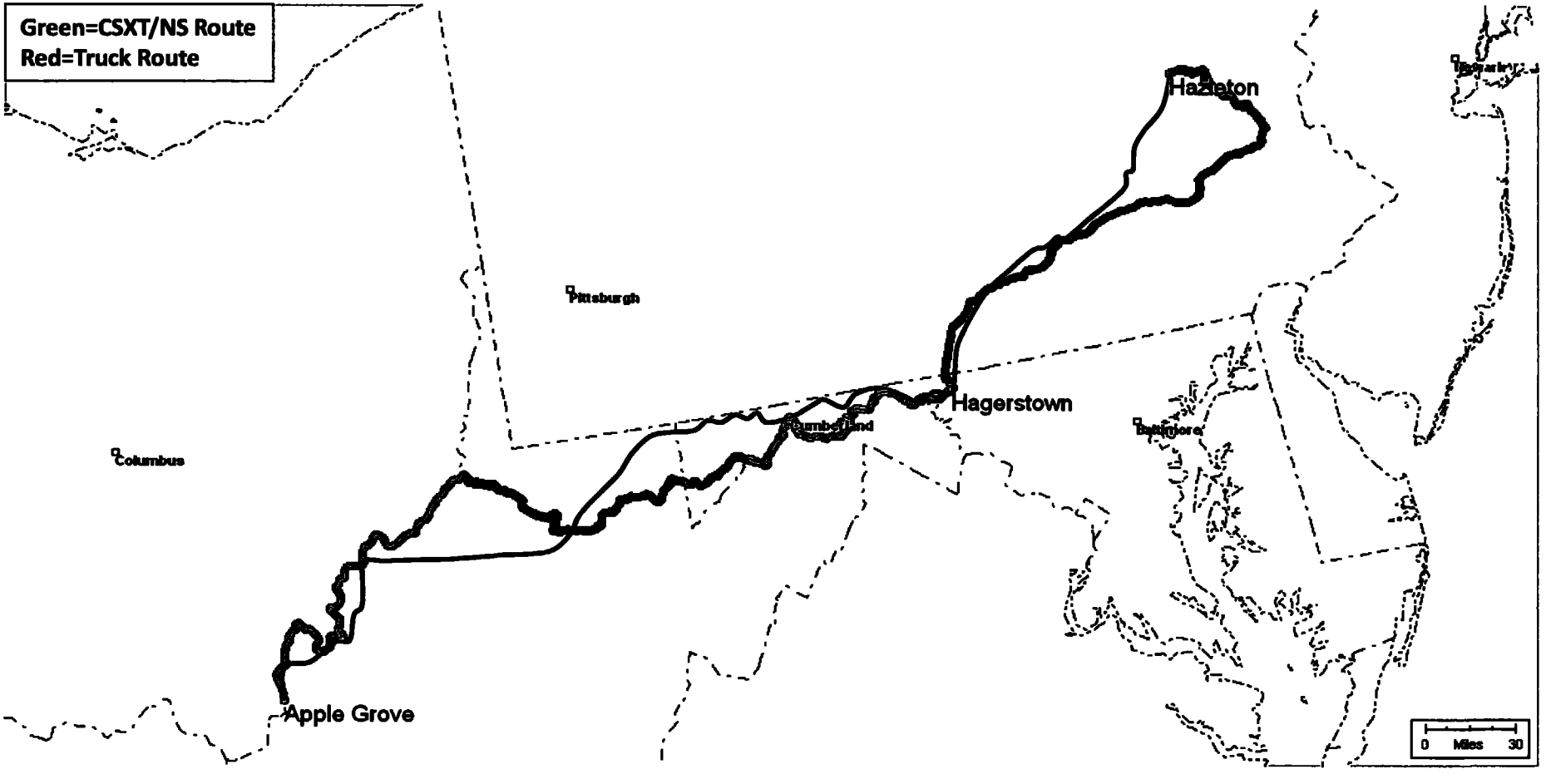
Cost of Truck Alternative: {{ }}

M&G Movement Number B-19*: Apple Grove, WV – Hazleton, PA

Apple Grove-CSXT-Hagerstown, MD-NS-Hazleton: 632 Mi (CSXT Portion: 415 Mi)

Alternative:

Truck: Apple Grove, WV – Hazleton, PA (466 Mi)



Total CSXT/NS Rail Cost: {{ }}

Cost of Truck Alternative: {{ }}

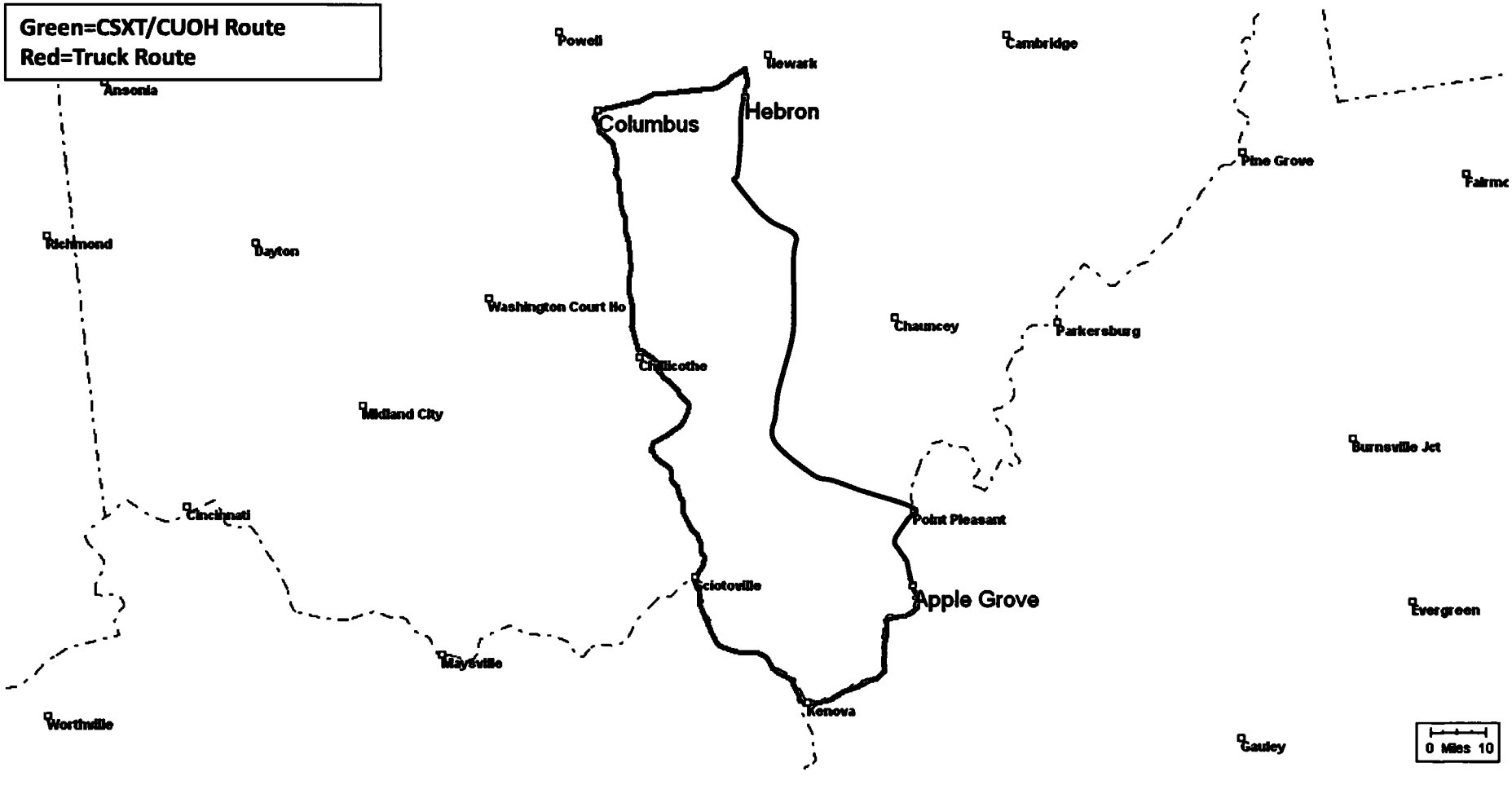
*Movement subject to another competitive option

M&G Movement Number B-20: Apple Grove, WV – Hebron, OH

Apple Grove-CSXT-Columbus, OH-CUOH-Hebron: 200 Mi

Truck Alternative:

Truck: Apple Grove, WV – Hebron, OH (136 Mi)



Total CSXT/CUOH Rail Cost: {{ }}

Cost of Truck Alternative: {{ }}

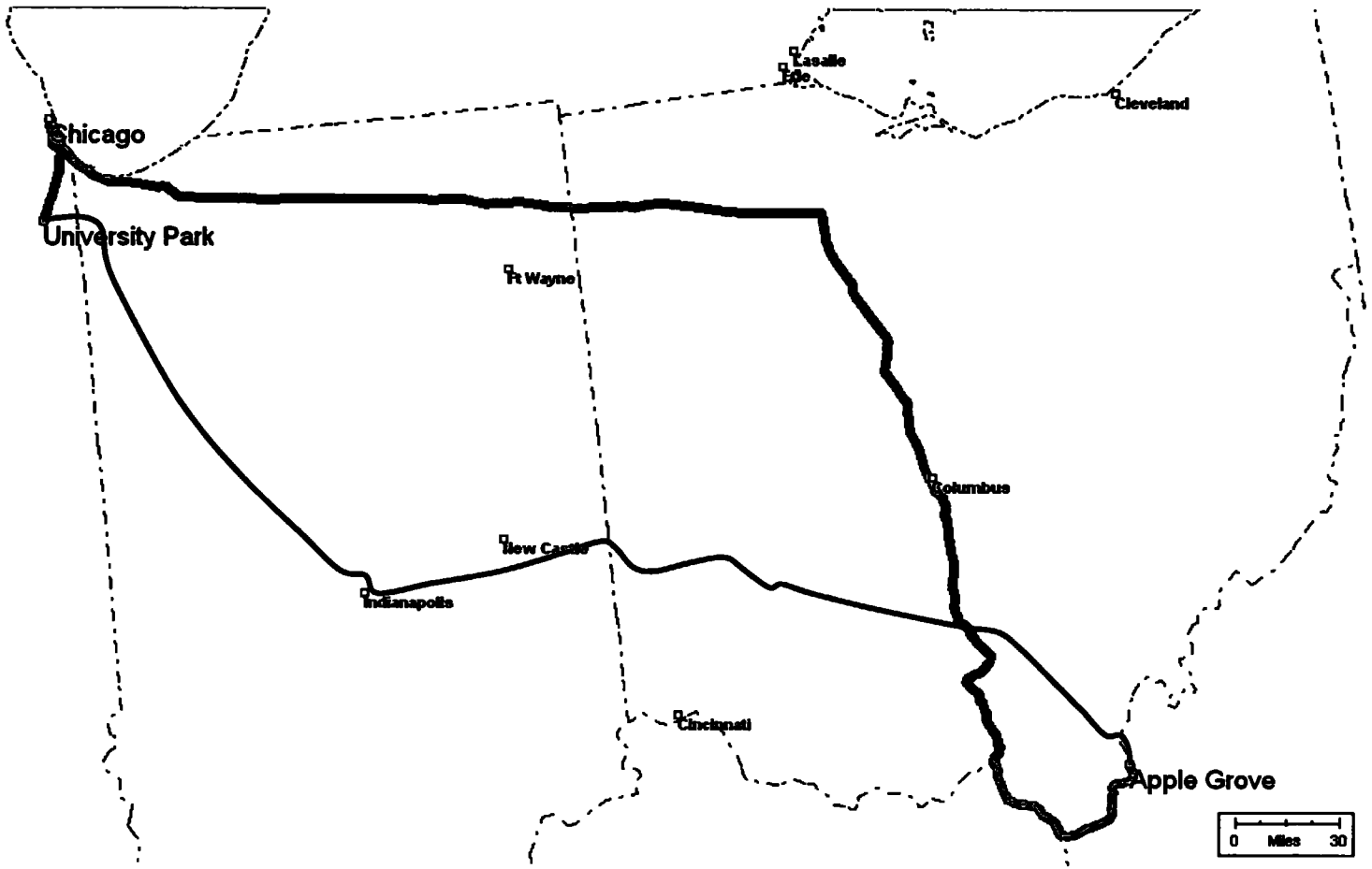
M&G Movement Number B-32*: Apple Grove, WV – University Park, IL

Apple Grove-CSXT-Chicago, IL-CN-University Park: 520 Mi (CSXT Portion: 488 Mi)

Alternative:

Truck: Apple Grove, WV – University Park, IL (419 Mi)

Green=CSXT/CN Route
Red=Truck Route



Total CSXT/CN Rail Cost: {{ }}

Cost of Truck Alternative: {{ }}

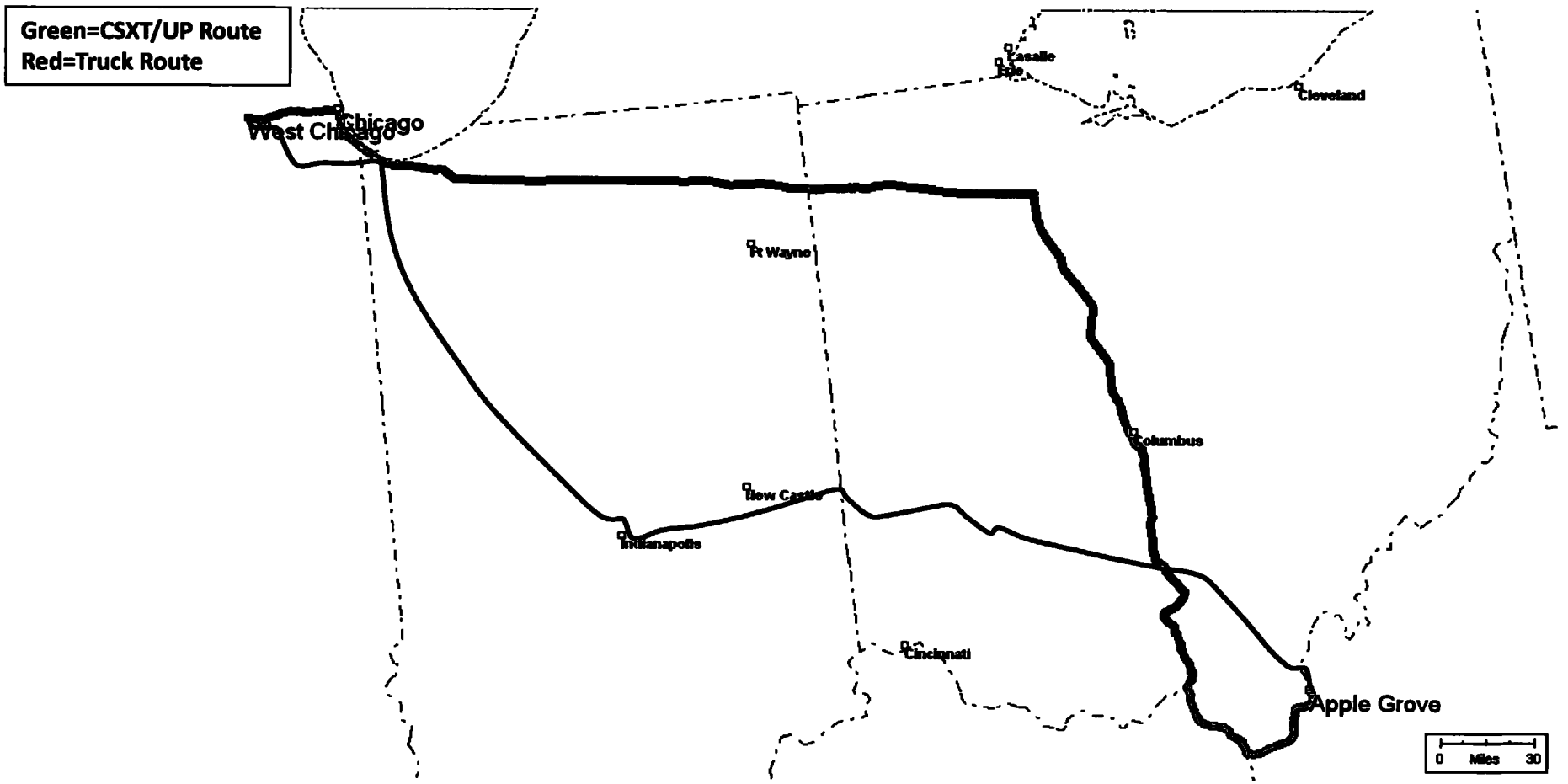
*Movement subject to another competitive option

M&G Movement Number B-34*: Apple Grove, WV – West Chicago, IL

Apple Grove-CSXT-Chicago, IL-UP-West Chicago, IL: 517 Mi (CSXT Portion: 488 Mi)

Alternative:

Truck: Apple Grove, WV – West Chicago, IL (478 Mi)



Total CSXT/UP Rail Cost: {{ }}

Cost of Truck Alternative: {{ }}

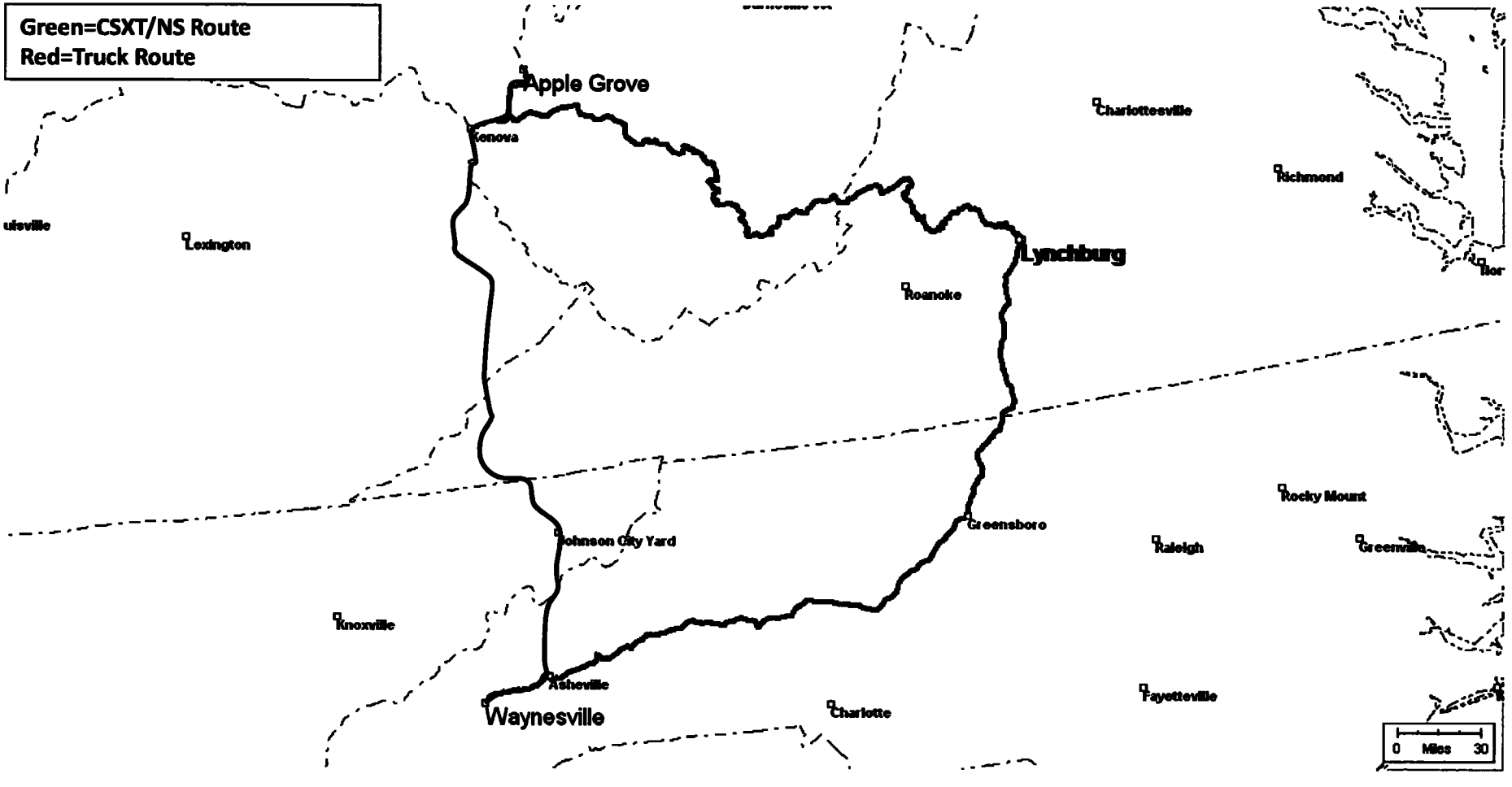
*Movement subject to another competitive option

M&G Movement Number B-35: Apple Grove, WV – Waynesville, NC

Apple Grove-CSXT-Lynchburg, VA-NS-Waynesville: 671 Mi

Truck Alternative:

Truck: Apple Grove, WV – Waynesville, NC (349 Mi)



Total CSXT/NS Rail Cost: {{ }}

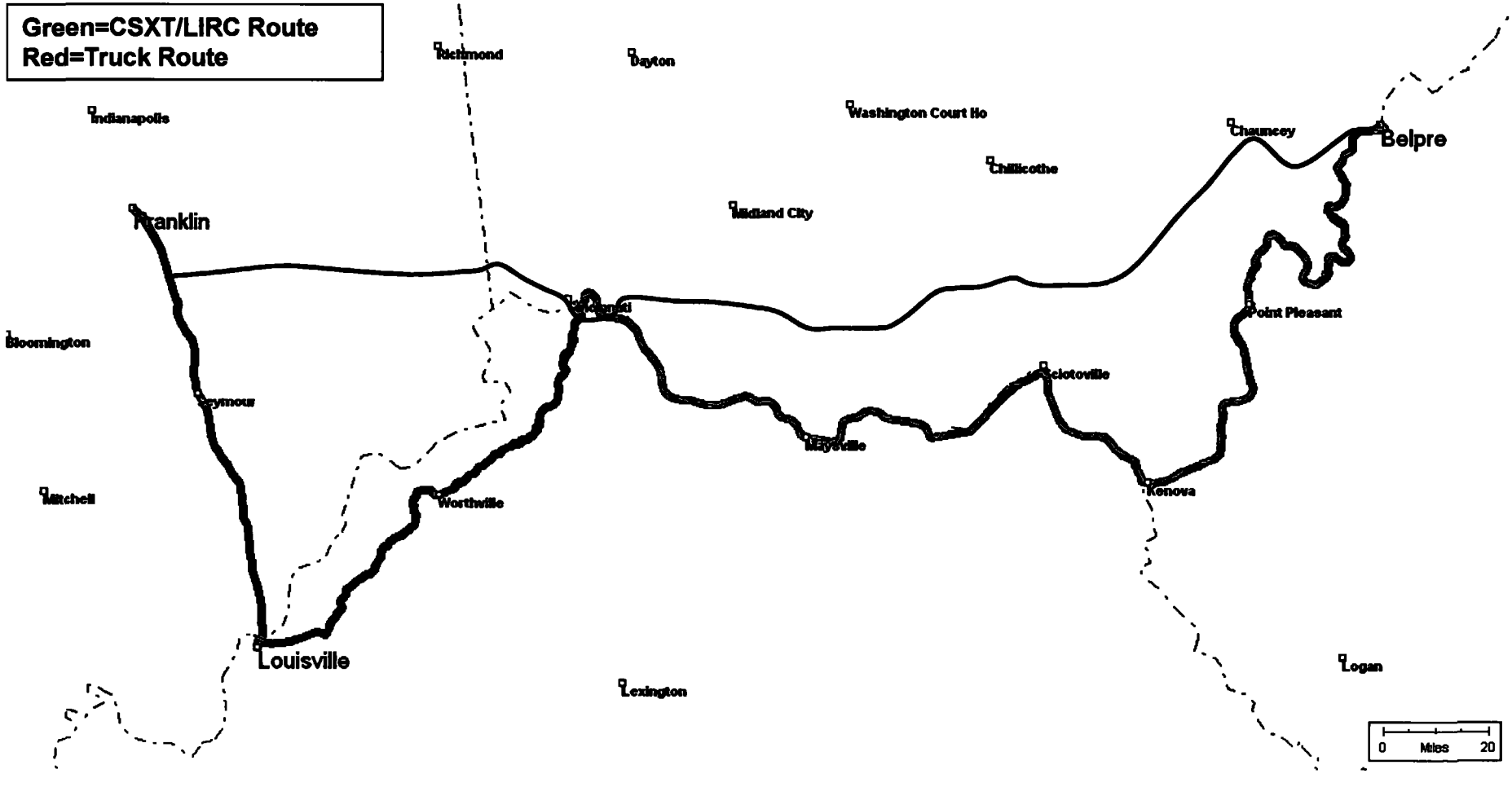
Cost of Truck Alternative: {{ }}

M&G Movement Number B-39: Belpre, OH – Franklin, IN

Apple Grove-CSXT-Louisville, KY-LIRC-Franklin: 478 Mi

Truck Alternative:

Truck: Belpre, OH – Franklin, IN (295 Mi)



Total CSXT/LIRC Rail Cost: {{ }}

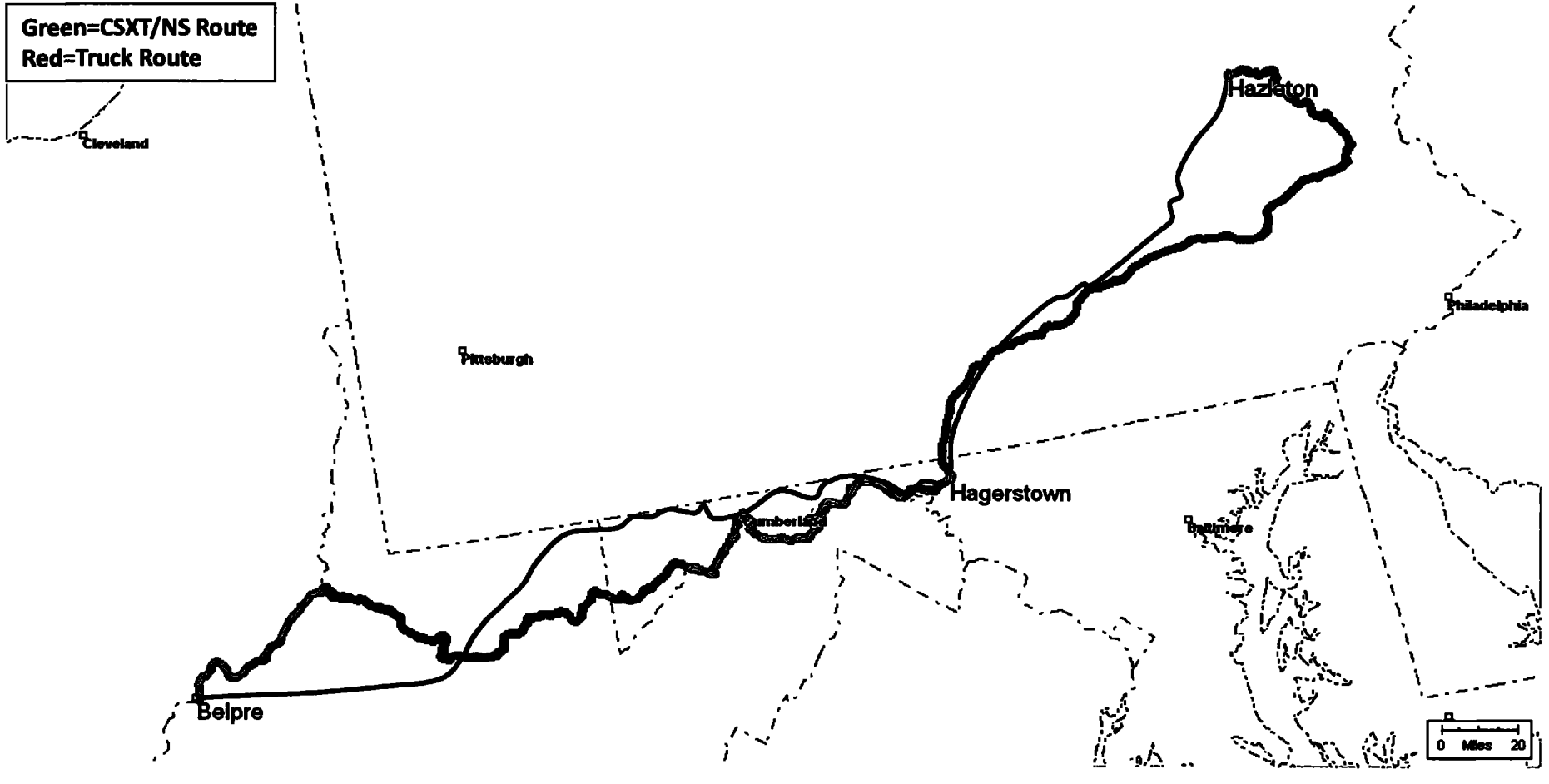
Cost of Truck Alternative: {{ }}

M&G Movement Number B-41: Belpre, OH – Hazleton, PA

Belpre-CSXT-Hagerstown, MD-NS-Hazleton: 539 Mi (CSXT Portion: 321 Mi)

Alternative:

Truck: Belpre, OH – Hazleton, PA (397 Mi)



Total CSXT/NS Rail Cost: {{ }}

Cost of Truck Alternative: {{ }}

Maps Illustrating Alternatives Where Shipments Could Be Moved By Truck to a Transload Facility at the Current Interchange Point

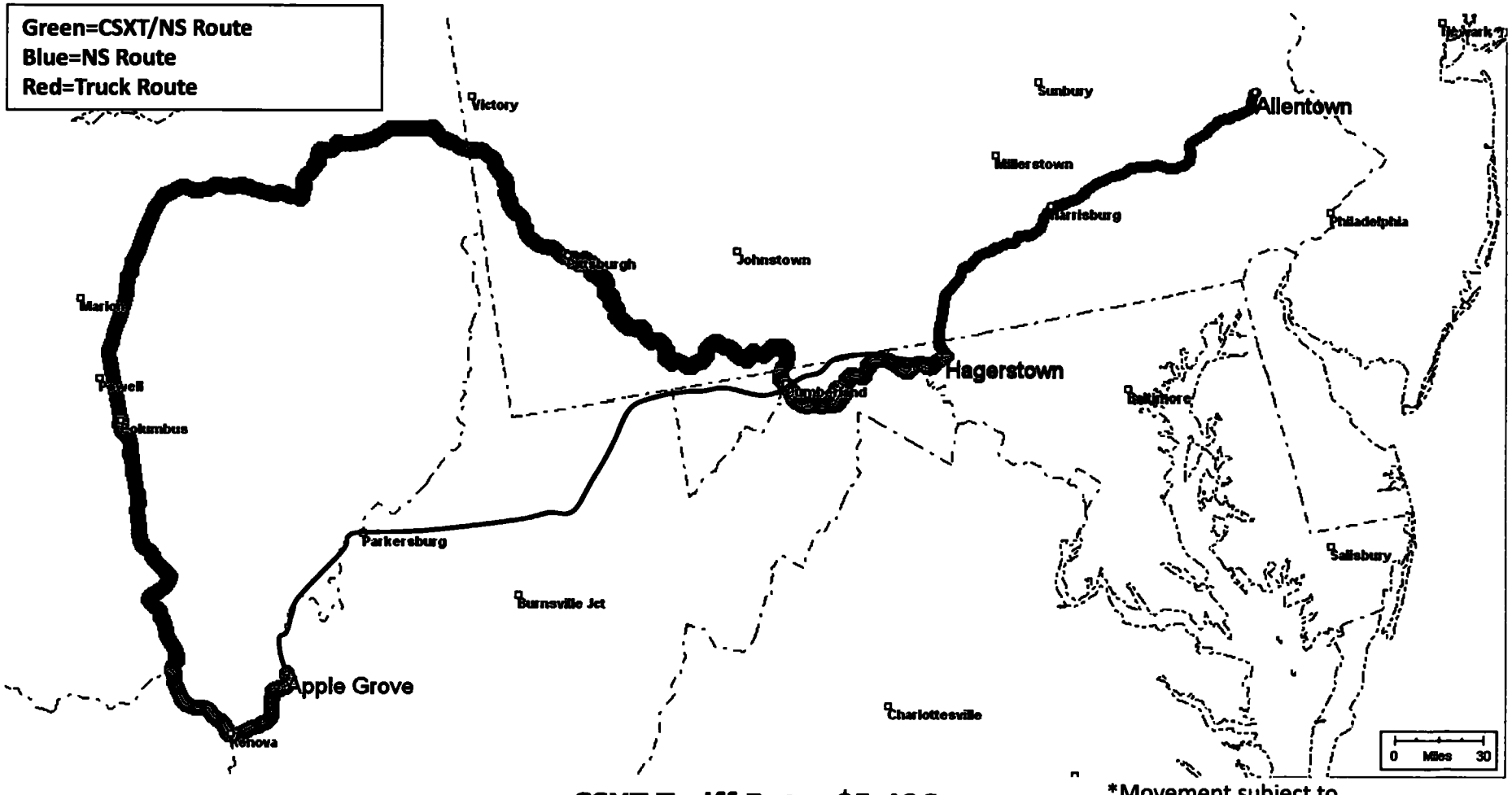
M&G Movement Number B-8*: Apple Grove, WV – Allentown, PA

Apple Grove-CSXT-Hagerstown, MD-NS-Allentown: 829 Mi

Truck/Rail Alternative:

Truck: Apple Grove, WV – Hagerstown, MD (329 Mi)

NS Rail: Hagerstown, MD – Allentown, PA (165 Mi)



CSXT Tariff Rate: $5,496

Cost of Truck/Rail Alternative: {{ }}

*Movement subject to another competitive option

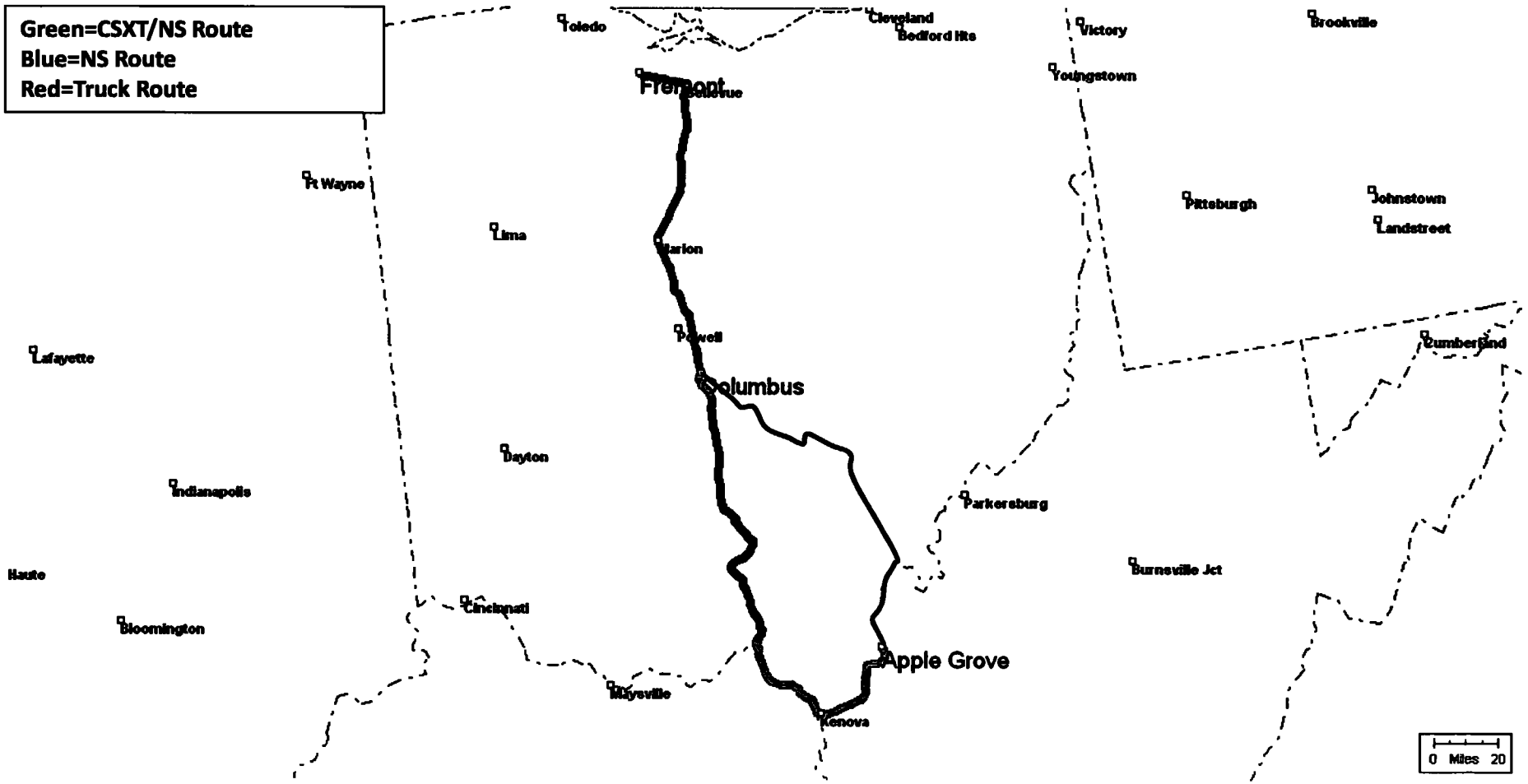
M&G Movement Number B-15*: Apple Grove, WV – Fremont, OH

Apple Grove-CSXT-Columbus, OH-NS-Fremont: 277 Mi

Truck/Rail Alternative:

Truck: Apple Grove, WV – Columbus, OH (129 Mi)

NS Rail: Columbus, OH – Fremont, OH (111 Mi)



*Movement subject to another competitive option

CSXT Tariff Rate: $3,025

Cost of Truck/Rail Alternative: {{ }}

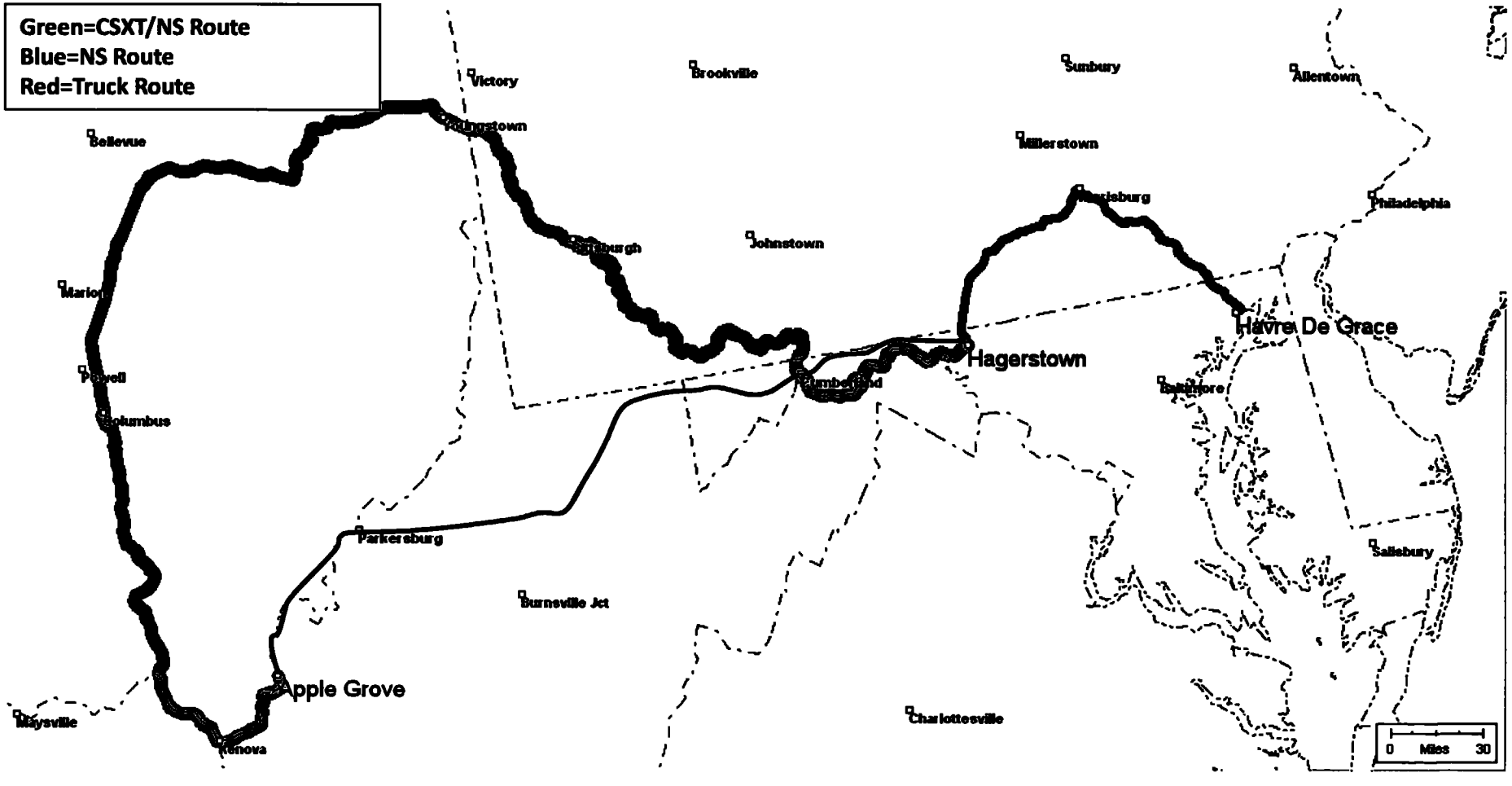
M&G Movement Number B-18*: Apple Grove, WV – Havre de Grace, MD

Apple Grove-CSXT-Hagerstown, MD-NS-Havre de Grace: 815 Mi

Truck/Rail Alternative:

Truck: Apple Grove, WV – Hagerstown, MD (329 Mi)

NS Rail: Hagerstown, MD – Havre de Grace, MD (151 Mi)



CSXT Tariff Rate: $5,496

Cost of Truck/Rail Alternative: {{ }}

*Movement subject to another competitive option

Exhibit II-B-4

PUBLIC VERSION

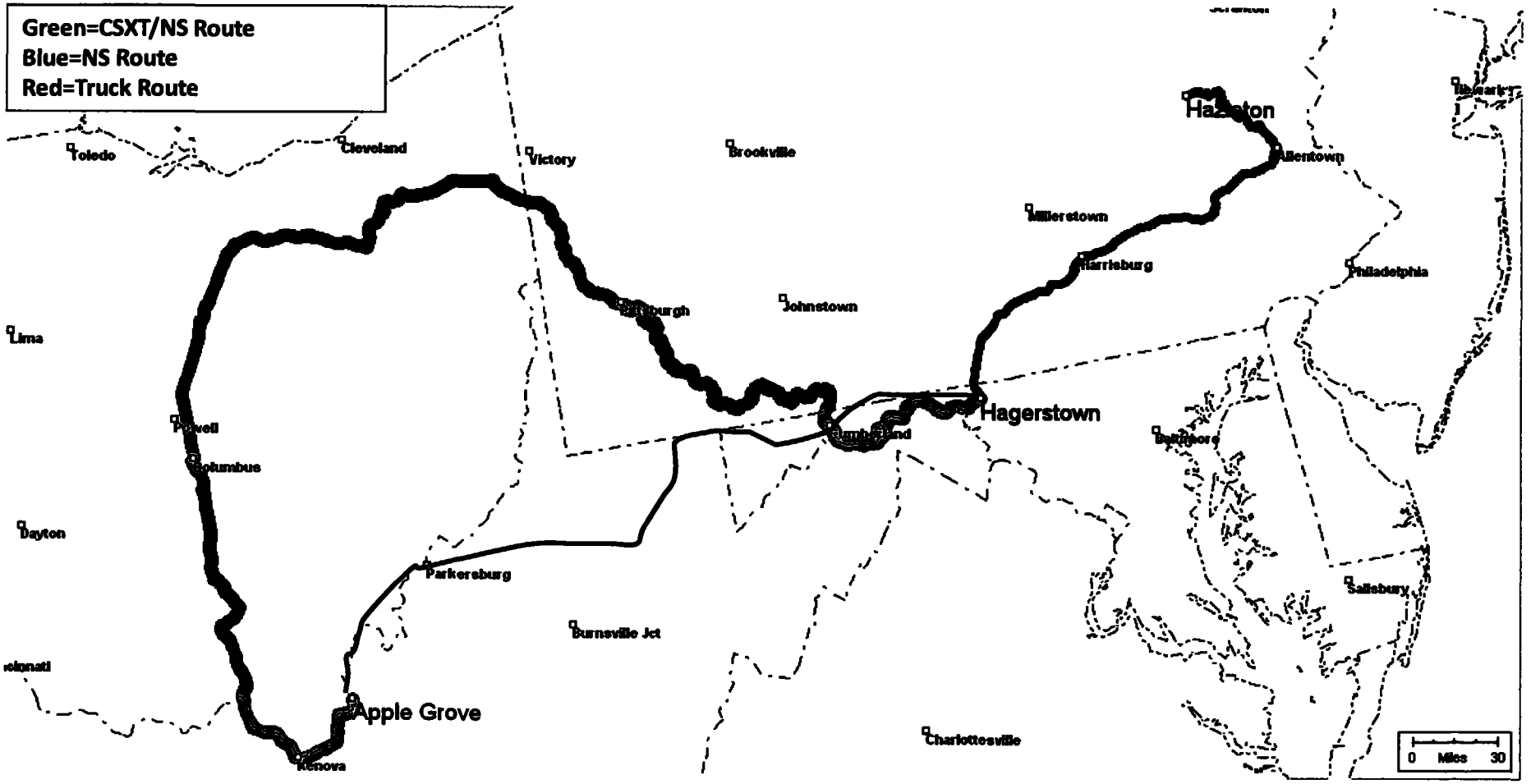
M&G Movement Number B-19*: Apple Grove, WV – Hazleton, PA

Apple Grove-CSXT-Hagerstown, MD-NS-Hazleton: 882 Mi

Truck/Rail Alternative:

Truck: Apple Grove, WV – Hagerstown, MD (329 Mi)

NS Rail: Hagerstown, MD – Hazleton, PA (217 Mi)



CSXT Tariff Rate: $5,496

Cost of Truck/Rail Alternative : {{ }}

*Movement subject to another competitive option

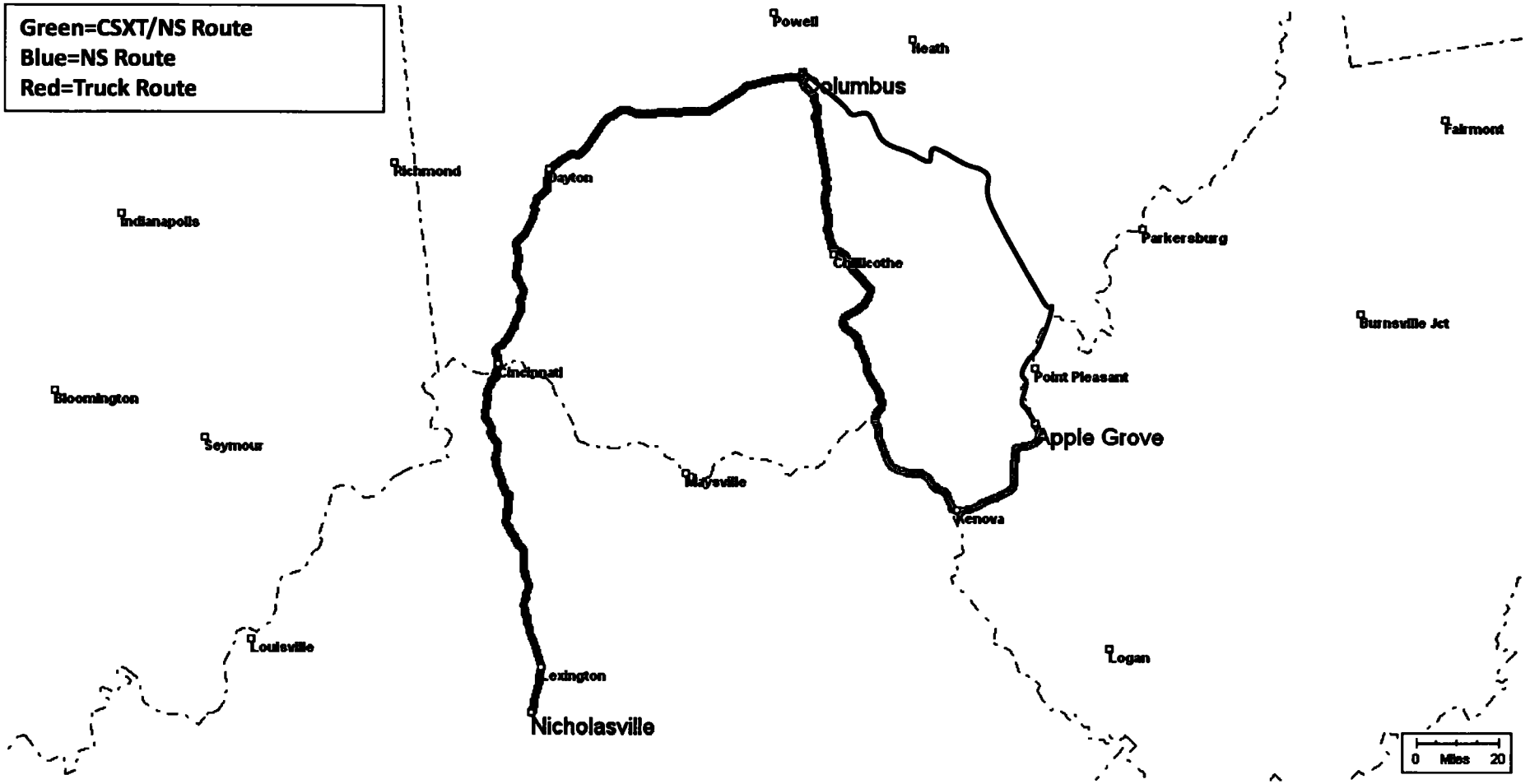
M&G Movement Number B-24: Apple Grove, WV – Nicholasville, KY

Apple Grove-CSXT-Columbus, OH-NS-Nicholasville: 380 Mi

Truck/Rail Alternative:

Truck: Apple Grove, WV – Columbus, OH (129 Mi)

NS Rail: Columbus, OH – Nicholasville, KY (214 Mi)



CSXT Tariff Rate: $3,025

Cost of Truck/Rail Alternative : {{ }}

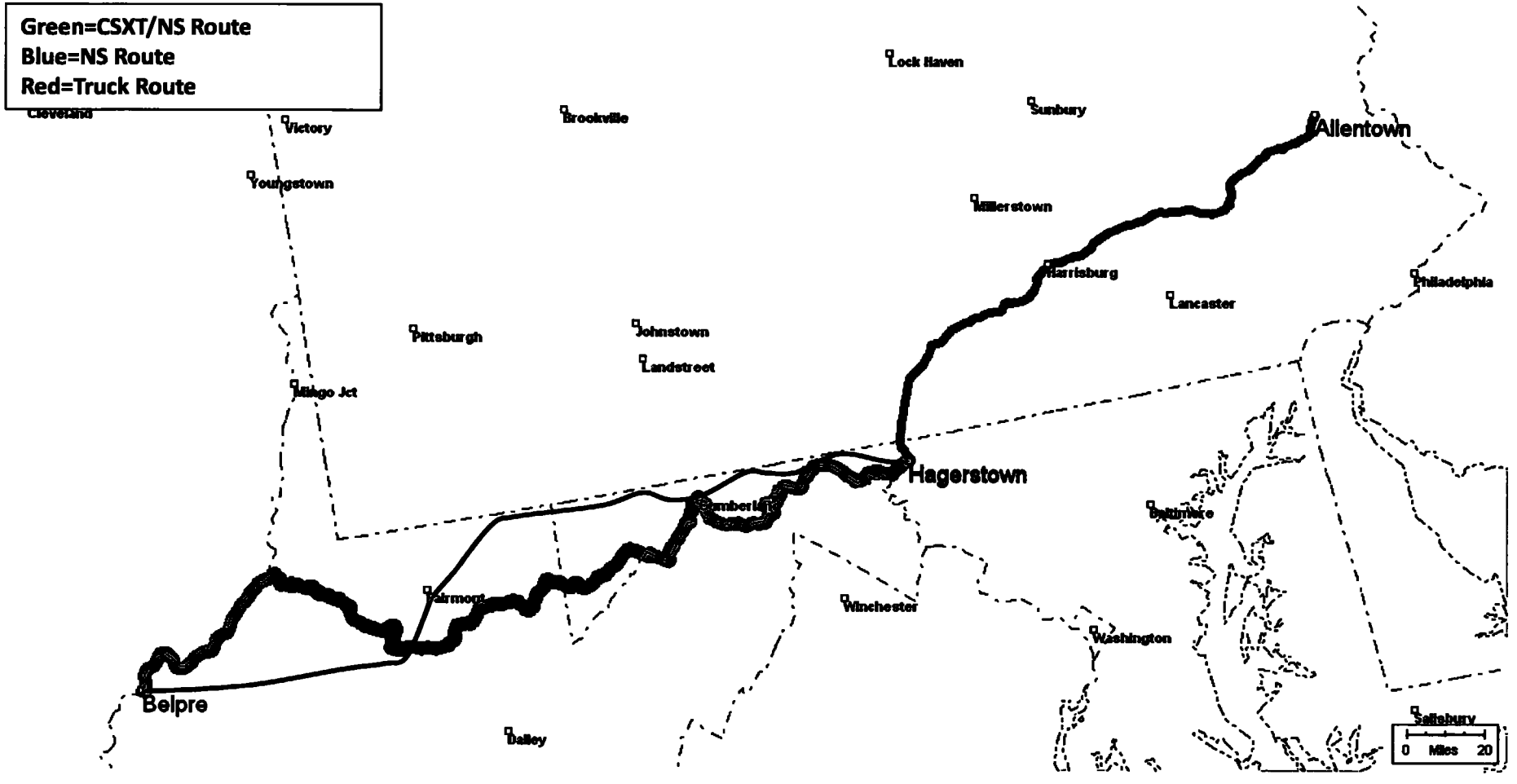
M&G Movement Number B-37: Belpre, OH – Allentown, PA

Belpre-CSXT-Hagerstown, MD-NS-Allentown: 485 Mi

Truck/Rail Alternative:

Truck: Belpre, OH – Hagerstown, MD (249 Mi)

NS Rail: Hagerstown, MD – Allentown, PA (165 Mi)



CSXT Tariff Rate: $4,813

Cost of Truck/Rail Alternative : {{ }}

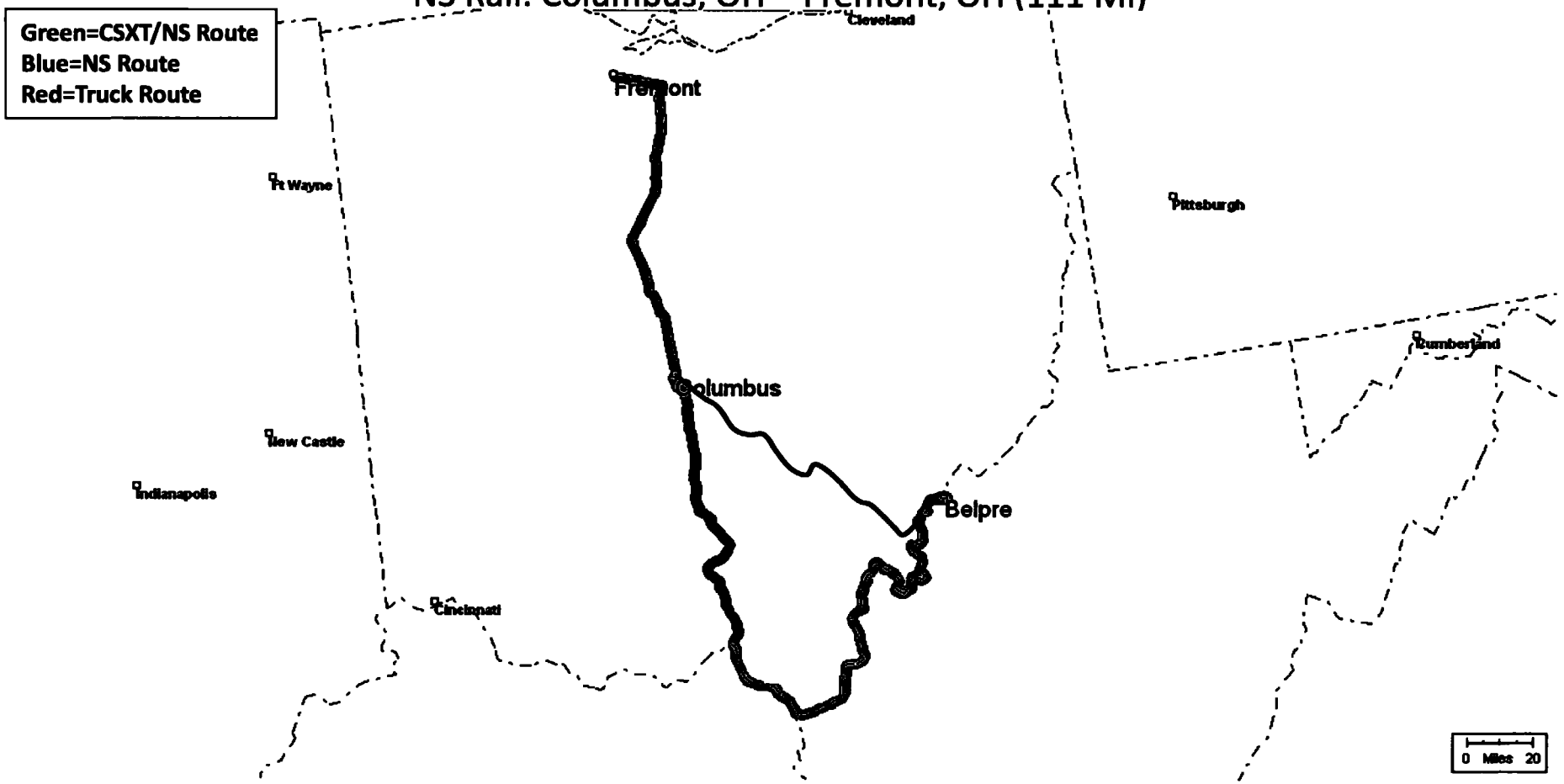
M&G Movement Number B-40: Belpre, OH – Fremont, OH

Belpre-CSXT-Columbus, OH-NS-Fremont, OH: 372 Mi (CSXT Portion: 261 Mi)

Alternative:

Truck: Belpre, OH – Columbus, OH (109 Mi)

NS Rail: Columbus, OH – Fremont, OH (111 Mi)



CSXT Tariff Rate: $3,621

Cost of Truck/Rail Alternative: {{ }}

Maps Illustrating Alternatives Where Shipments Could Be Trucked to CFE's Lima Transload Facility for CFE Rail Transportation to Chicago

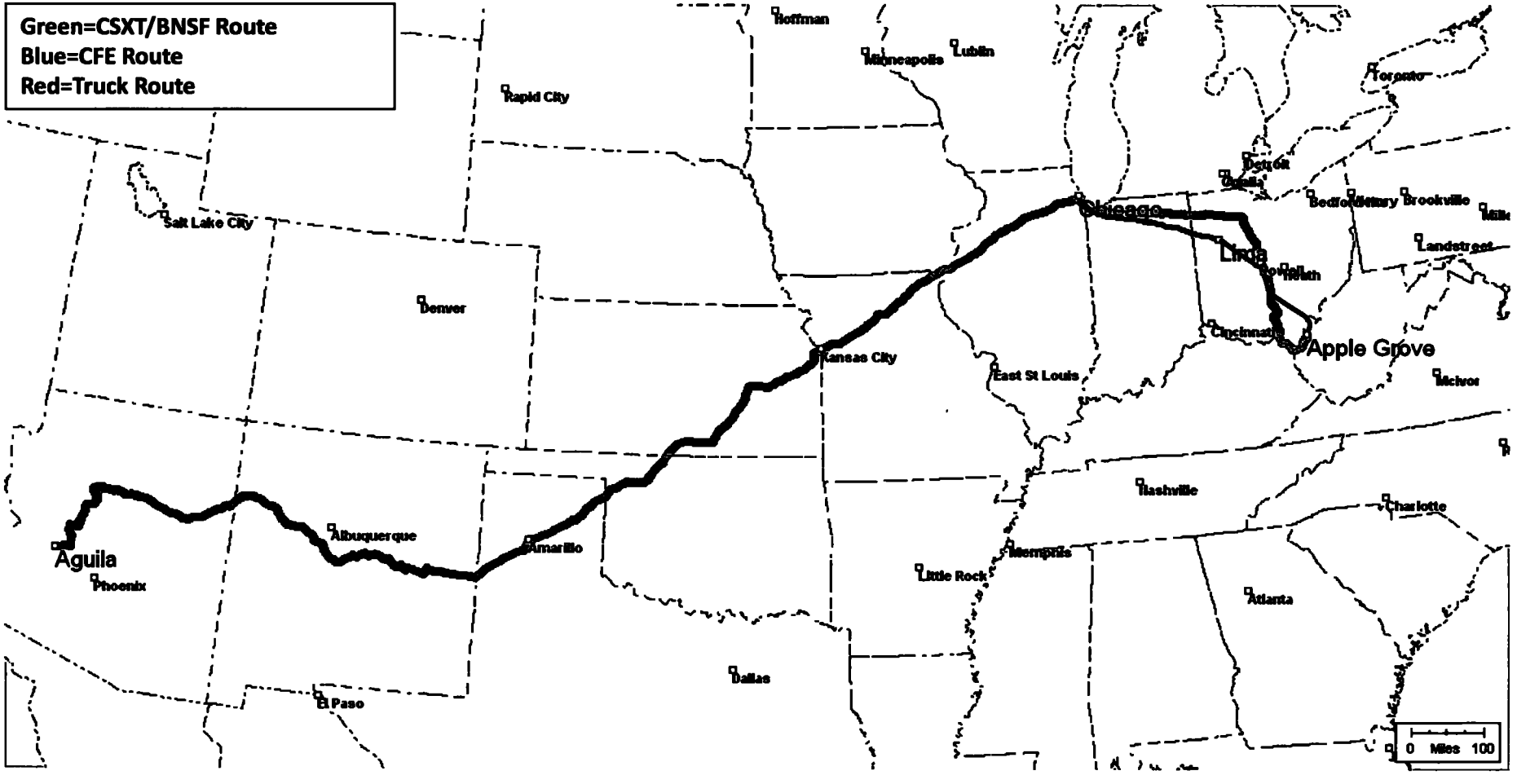
M&G Movement Number B-7: Apple Grove, WV – Aguila, AZ

Apple Grove-CSXT-Chicago, IL-BNSF-Aguila: 2,330 Mi (CSXT Portion: 488 Mi)

Truck/Rail Alternative to CSXT Portion:

Truck: Apple Grove, WV – Lima, OH (220 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



CSXT Tariff Rate: $5,755

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

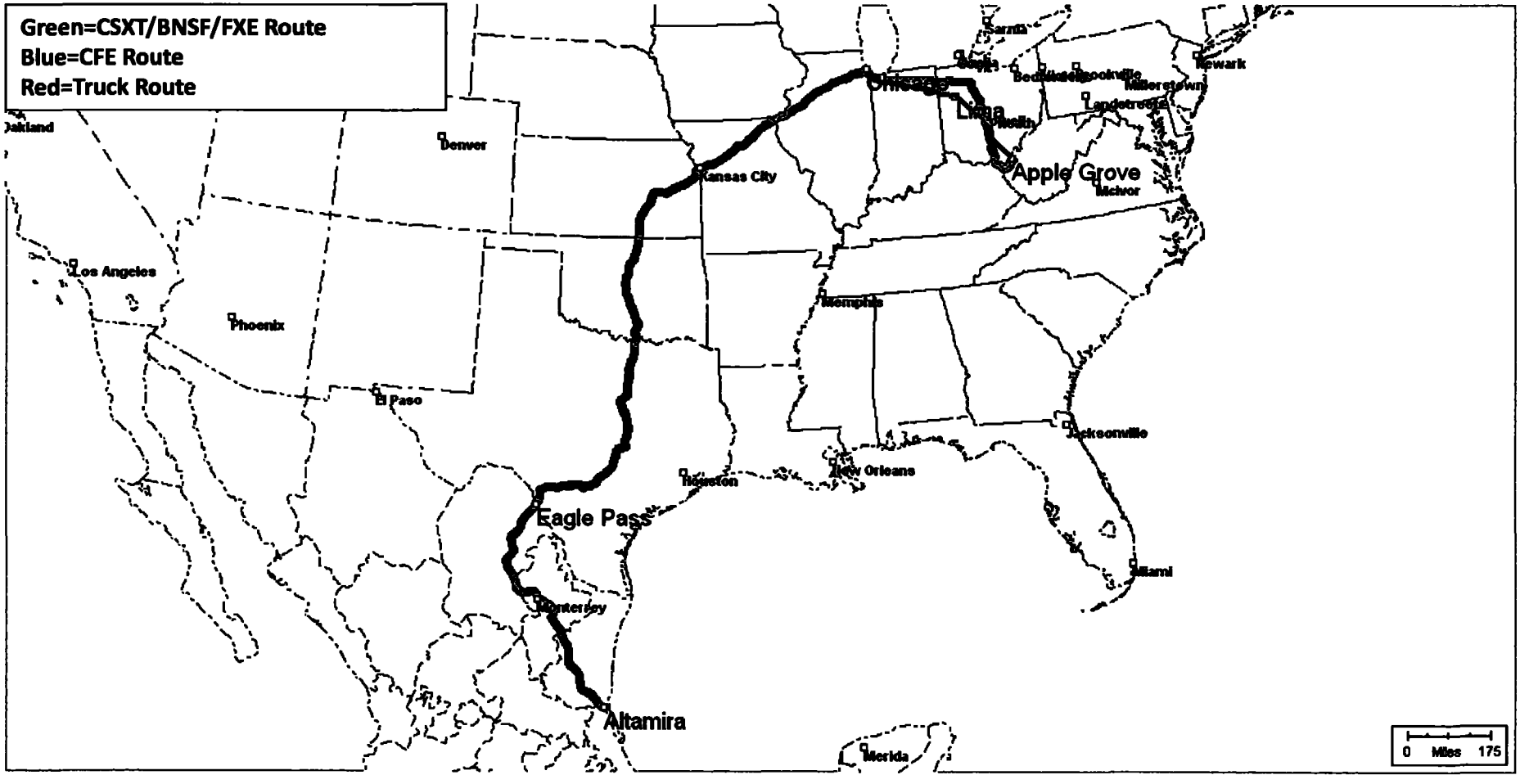
M&G Movement Number B-9: Apple Grove, WV – Altamira, MX

Apple Grove-CSXT-Chicago-BNSF-Eagle Pass, TX-FXE-Altamira: 2,524 Mi (CSXT Portion: 488 Mi)

Truck/Rail Alternative to CSXT Portion :

Truck: Apple Grove, WV – Lima, OH (220 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



CSXT Tariff Rate: $5,755

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

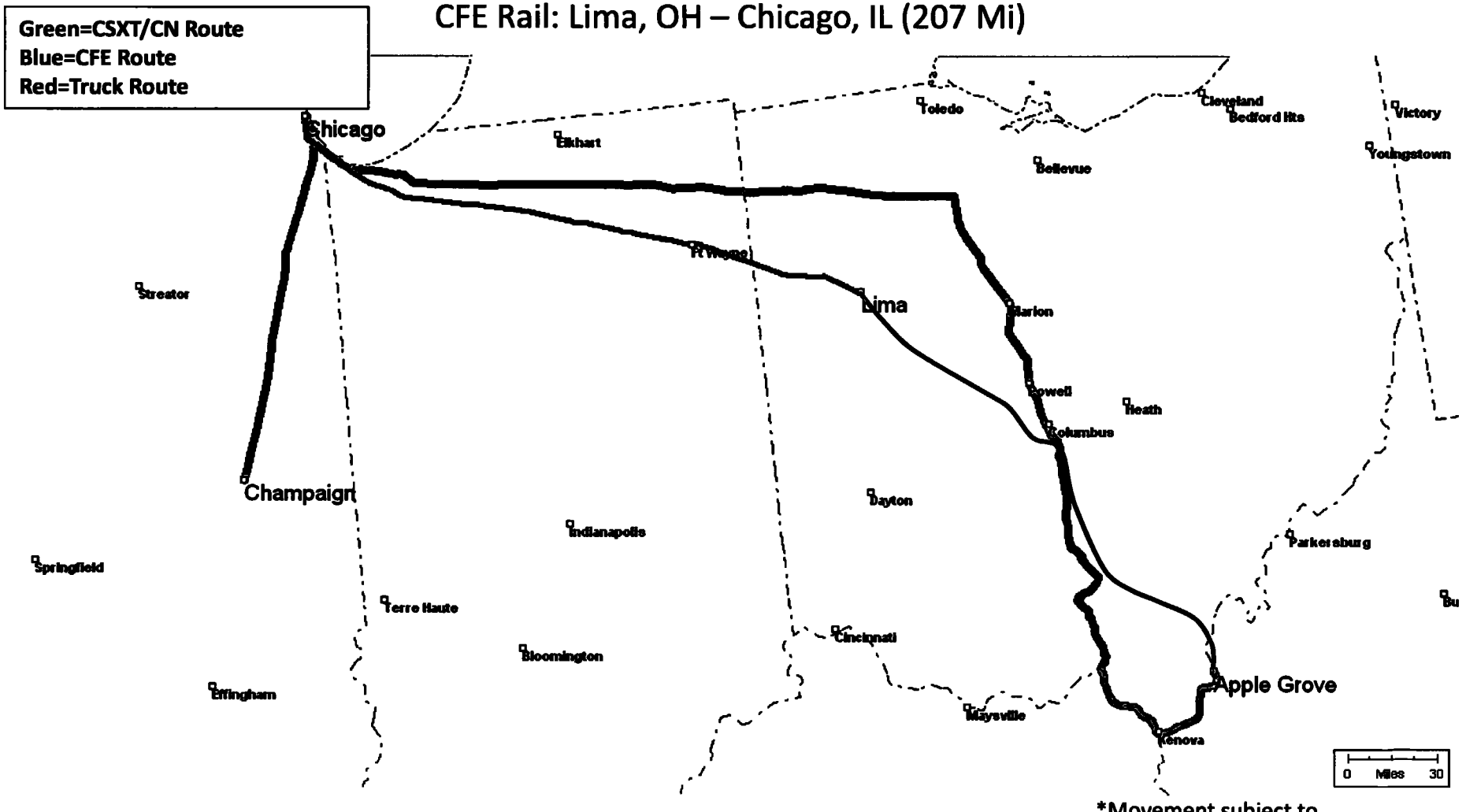
M&G Movement Number B-10*: Apple Grove, WV – Champaign, IL

Apple Grove-CSXT-Chicago, IL-CN-Champaign: 617 Mi (CSXT Portion: 488 Mi)

Truck/Rail Alternative to CSXT Portion :

Truck: Apple Grove, WV – Lima, OH (220 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



*Movement subject to another competitive option

CSXT Tariff Rate: $5,755

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

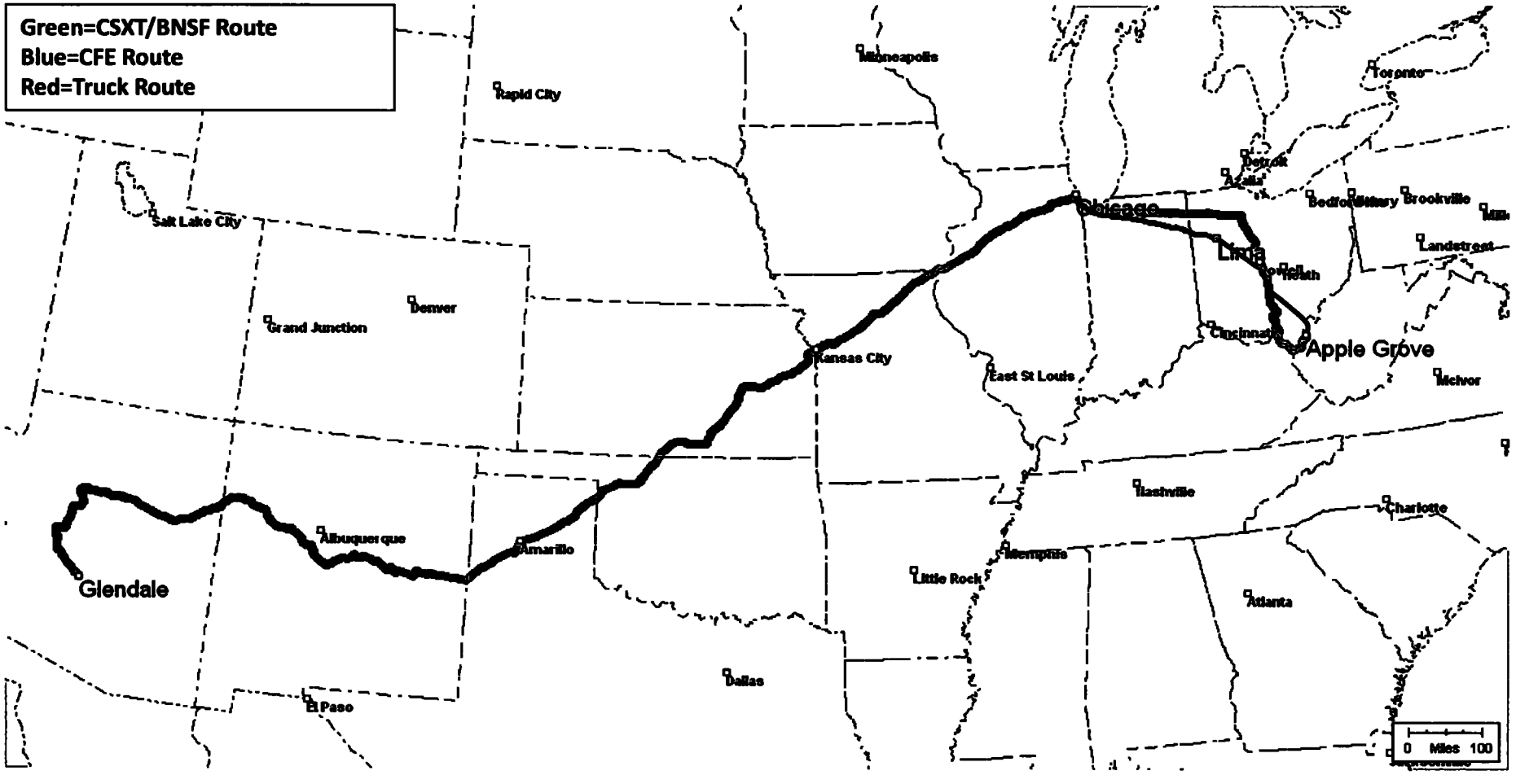
M&G Movement Number B-16: Apple Grove, WV – Glendale, AZ

Apple Grove-CSXT-Chicago, IL-BNSF-Glendale: 2,356 Mi (CSXT Portion: 488 Mi)

Truck/Rail Alternative to CSXT Portion:

Truck: Apple Grove, WV – Lima, OH (220 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



CSXT Tariff Rate: $5,755

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

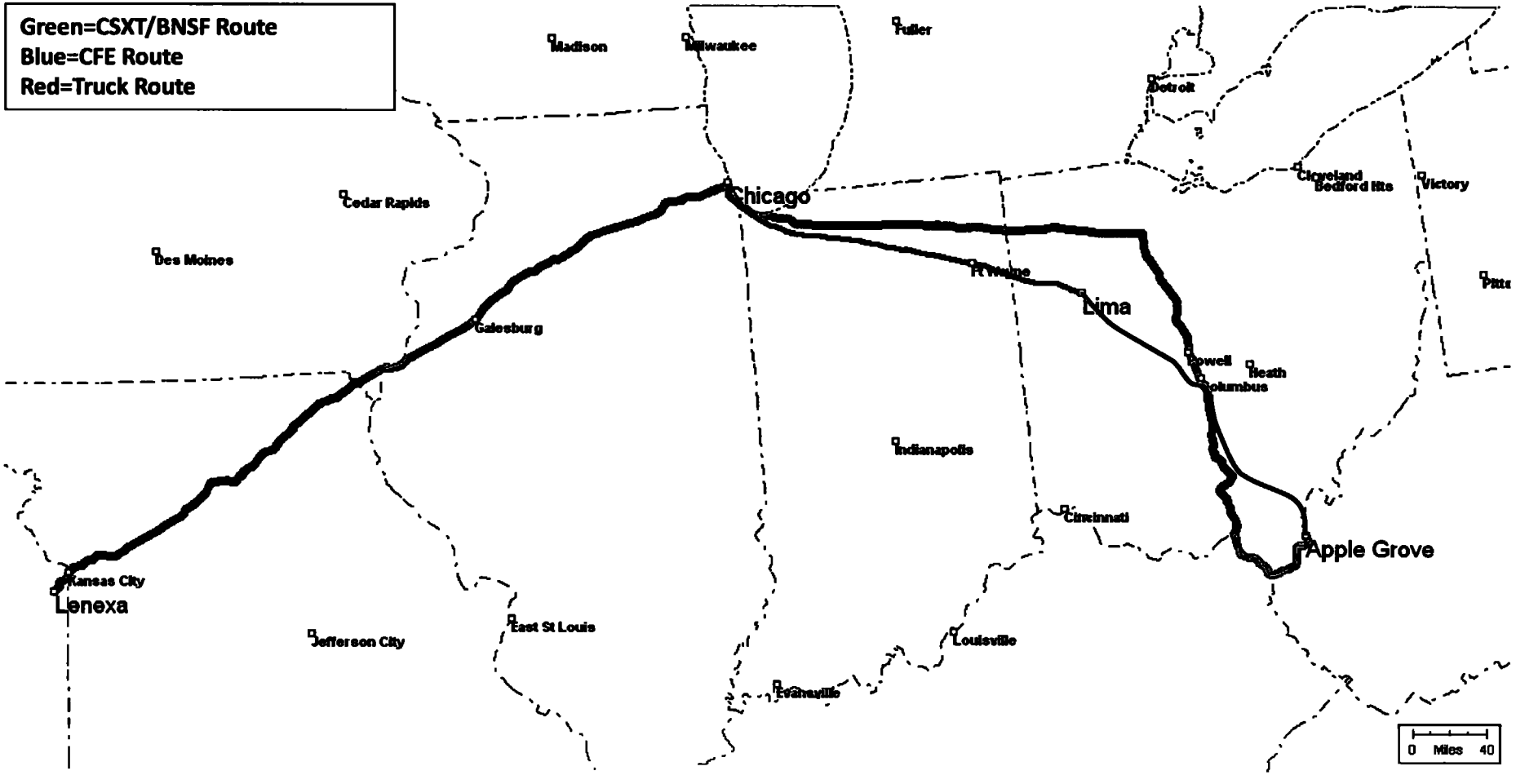
M&G Movement Number B-21: Apple Grove, WV – Lenexa, KS

Apple Grove-CSXT-Chicago, IL-BNSF-Lenexa: 941 Mi (CSXT Portion: 488 Mi)

Truck/Rail Alternative to CSXT Portion:

Truck: Apple Grove, WV – Lima, OH (220 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



CSXT Tariff Rate: $5,755

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

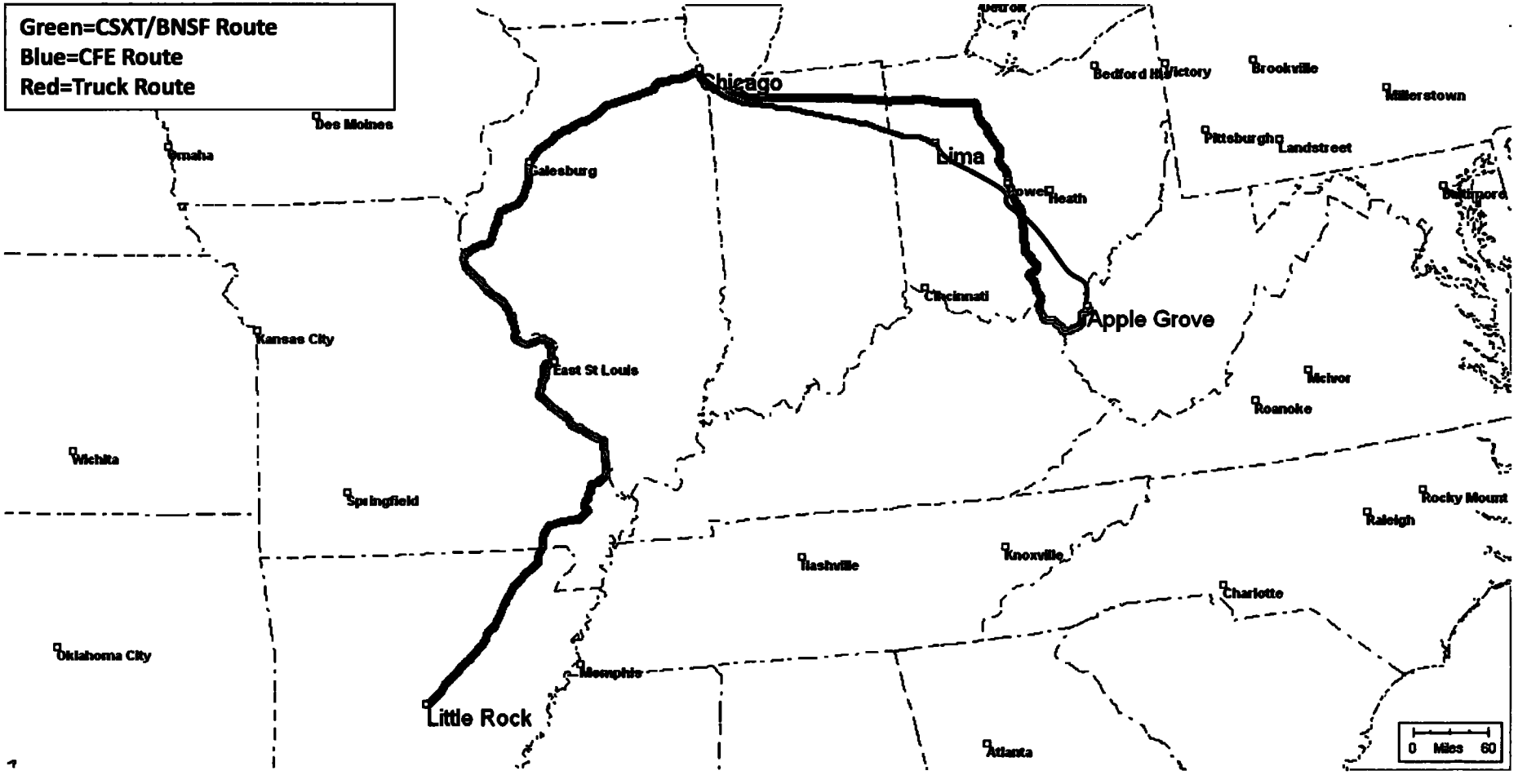
M&G Movement Number B-22: Apple Grove, WV – Little Rock, AR

Apple Grove-CSXT-Chicago, IL-BNSF (UP switch)-Little Rock: 1,279 Mi (CSXT Portion: 488 Mi)

Truck/Rail Alternative to CSXT Portion:

Truck: Apple Grove, WV – Lima, OH (220 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



CSXT Tariff Rate: $5,755

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

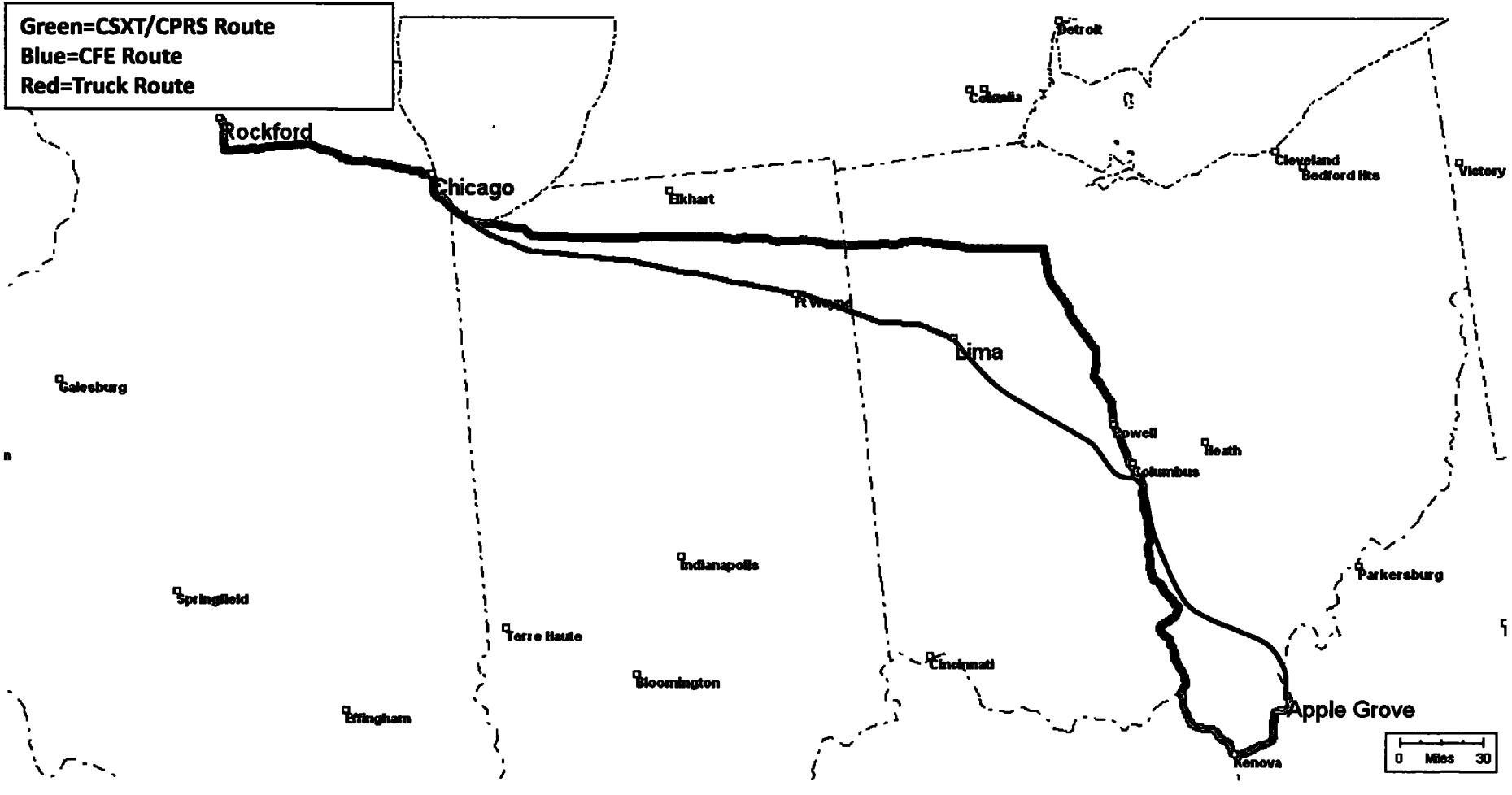
M&G Movement Number B-25: Apple Grove, WV – Rockford, IL

Apple Grove-CSXT-Chicago, IL-CPRS-Rockford: 583 Mi (CSXT Portion: 488 Mi)

Truck/Rail Alternative to CSXT Portion:

Truck: Apple Grove, WV – Lima, OH (220 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



CSXT Tariff Rate: $5,755

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

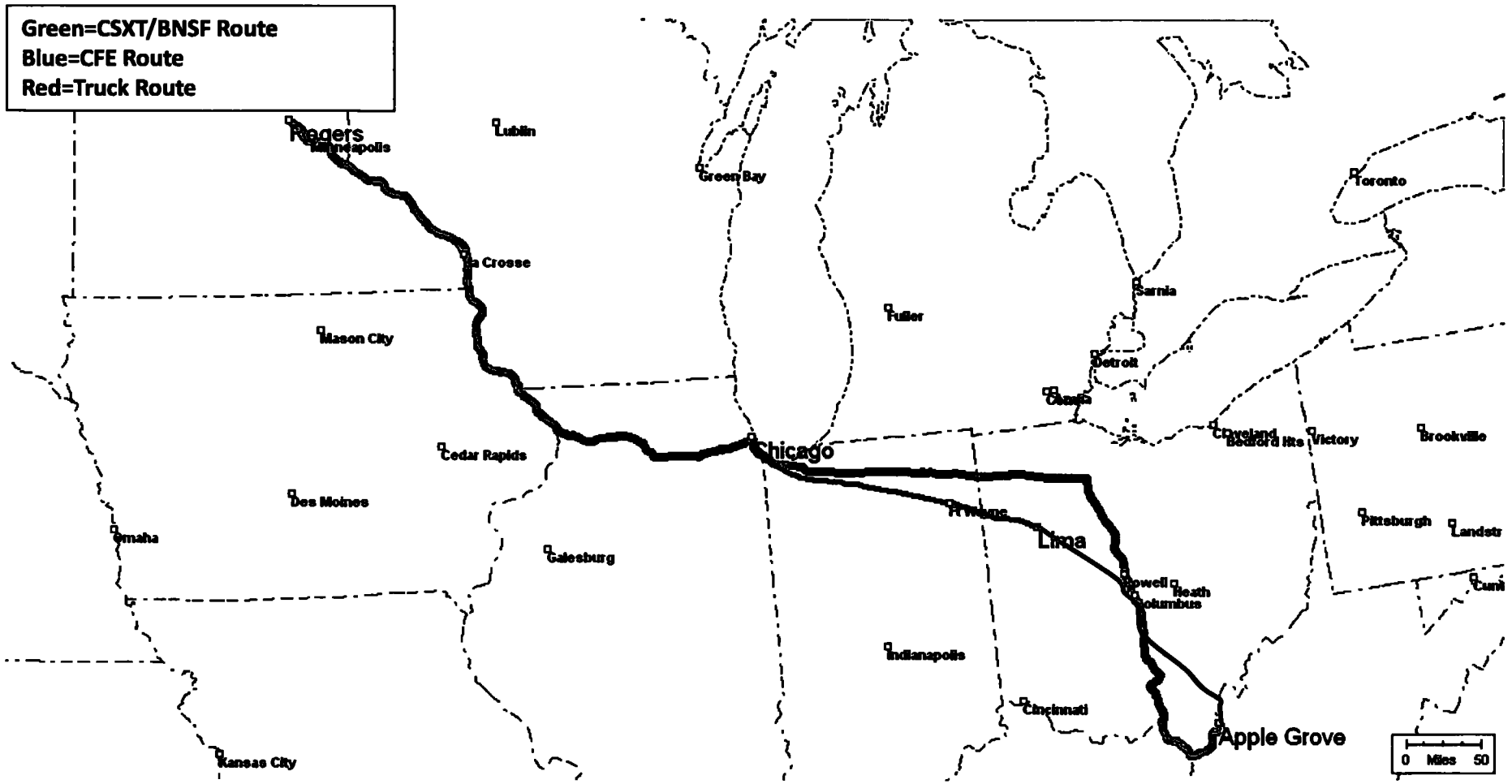
M&G Movement Number B-26: Apple Grove, WV – Rogers, MN

Apple Grove-CSXT-Chicago, IL-BNSF-Rogers: 951 Mi (CSXT Portion: 488 Mi)

Truck/Rail Alternative to CSXT Portion:

Truck: Apple Grove, WV – Lima, OH (220 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



CSXT Tariff Rate: $5,755

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

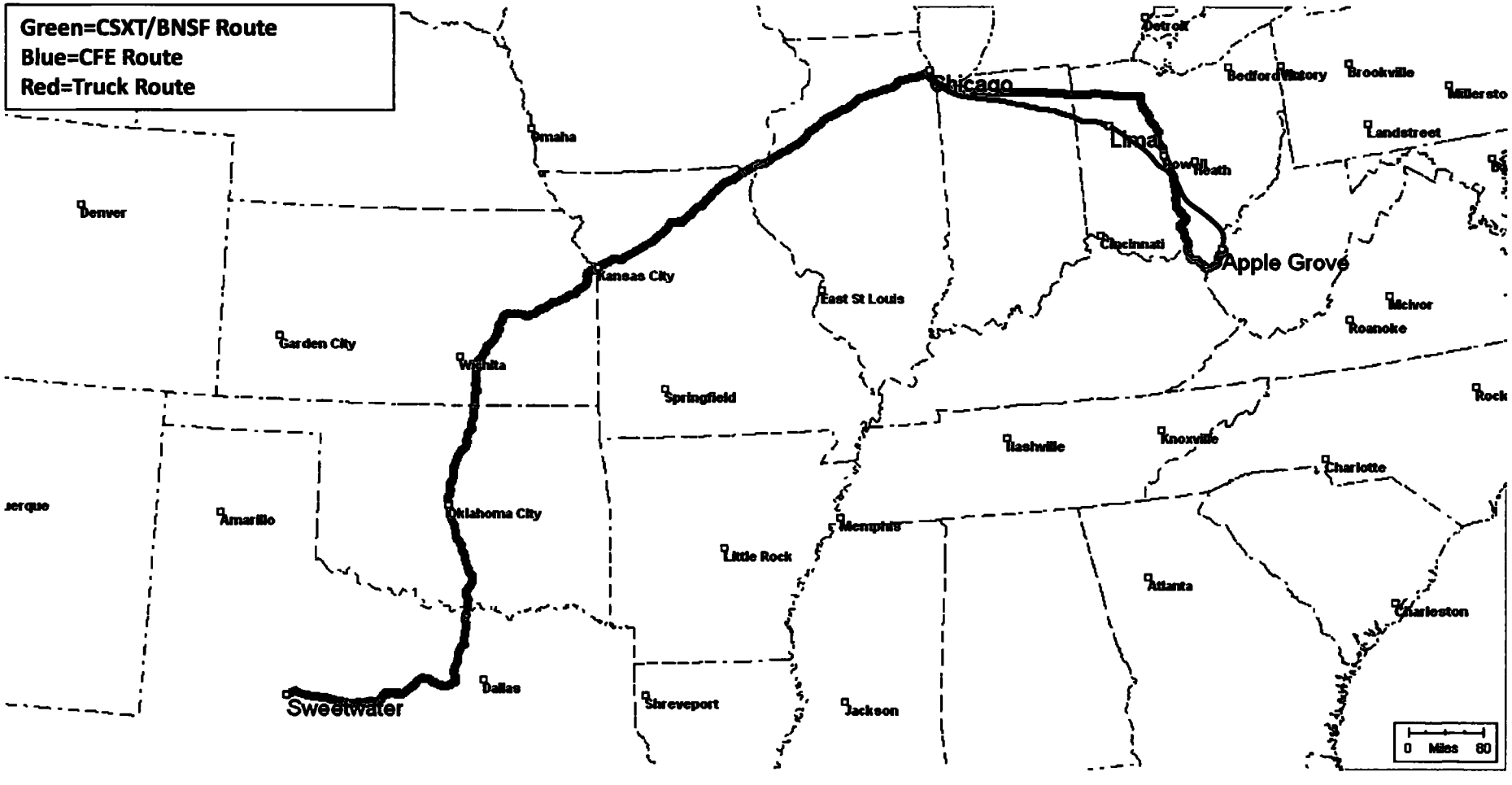
M&G Movement Number B-30: Apple Grove, WV – Sweetwater, TX

Apple Grove-CSXT-Chicago, IL-BNSF-Sweetwater: 1,691 Mi (CSXT Portion: 488 Mi)

Truck/Rail Alternative to CSXT Portion:

Truck: Apple Grove, WV – Lima, OH (220 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



CSXT Tariff Rate: $5,755

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

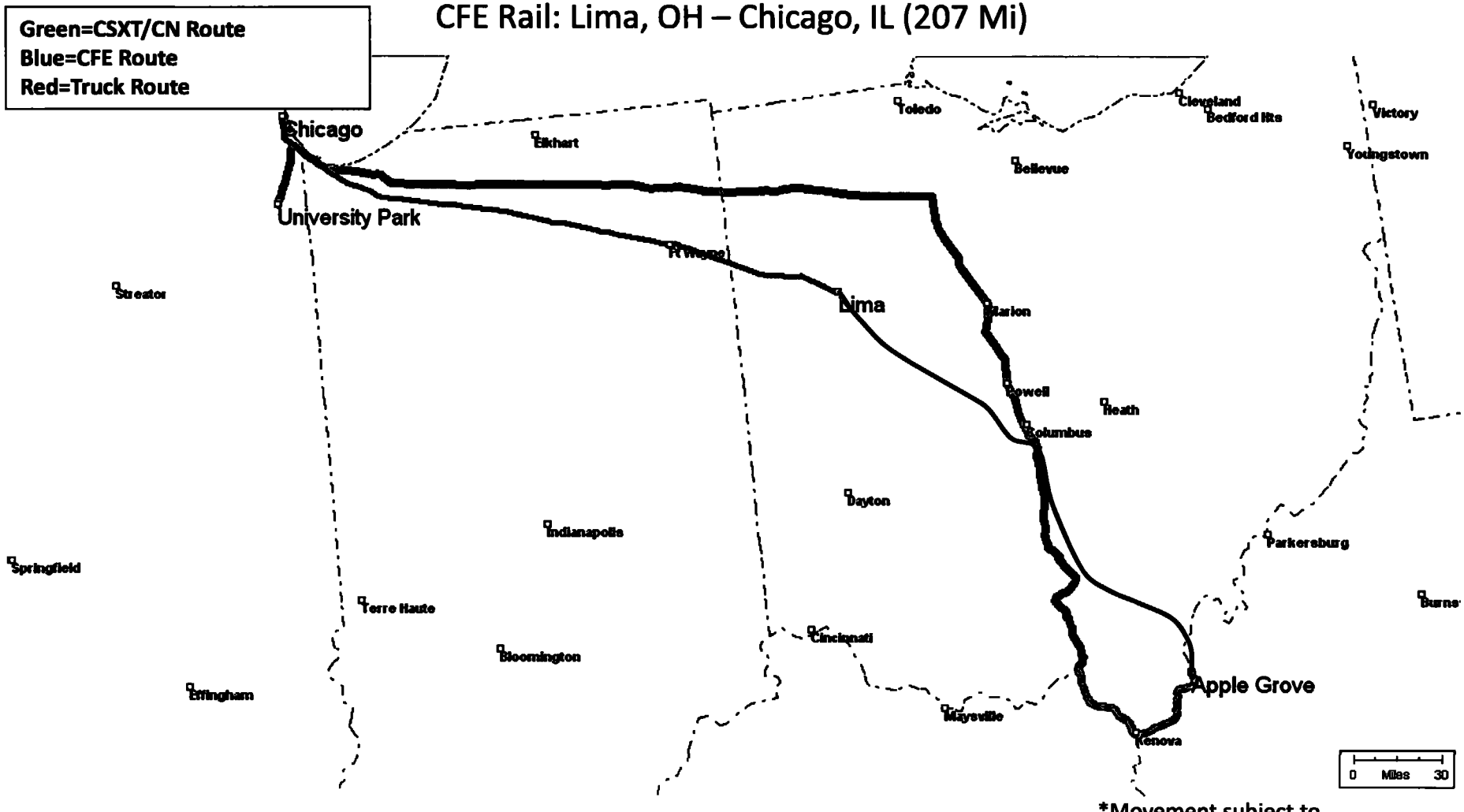
M&G Movement Number B-32*: Apple Grove, WV – University Park, IL

Apple Grove-CSXT-Chicago, IL-CN-University Park: 520 Mi (CSXT Portion: 488 Mi)

Truck/Rail Alternative to CSXT Portion:

Truck: Apple Grove, WV – Lima, OH (220 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



*Movement subject to another competitive option

CSXT Tariff Rate: $5,755

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

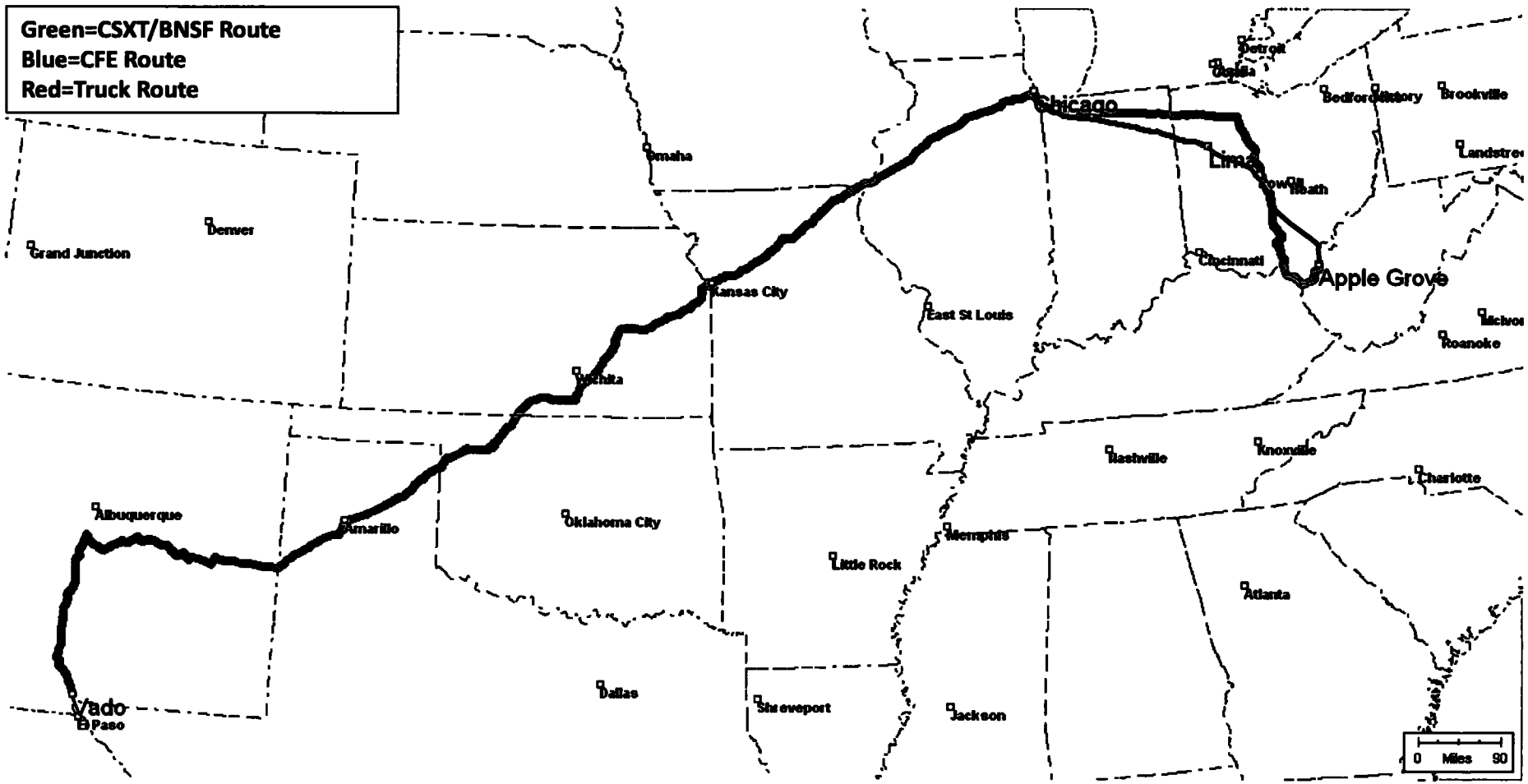
M&G Movement Number B-33: Apple Grove, WV – Vado, NM

Apple Grove-CSXT-Chicago, IL-BNSF-Vado: 1993 Mi (CSXT Portion: 488 Mi)

Truck/Rail Alternative to CSXT Portion:

Truck: Apple Grove, WV – Lima, OH (220 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



CSXT Tariff Rate: $5,755

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

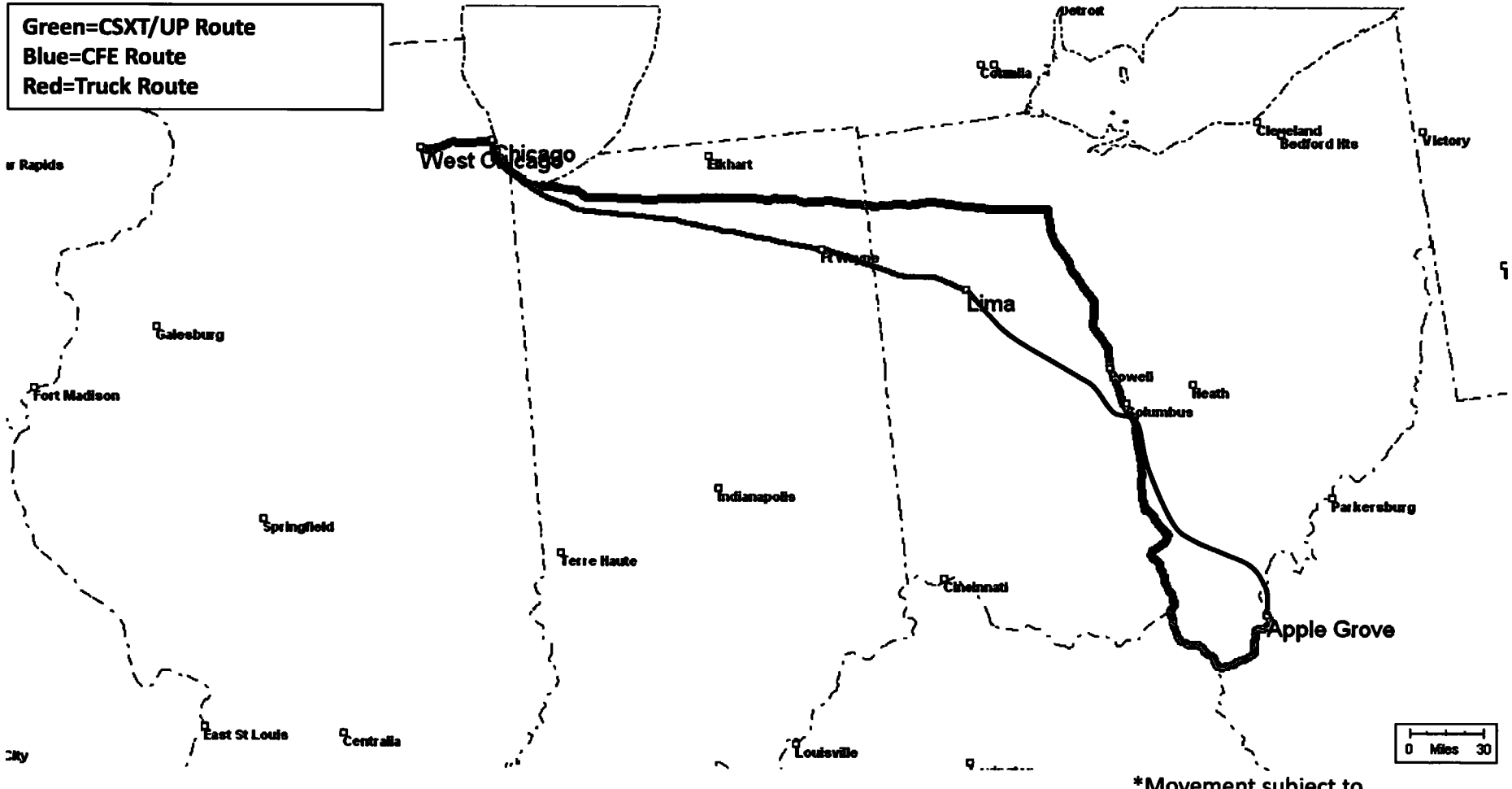
M&G Movement Number B-34*: Apple Grove, WV – West Chicago, IL

Apple Grove-CSXT-Chicago, IL-UP-West Chicago: 517 Mi (CSXT Portion: 488 Mi)

Truck/Rail Alternative to CSXT Portion:

Truck: Apple Grove, WV – Lima, OH (220 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



CSXT Tariff Rate: $5,755

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

*Movement subject to another competitive option

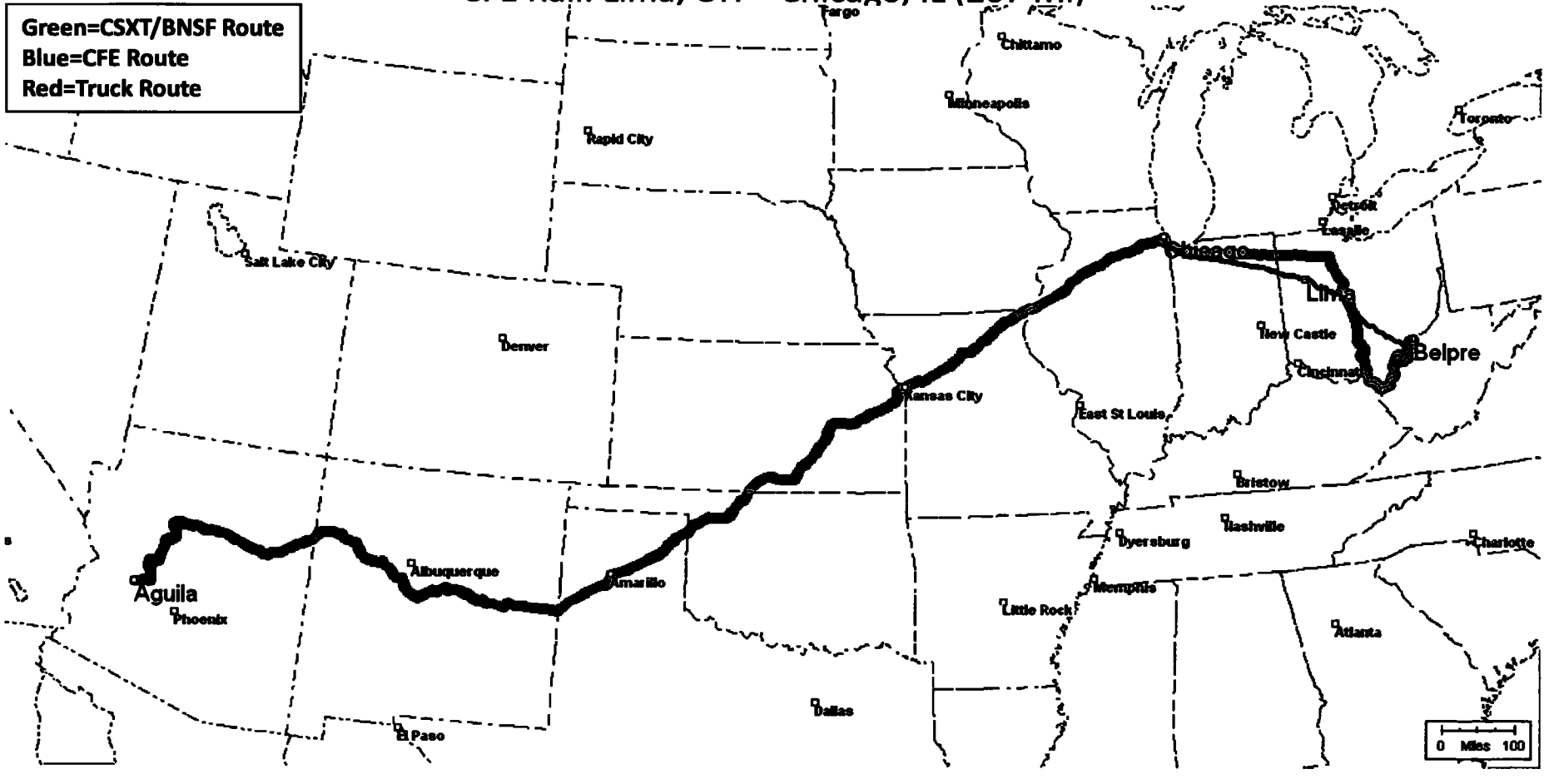
M&G Movement Number B-36: Belpre, OH – Aguila, AZ

Belpre-CSXT-Chicago, IL-BNSF-Aguila: 2,425 Mi (CSXT Portion: 583 Mi)

Alternative:

Truck: Belpre, OH – Lima, OH (203 Mi)

CFE Rail: Lima, OH – Chicago, IL (207 Mi)



CSXT Tariff Rate: $5,969

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

Maps Illustrating Alternatives For Western Origin Movements

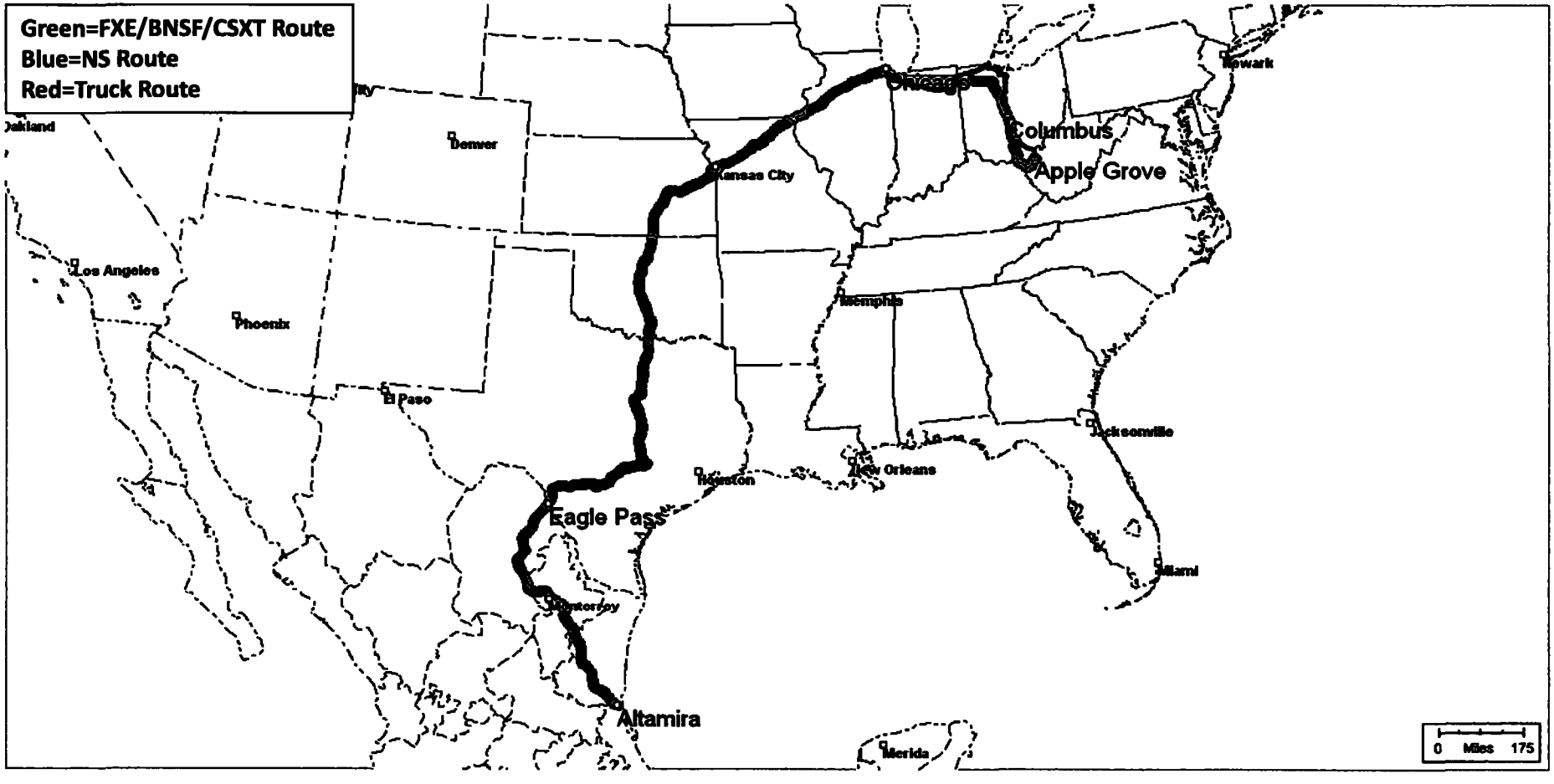
M&G Movement Number B-1: Altamira, MX – Apple Grove, WV

Altamira-FXE-Eagle Pass, TX-BNSF-Chicago, IL-CSXT-Apple Grove: 2,563 Mi (CSXT Portion: 488 Mi)

Rail/ Truck Alternative to CSXT Portion:

NS Rail: Chicago, IL – Columbus, OH (400 Mi)

Truck: Columbus, OH – Apple Grove, WV (119 Mi)



CSXT Tariff Rate: $5,808

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

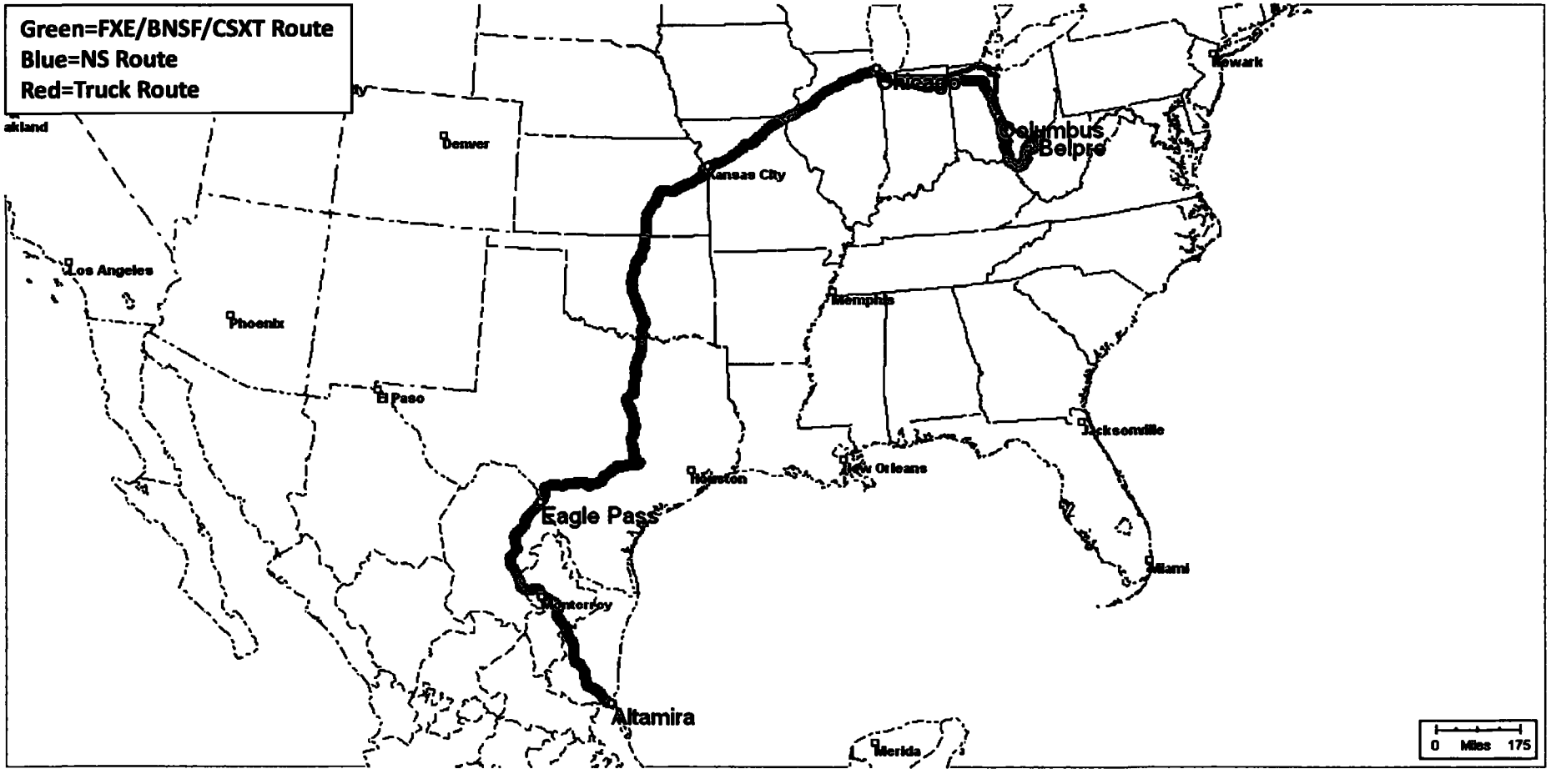
M&G Movement Number B-2: Altamira, MX – Belpre, OH

Altamira-FXE-Eagle Pass, TX-BNSF-Chicago, IL-CSXT-Belpre: 2,658 Mi (CSXT Portion: 583 Mi)

Rail/ Truck Alternative to CSXT Portion:

NS Rail: Chicago, IL – Columbus, OH (400 Mi)

Truck: Columbus, OH – Belpre, OH (109 Mi)



CSXT Tariff Rate: $5,848

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

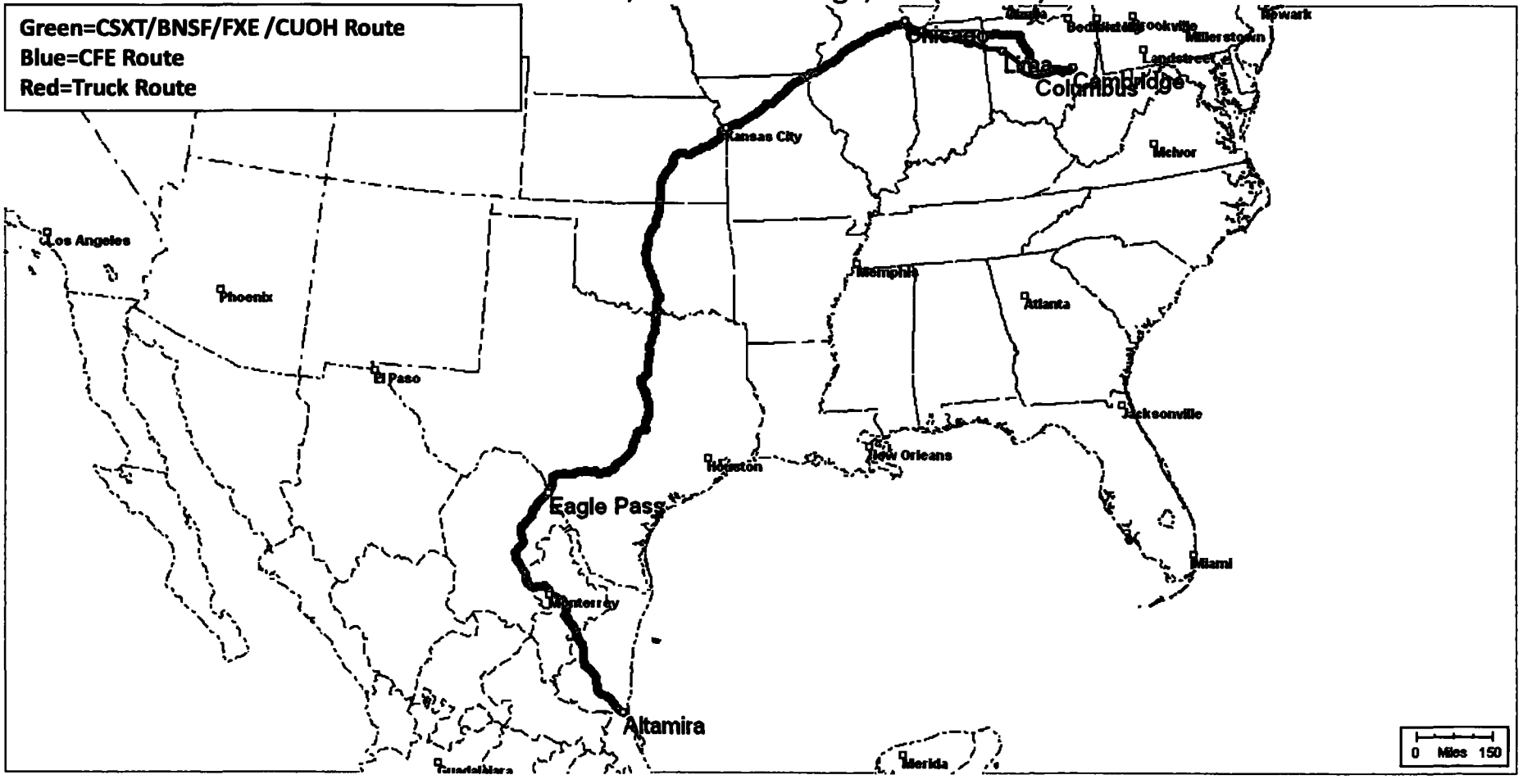
M&G Movement Number B-3: Altamira, MX – Cambridge, OH

Altamira-FXE-Eagle Pass, TX-BNSF-Chicago, IL-CSXT-Columbus, OH-CUOH-Cambridge: 2,444 Mi (CSXT Portion: 323 Mi)

Rail/Truck Alternative to CSXT Portion:

CFE Rail: Chicago, IL – Lima, OH (207 Mi)

Truck: Lima, OH – Cambridge, OH (172 Mi)



CSXT Tariff Rate: $5,984

Cost of Rail/Truck Alternative to CSXT Portion: {{ }}

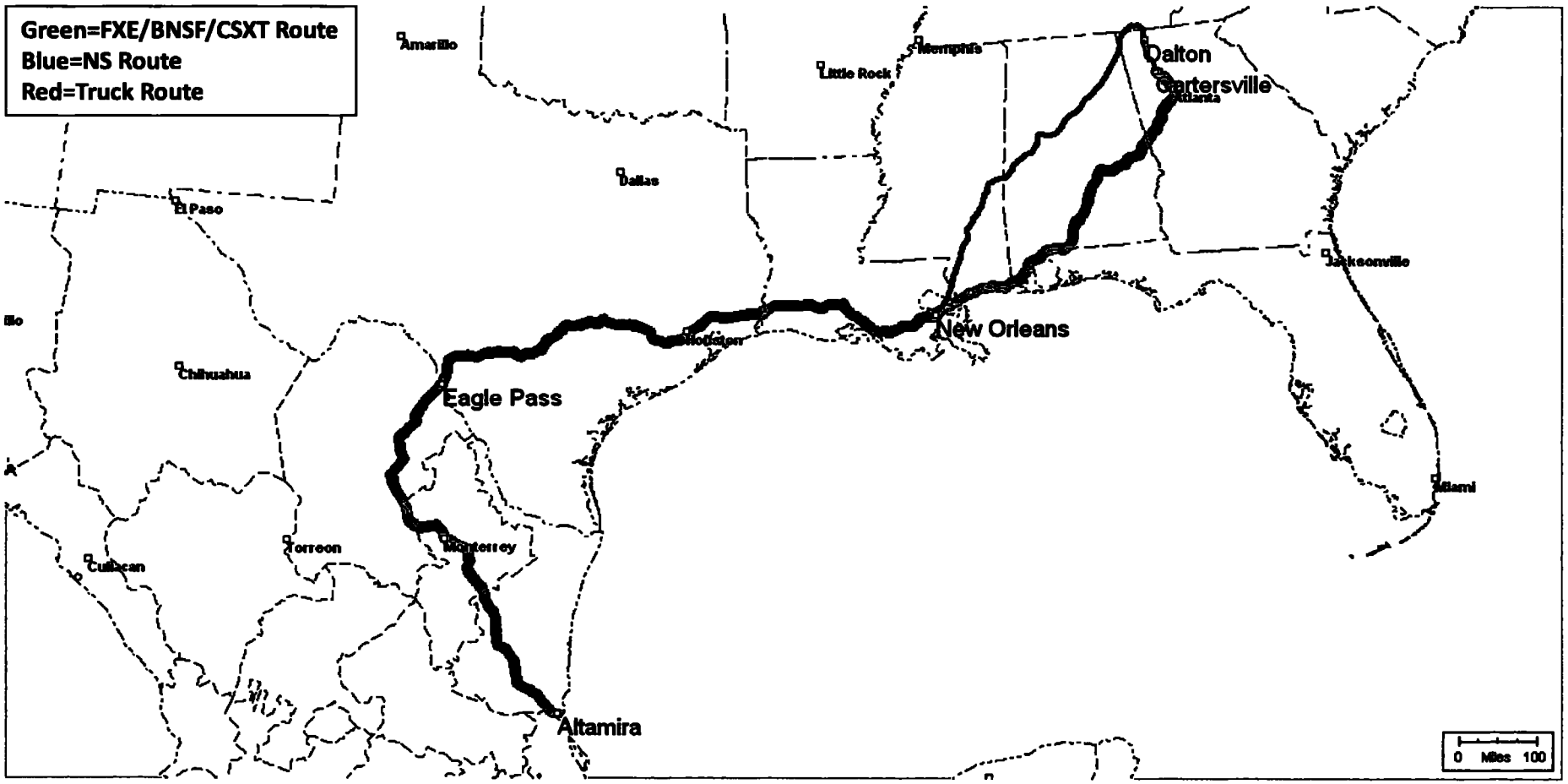
M&G Movement Number B-4: Altamira, MX – Cartersville, GA

Altamira-FXE-Eagle Pass, TX-BNSF-New Orleans, LA-CSXT-Cartersville: 1,896 Mi (CSXT Portion: 542 Mi)

Rail/ Truck Alternative to CSXT Portion:

NS Rail: New Orleans, LA – Dalton, GA (539 Mi)

Truck: Dalton, GA – Cartersville, GA (49 Mi)



CSXT Tariff Rate: $6,101

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

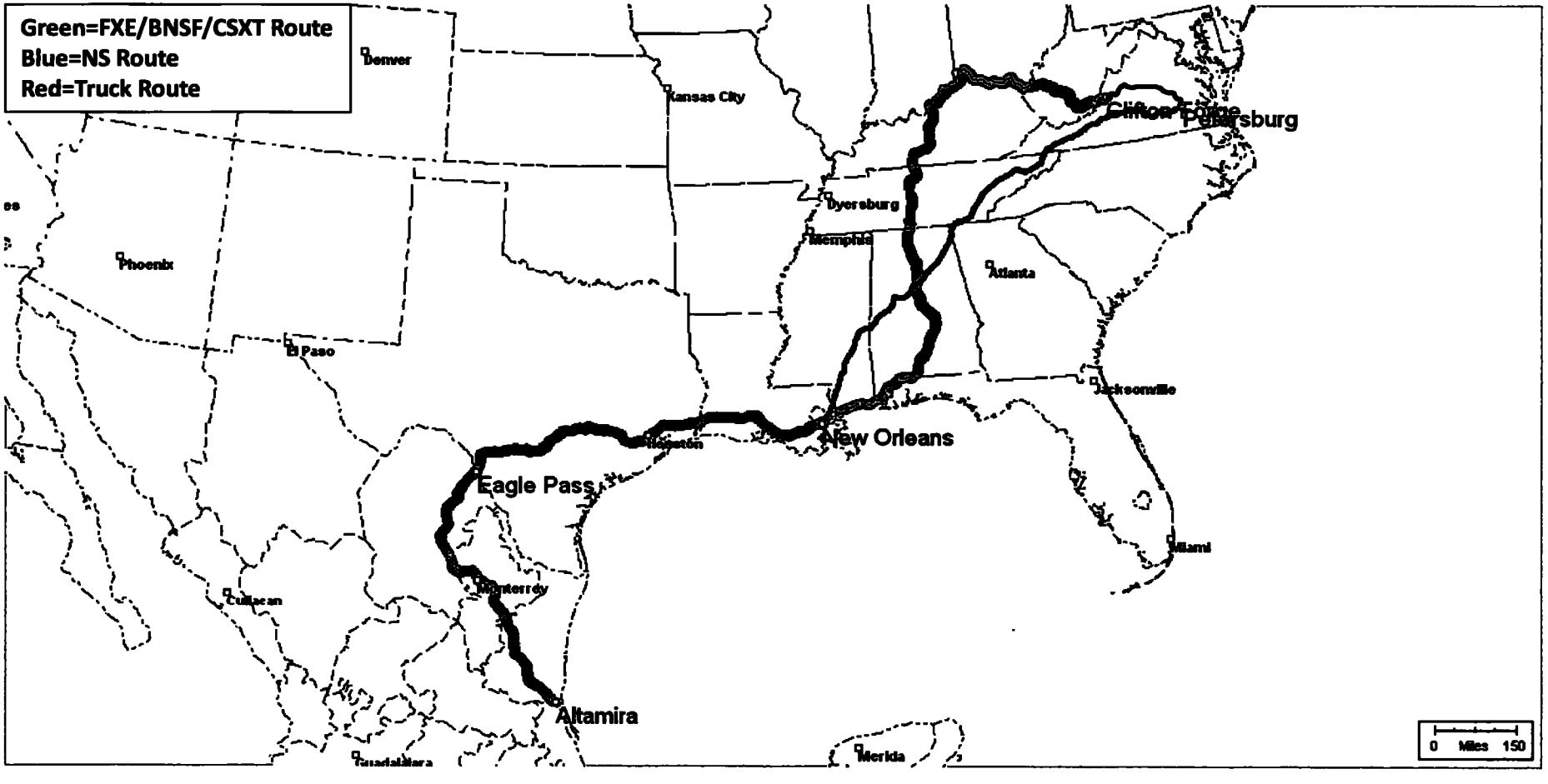
M&G Movement Number B-5: Altamira, MX – Clifton Forge, VA

Altamira-FXE-Eagle Pass, TX-BNSF-New Orleans, LA-CSXT-Cartersville: 2,656 Mi (CSXT Portion: 1,302 Mi)

Rail/ Truck Alternative to CSXT Portion:

NS Rail: New Orleans, LA – Petersburg, VA (1,066 Mi)

Truck: Petersburg, VA – Clifton Forge, VA (192 Mi)



CSXT Tariff Rate: $7,670

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

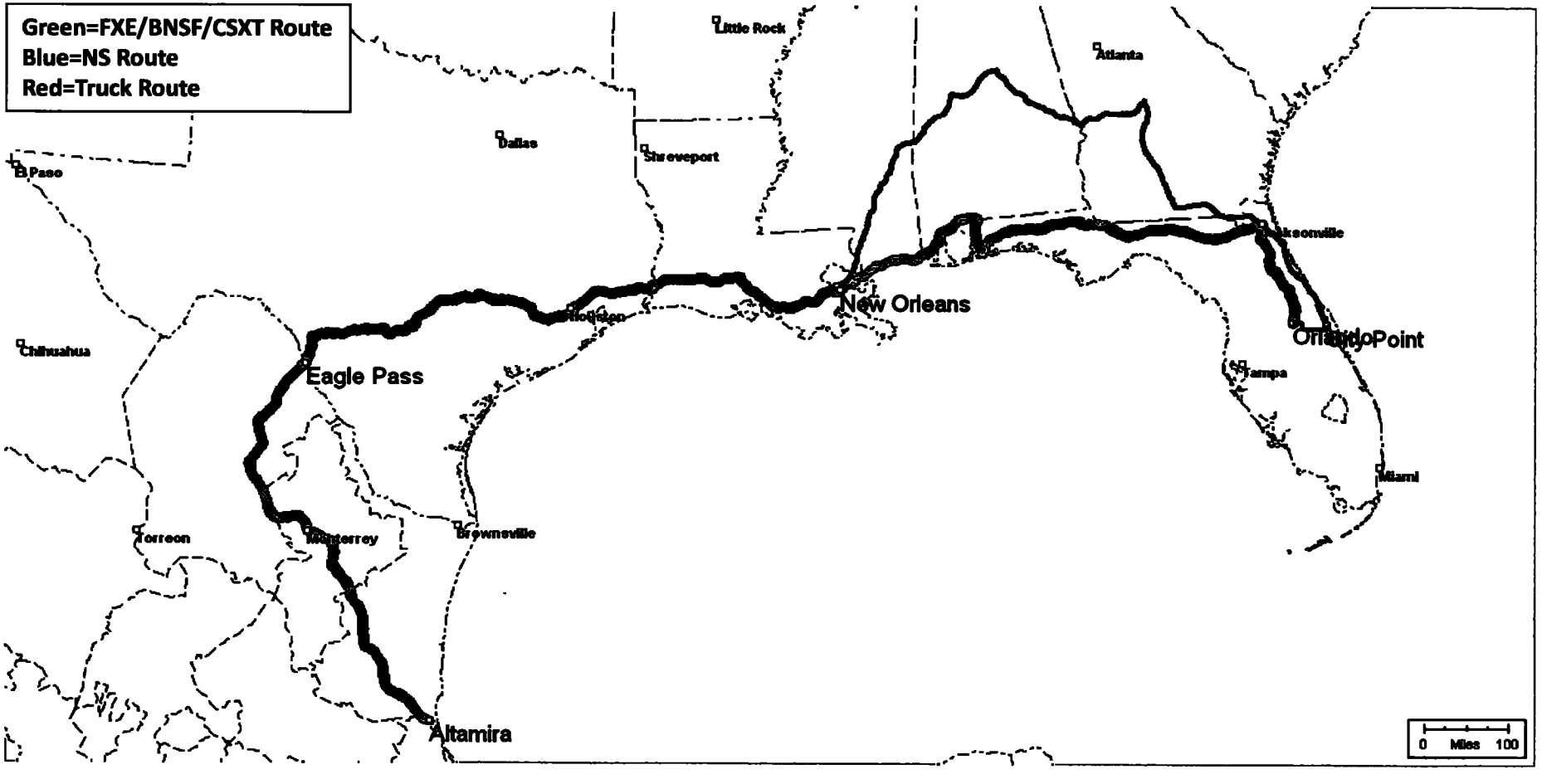
M&G Movement Number B-6: Altamira, MX – Orlando, FL

Altamira-FXE-Eagle Pass, TX-BNSF-New Orleans, LA-CSXT-Cartersville: 2,115 Mi (CSXT Portion: 761 Mi)

Rail/ Truck Alternative to CSXT Portion:

NS Rail: New Orleans, LA – City Point, FL (FEC) (1,002 Mi)

Truck: City Point, FL – Orlando, FL (47 Mi)



CSXT Tariff Rate: $7,777

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

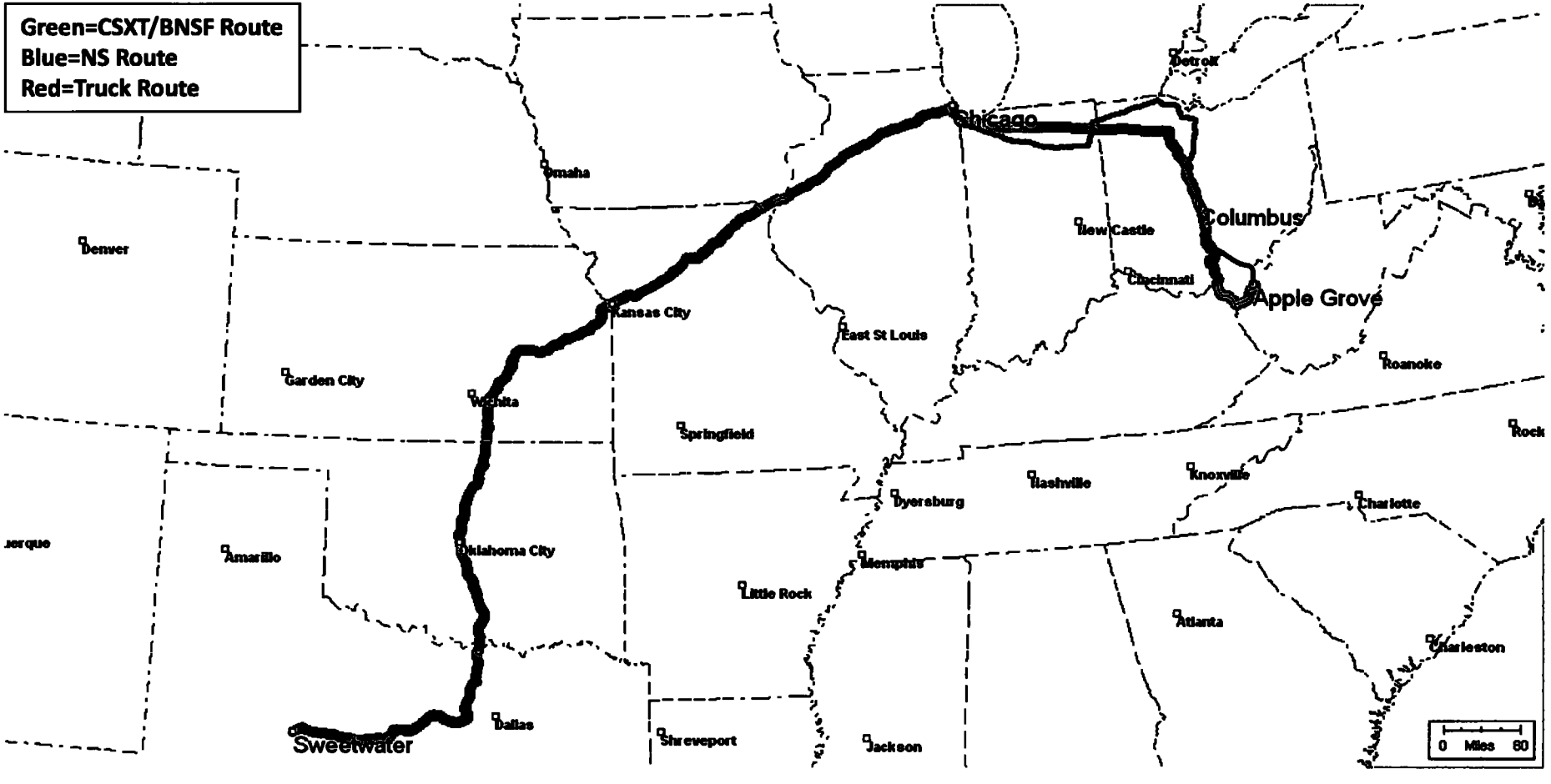
M&G Movement Number B-48: Sweetwater, TX – Apple Grove, WV

Sweetwater-BNSF-Chicago, IL-CSXT-Apple Grove: 1,691 Mi (CSXT Portion: 488 Mi)

Rail/ Truck Alternative to CSXT Portion:

NS Rail: Chicago, IL – Columbus, OH (400 Mi)

Truck: Columbus, OH – Apple Grove, WV (119 Mi)



CSXT Tariff Rate: $5,808

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

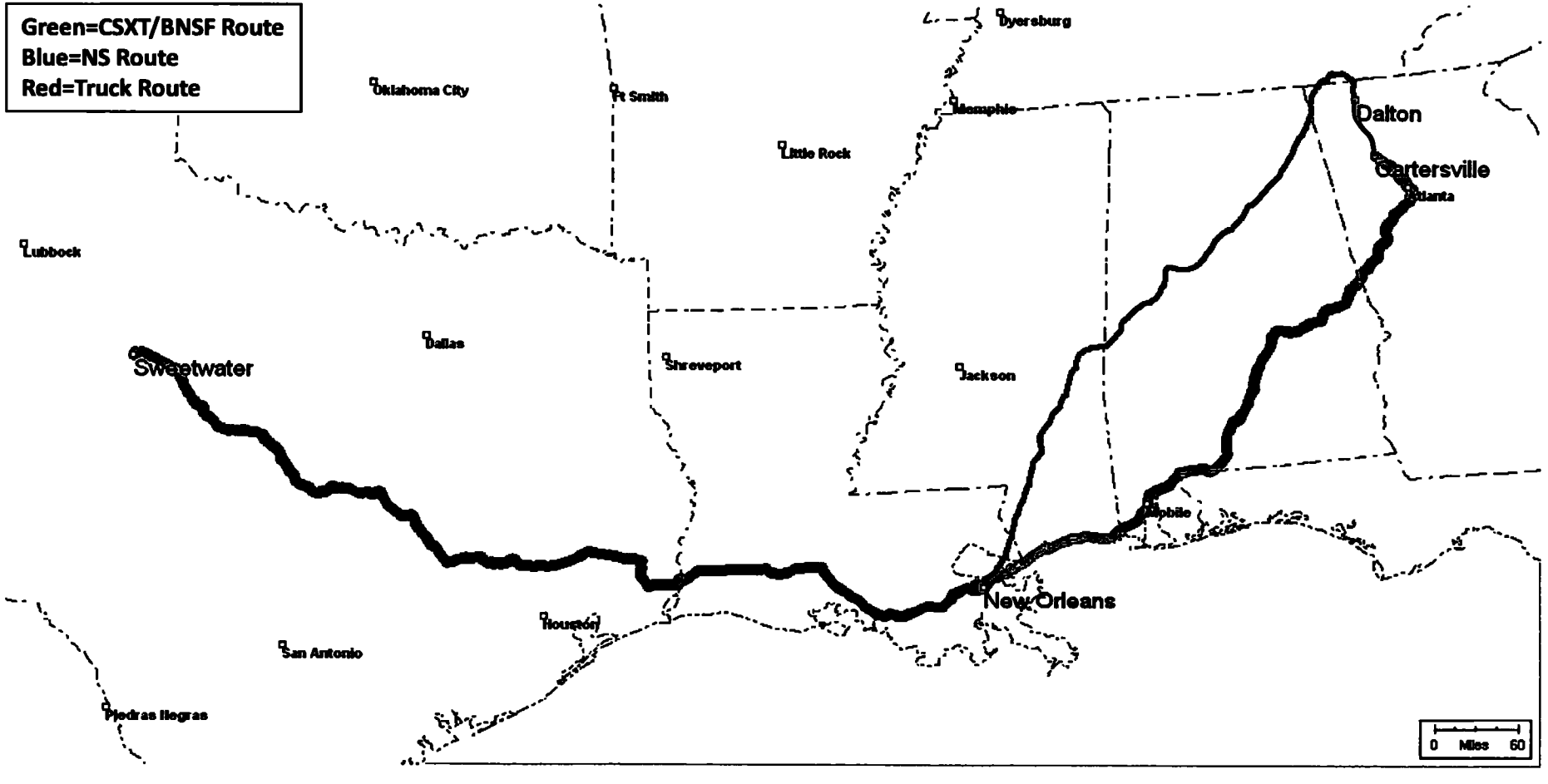
M&G Movement Number B-49: Sweetwater, TX – Cartersville, GA

Sweetwater-BNSF-New Orleans, LA-CSXT-Cartersville: 1,321 Mi (CSXT Portion: 542 Mi)

Rail/ Truck Alternative to CSXT Portion:

NS Rail: New Orleans, LA – Dalton, GA (539 Mi)

Truck: Dalton, GA – Cartersville, GA (49 Mi)



CSXT Tariff Rate: $6,101

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

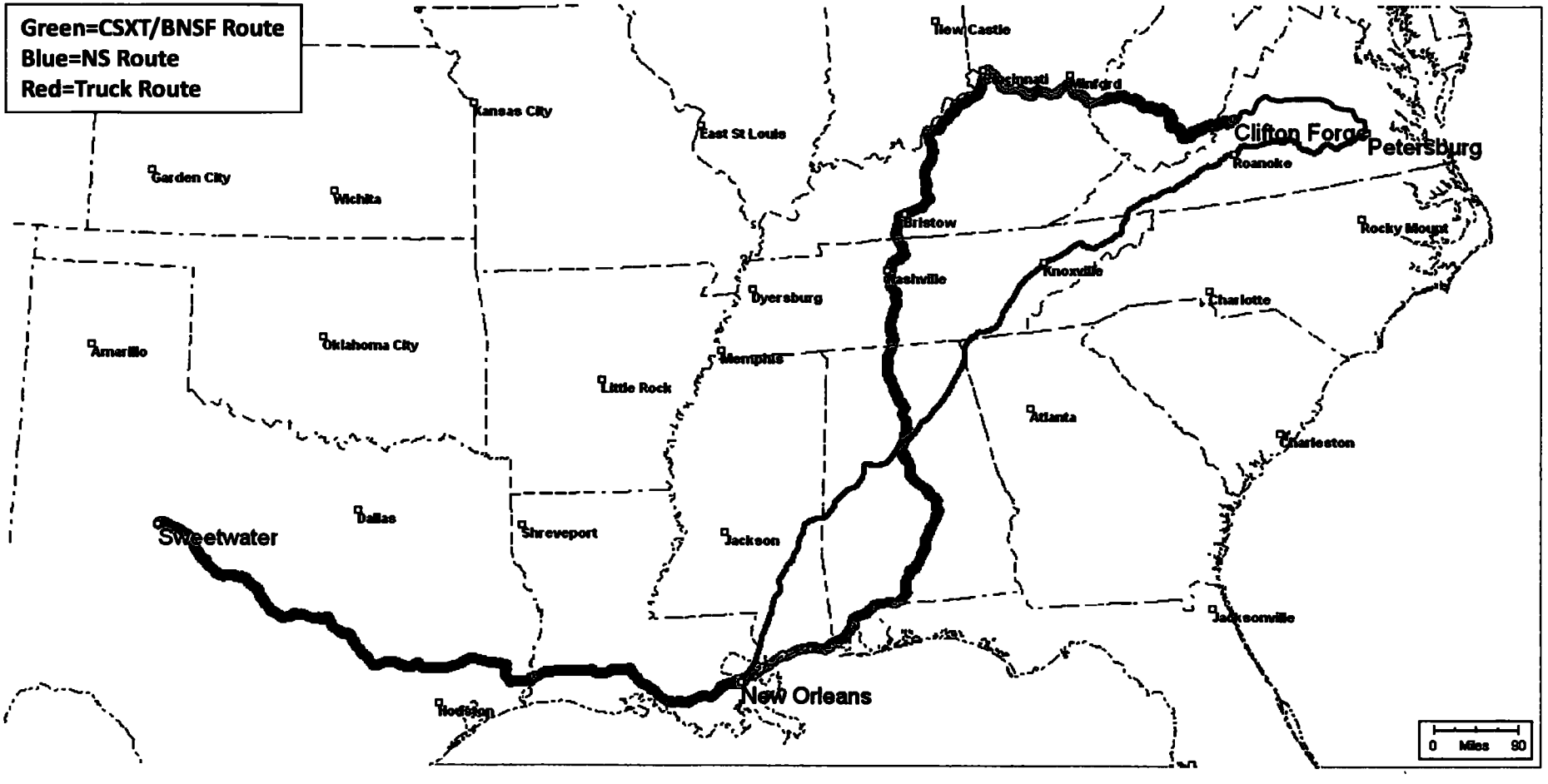
M&G Movement Number B-50: Sweetwater, TX – Clifton Forge, VA

Sweetwater-BNSF-New Orleans, LA-CSXT-Clifton Forge: 2,081 Mi (CSXT Portion: 1,302 Mi)

Rail/ Truck Alternative to CSXT Portion:

NS Rail: New Orleans, LA – Petersburg, VA (1,066 Mi)

Truck: Petersburg, VA – Clifton Forge, VA (192 Mi)



CSXT Tariff Rate: $7,670

Cost of Truck/Rail Alternative to CSXT Portion: {{ }}

CONFIDENTIAL EXHIBIT REDACTED

HIGHLY CONFIDENTIAL EXHIBIT
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BEFORE THE
SURFACE TRANSPORTATION BOARD

M & G POLYMERS USA, LLC **Complainant,** **v.** **CSX TRANSPORTATION, INC. and SOUTH CAROLINA CENTRAL RAILROAD COMPANY** **Defendants.**	)	**Docket No. NOR 42123**

OBJECTIONS AND RESPONSES OF M & G POLYMERS USA, LLC TO DEFENDANT CSXT'S SECOND SET OF INTERROGATORIES

Complainant M & G Polymers USA, LLC ("M&G") hereby submits its objections to the Second Set of Interrogatories of CSX Transportation, Inc. ("CSXT"). M&G's investigation of the facts and information that relate to the issues in this case is ongoing and its responses to the Interrogatories are based upon information presently known. M&G reserves the right to modify and/or supplement any of its responses as the existence of additional responsive information becomes known.

The following General Objections, Objections to Definitions, and Objections to Instructions are incorporated into the specific response and/or objection to each individual Request for Admission, Interrogatory, and Request for Production of Documents.

GENERAL OBJECTIONS

M&G repeats the General Objections from its Objections and Responses to CSXT's First Set of Requests for Admission, Interrogatories, and Requests for Production of Documents, which were provided to CSXT on September 7, 2010.

OBJECTIONS TO DEFINITIONS

M&G repeats the Objections to Definitions from its Objections and Responses to CSXT's First Set of Requests for Admission, Interrogatories, and Requests for Production of Documents, which were provided to CSXT on September 7, 2010.

M&G objects to Definition #23 as overbroad, irrelevant, and unlikely to lead to discovery of admissible evidence to the extent it includes "Track Lease Costs" "for any purpose" not associated with the Issue Movements. This Definition also is ambiguous because not all storage charges involve the leasing of track. M&G has resolved this ambiguity by responding only as to those storage charges expressly identified in the Definition.

OBJECTIONS TO INSTRUCTIONS

M&G repeats the Objections to Instructions from its Objections and Responses to CSXT's First Set of Requests for Admission, Interrogatories, and Requests for Production of Documents, which were provided to CSXT on September 7, 2010.

INTERROGATORIES

Interrogatory 42. Please explain in detail the process for loading the Issue Commodity onto trucks at each of the M&G Facilities, including M&G Facilities leased from other parties such as those at Belpre. If the loading process has changed since 2008, please describe the reasons for the change, and the loading procedures before and after the change.

Response: M&G objects to this Interrogatory to the extent it is cumulative of prior requests, such as CSXT's Interrogatory Nos. 9, 17, 19, 25, 30, and 31, and RFP No. 2. M&G specifically incorporates its responses to those earlier requests, as well as Exhibits 1-3 attached to M&G's written responses and objections to CSXT's first set of discovery. M&G objects to this Interrogatory as overly burdensome, vague, and ambiguous due to its use of the word "changed" given that any number of trivialities could technically qualify as "change" yet describing each of these aspects "in detail" could take countless pages of text. M&G will interpret the term "changed" to exclude trivialities. M&G also objects to the extent that response would require a special study. M&G also objects to the extent responsive information is held by third parties; many, if not most, of the truck loading actions are completed by third parties such as motor carriers.

Subject to and without waiving any of its General Objections, Objections to Definitions, Objections to Instructions, or specific objections, M&G incorporates its responses to Interrogatories 43 and 44, and also refers CSXT to the attached Highly Confidential narrative and associated documents in Exhibit 1.

Interrogatory 43. Please describe the equipment used for loading the Issue Commodity onto trucks at each of the M&G Facilities. If the loading process has changed since 2008, please describe the reasons for the change, and the loading procedures before and after the change.

Response: M&G objects to this Interrogatory to the extent it is cumulative of Interrogatory No. 42. Subject to and without waiving any of its General Objections, Objections to Definitions, Objections to Instructions, or specific objections, M&G refers CSXT to the attached Highly Confidential narrative in Exhibit 2, and also repeats its response to Interrogatory Nos. 42 and 44.

Interrogatory 44. Please identify and describe with specificity all studies, analyses, projections, communications, and documents relating to amounts of time required and/or experienced in loading the Issue Commodity onto trucks at each of the M&G Facilities. If no such studies or analyses exist for a particular M&G Facility, please explain and quantify the amount of time required to load the Issue Commodity at that M&G Facility.

Response: M&G objects to the Interrogatory as overly broad and unduly burdensome due to its use of the phrases "with specificity" and "relating to," which appear to encompass minuscule detail items such as employee time sheets and log books. M&G objects to this Interrogatory to the extent it is cumulative of prior requests, such as Interrogatories 42 and 43; M&G hereby incorporates its prior responses to Interrogatories 42 and 43. M&G also objects to the extent that response would require a special study. M&G further objects because use of the phrase "amount of time" unreasonably assumes that there is no variability in the truck loading process, regardless of circumstances. M&G also objects to the extent responsive information is held by third parties; many, if not most, of the truck loading actions are completed by third parties such as motor carriers. Subject to and without waiving any of its General Objections, Objections to Definitions, Objections to Instructions, or specific objections, M&G responds that no requested studies or analyses exist. In further response, M&G refers CSXT to the attached Highly Confidential narrative in Exhibit 3.

Interrogatory 45. Do you, or have you ever, loaded trucks at Belpre or Parkersburg ? If so, please explain the procedures and equipment used for such loading, including the amounts of time required to load trucks at each of these locations.

Response: Subject to and without waiving any of its General Objections, Objections to Definitions, or Objections to Instructions, M&G repeats its response to Interrogatory Nos. 42 to 44. In further response, M&G refers CSXT to the attached Highly Confidential narrative in Exhibit 4.

Interrogatory 46. Please identify any customer requirements regarding inventory to be held near customer facilities and any customer requirements regarding transloading of the Issue Commodity.

Response: M&G objects to the ambiguous and vague use of the term "near." M&G objects to this Interrogatory to the extent it covers non-Issue Movements; M&G's response will be for Issue Movements only. M&G also objects because the Interrogatory is overly simplistic; it ignores situations where a customer may accept truck deliveries as a last resort if exigent circumstances exist but, as a general matter, the customer may have a strong preference for rail deliveries. M&G also objects to the extent that response would require a special study. Subject to and without waiving any of its General Objections, Objections to Definitions, Objections to Instructions, or specific objections, M&G states further response can be found in its other responses to CSXT's discovery requests (such as Interrogatories 9, 33, and 34, among others) and in the attached Highly Confidential Exhibit 4.

Interrogatory 47. Please identify and quantify the costs of rail-truck transloading for any M&G shipments of the Issue Commodity that utilized rail-truck transloading from 2008 to present, with itemized detail of all component costs, including without limitation, rail transportation of the Issue Commodity to and from a transloading facility; transloading facility

costs; truck transportation of the Issue Commodity to and from a transloading facility; truck washing costs, if applicable; transloading facility costs; and Labor Costs.

Response: M&G objects to this Interrogatory as overbroad, unduly burdensome, and irrelevant to the extent it is not limited to the Issue Movements; M&G's response will be for Issue Movements only. M&G further objects to this Interrogatory to the extent that it is duplicative of Interrogatory Nos. 12-14, 23, and RFP No. 4, and hereby incorporates its objections to those requests. M&G also objects to the extent that the requested information is not maintained by M&G and/or would require a special study (for example, M&G does not separately itemize Labor Costs for transloading). M&G further objects to producing individual invoices for each and every transload shipment. As M&G has done in response to prior Interrogatories, it will produce electronic spreadsheets generated from its internal shipment database that contains the requested information regarding each movement. Subject to and without waiving any of its General Objections, Objections to Definitions, Objections to Instructions, or specific objections, M&G will produce business records, pursuant to 49 CFR § 1114.26(b).

Interrogatory 48. To the extent that you claim that any customer requirements or preferences foreclose your ability to deliver the Issue Commodity to that customer by any particular mode of transportation, please describe those customer requirements or preferences in detail.

Response: M&G objects to this Interrogatory as ambiguous and vague due to its use of the term "foreclose," and whether that term is intended as an absolute prohibition or a restriction or limitation. M&G's response is based upon the latter interpretation. M&G further objects to the

extent that the information requested is in the hands of third parties (namely, M&G's customers); thus, M&G does not necessarily know or know "in detail" the reasons why a particular customer requests, prefers, or requires a certain mode of transportation. M&G objects to this Interrogatory as overbroad, unduly burdensome and irrelevant to the extent it covers non-Issue Movements; M&G's response will be for Issue Movements only. M&G objects to this Interrogatory to the extent it is cumulative of prior requests, such as Interrogatory 46. Subject to and without waiving any of its General Objections, Objections to Definitions, Objections to Instructions, or specific objections, M&G repeats its response to Interrogatory 46, and states that a further response is in the attached Highly Confidential Exhibit 4.

Interrogatory 49. Do you, or have you ever, used Brokers for any movements of the Issue Commodity; if so, please identify each Broker used and the movements of the Issue Commodity handled by that Broker from 2008 to present.

Response: M&G objects to this Interrogatory as overly broad and unduly burdensome because the first portion is unlimited in time. M&G will respond for the period from January 1, 2008 to June 30, 2010. M&G further objects to this Interrogatory to the extent it is not limited to Issue Movements; M&G's response will be for Issue Movements only. M&G objects to the extent that response would require a special study. Subject to and without waiving any of its General Objections, Objections to Definitions, Objections to Instructions, or specific objections, M&G states that its response is in the attached Highly Confidential Exhibit 4.

Interrogatory 50. Please identify and quantify per car and aggregate Labor Costs for rail car loading at each M&G Facility from 2008 to present.

Response: M&G objects to this Interrogatory because the requested information is not maintained by M&G and response would require a special study. M&G does not separately maintain or track Labor Costs for rail car loading. M&G also objects to the inclusion of its Altamira, Mexico facility within the scope of this Interrogatory.

Interrogatory 51. Please identify and quantify Track Lease Costs from 2008 to present.

Response: M&G objects to this Interrogatory to the extent that this Interrogatory encompasses Track Lease Costs unrelated to the Issue Movements; M&G will respond for the Issue Movements only. M&G objects to this Interrogatory to the extent that the requested information is not maintained by M&G, or to the extent that response would require a special study. Subject to and without waiving any of its General Objections, Objections to Definitions, Objections to Instructions, or specific objections, M&G will produce business records, pursuant to 49 CFR § 1114.26(b).

Interrogatory 52. Please identify and describe with specificity all studies, analyses, projections, communications, and documents relating to Track Lease Costs, transloading costs, and truck wash costs from 2008 to present.

Response: M&G objects to the Interrogatory as overly broad and unduly burdensome due to its use of the phrases "with specificity" and "relating to." M&G objects to this Interrogatory to the extent that the requested information is not maintained by M&G, or to the extent that response would require a special study. Subject to and without waiving any of its General Objections, Objections to Definitions, Objections to Instructions, or specific objections, M&G will produce business records, pursuant to 49 CFR § 1114.26(b).

Interrogatory 53. Please identify and describe with specificity all studies, analyses, projections, communications, and documents related to Inventory Carrying Costs for rail transportation of the Issue Commodity from 2008 to present.

Response: M&G objects to the Interrogatory as overly broad and unduly burdensome due to its use of the phrases "with specificity" and "relating to." M&G objects to this Interrogatory to the extent that the requested information is not maintained by M&G, or to the extent that response would require a special study. Subject to and without waiving any of its General Objections, Objections to Definitions, Objections to Instructions, or specific objections, M&G refers CSXT to the attached Highly Confidential Exhibit 4.

Interrogatory 54. Please identify and describe with specificity all construction and/or rehabilitation projects related to rail infrastructure or truck loading infrastructure at M&G Facilities from 2006 to present, including, but not limited to, project start and end dates, project costs, whether and by how much each such project increased transportation capacity at an M&G Facility.

Response: M&G objects to the Interrogatory as overly broad and unduly burdensome due to its use of the phrases "with specificity" and "relating to." M&G objects to this Interrogatory to the extent that the requested information is not maintained by M&G, or to the extent that response would require a special study. Subject to and without waiving any of its General Objections, Objections to Definitions, Objections to Instructions, or specific objections, M&G refers CSXT to the attached Highly Confidential Exhibit 4.

Jeffrey O. Moreno
David E. Benz
Thompson Hine LLP
1920 N Street, N.W., Suite 800
Washington, D.C. 20036
(202) 331-8800

December 23, 2010

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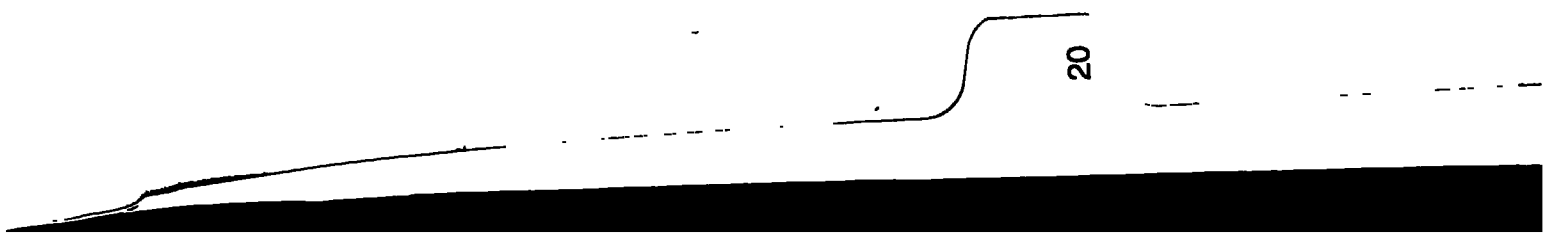

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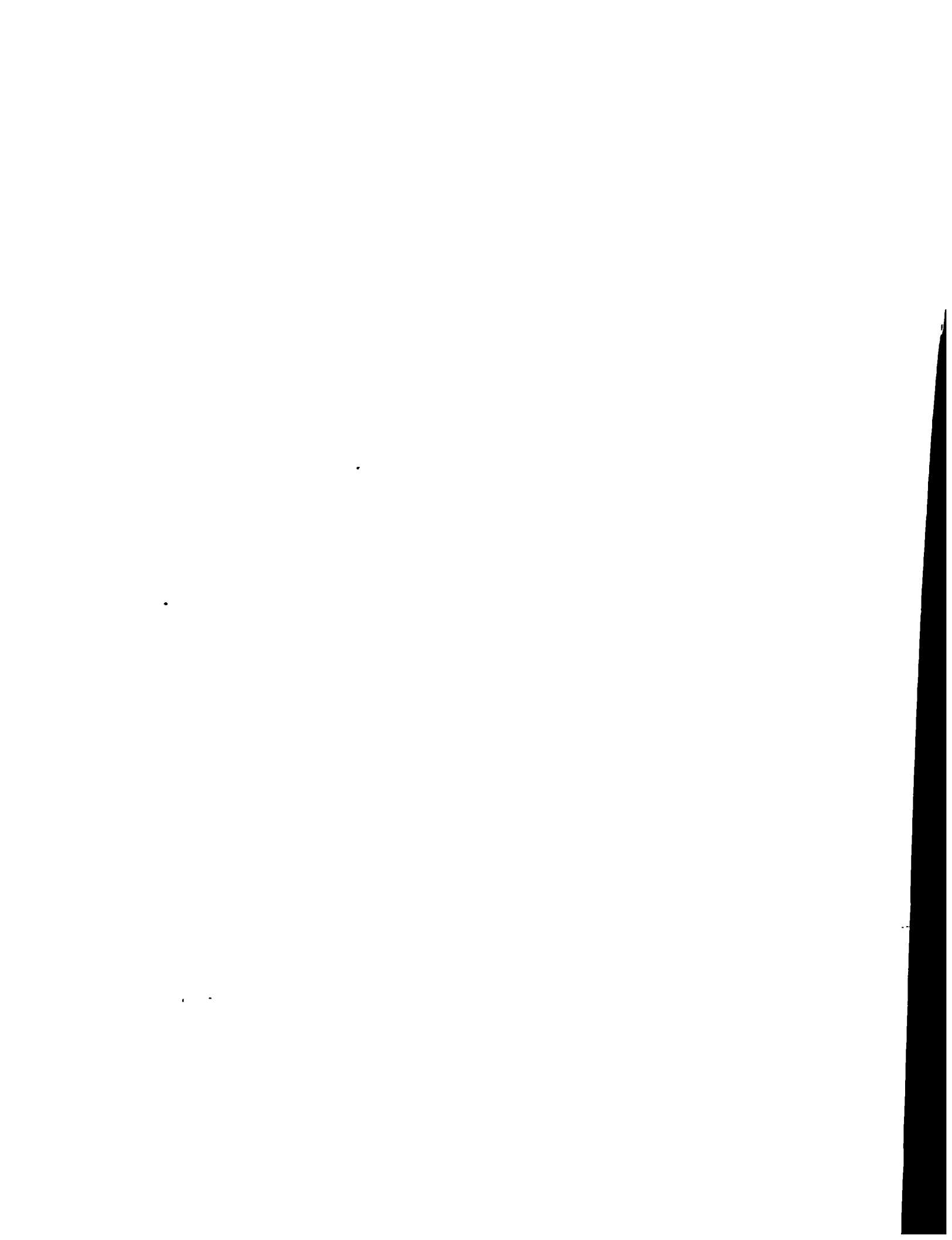

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CSXT REPLY EX. II-B-36

POTENTIAL CAPITAL EXPENDITURES TO ENHANCE TRUCK LOADING CAPACITY AT APPLE GROVE

I. While M&G Need Not Make Any Capital Expenditures to Substantially Increase Truck Loading at Apple Grove, It Could Enhance Truck Loading Capacity With Modest Capital Investments.

As demonstrated in CSXT Reply Narrative Section II.B.2.g.iii., M&G currently has capacity at its Apple Grove facility to truck 100% of the volume of every Apple Grove-originating lane.[1] M&G therefore does not need to make any capital investments to avail itself of a competitive truck option for the issue traffic. If M&G wished to make additional investments to enhance truck loading capacity at Apple Grove, however, it could do so at relatively low cost.[2]

A. Installation of Lighting to Allow Truck Transloading 24 Hours Per Day.

One simple enhancement would be to install lights at Apple Grove's current transloading tracks, which would allow truck transloading operations to be conducted 24 hours a day. Lighting installation would cost approximately $195,000 – a modest sum compared to the significant capacity enhancements that could be gained from enabling 24-hour truck access. *See* CSXT Reply Ex. II-B-37.[3] This cost estimate is conservative (*i.e.*, it errs on the side of

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[1] As M&G acknowledges in its opening evidence, it has {{ }} truck transloading slots on its existing rail tracks at the Apple Grove facility. *See, e.g.,* M&G Opening at II-B-37. As explained in CSXT's Reply Narrative, this existing capacity would readily allow M&G to load an additional {{ }} rail cars to truck per year, more than enough to account for all of the issue traffic originating at Apple Grove. *See* CSXT Reply Narrative at Section II.B.2.g.iii.

[2] The potential capital improvements discussed in this Exhibit were developed by CSXT expert Gordon Heisler, with the assistance of (i) experienced rail engineering, design, and logistics firm ViaRail Logistics, LLC, and its president, Benedetto Guido, and (ii) CSX TRANSFLO's John Scheeter. *See* statements of qualifications in Section IV.

[3] ViaRail and witness Guido segmented the lighting installation into two phases, which would allow M&G to move to 24-hour loading on one side of the plant first, for approximately $82,500, and defer the installation of lighting on the other side (at a cost of approximately $112,750) until

overstatement of the likely cost of constructing and installing the necessary lighting) and includes a generous contingency allowance to account for possible cost overruns. *See* CSXT Reply Ex. II-B-37.

Installation of lighting on existing transload tracks { }, *see id.*, would allow 24-hour transloading on those tracks. This investment would allow M&G to extend loading hours from 12 hours per day to 24 hours per day and to double its truck loading capacity using the existing transload tracks and positions. This modest capital expenditure would enable M&G to load and ship an additional {{ }} trucks per year on top of its current available capacity of {{ }}.[4]

B. **Installation of Additional Truck Scale**

M&G could further enhance its truck transloading efficiency by installing a second truck scale at the Apple Grove facility. Today, M&G uses a single truck scale for all trucks, both inbound and outbound. Larger scale bulk truck transportation facilities generally use two scales, with each scale capable of serving both inbound and outbound trucks, depending on availability, thereby reducing truck processing times. CSXT conservatively estimates that M&G could install a truck scale for $128,000. {{

}} *See* CSXT Reply Ex. II-B-13 at Ex. 4 p.3 (M&G Response to CSXT

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it determined if it needed or desired such additional capacity. *See* CSXT Reply Ex. II-B-37 (Phase 1 and Phase 2). Given the relatively low total capital investment, however, CSXT would anticipate that lighting would be installed for all existing loading spaces in the same single project (*i.e.* combining Phases 1 and 2, for a total cost of $195, 250).

[4] To calculate this increase, Mr. Heisler conservatively assume three hours per truck transload, 4 truckloads per rail car and loading ½ of the {{ }}available rail car transloading spaces at once. This would translate to a capacity to transload an additional {{ }} trucks per day more than could be loaded now in 12-hour days. Assuming 250 loading days per year, this would further translate to capacity to ship {{ }} additional truckloads per year from the Apple Grove facility.

Interrogatory 54).) Two truck scales would be more than sufficient for Apple Grove volumes. CSXT witness John Scheeter reports that CSX TRANSFLO facilities with only one truck scale routinely process more than {{ }} trucks per day. CSX TRANSFLO's Elizabeth, New Jersey terminal, which has two truck scales, has handled {{ }} truck loads in a single day. Moreover, according to M&G each truck at Apple Grove requires only {{ }} minutes to scale in and {{ }} minutes to scale out. *See* CSXT Reply Ex. II-B-13 at Ex. 3 p.1 (M&G Response to CSXT Interrogatory 44). In CSXT's experience this {{ }} minute combined time for scale processing is a gross overestimate of the actual amount of time it takes a truck to weigh in and out. Even if the midpoint of this range {{ }} were accepted as the average amount of time that an individual truck would need to occupy a scale, two truck scales could accommodate {{ }} trucks in a 24-hour loading day. Thus, for a modest additional investment to double its scale capacity, M&G could further enhance and improve its capability to transload and ship its products via truck, thereby exerting even greater and more effective competitive pressure on CSXT.

C. Installation of Additional Transloading Tracks

Finally, by making moderate and reasonable additional capital investments, M&G could install two additional truck transloading tracks at the Apple Grove facility, thereby creating the capacity to load an additional 20,000 trucks (volume equivalent to approximately 5000 rail cars).[5] *See* CSXT Reply Ex. II-B-37; CSXT Reply Ex. II-B-38 (map of facility showing additional transloading tracks and space and location at Apple Grove facility where they could be

[5] M&G's outbound shipments of PET from the Apple Grove facility on the complaint lanes in 2010 totaled { } rail carloads. *See* CSXT Reply WP "Truck Volumes to Issue Lanes.xls". Thus, for a relatively modest capital investment of approximately {{ }}, M&G could create truck transload capacity sufficient to ship by truck nearly double its 2010 total complaint lane shipments by rail from the Apple Grove facility.

installed). Mr. Heisler and Mr. Guido designed the additional transloading tracks to accommodate an additional new 20-railcar spot truck transloading capacity. The addition of 20 new transloading positions would provide loading and shipping capacity for an additional 80 trucks per day. (Again conservatively assuming three hours per transload a truck, 4 truckloads per rail car, and loading ½ of the available rail car transloading spaces (or 10) at once, this means 40 truckloads could be transloaded every 12 hours, or 80 trucks could be loaded and shipped per 24-hour day.) Conservatively assuming 250 transloading days per year, 80 trucks per day translates to additional capacity of approximately 20,000 truck shipments per year.

The total capital investment required to create that substantial additional truck transloading and shipping capacity at the Apple Grove plant would be approximately $1.41 million. *See* CSXT Reply Ex. II-B-37. While this option would be more expensive than the small costs of the other options described above, the resulting increase in transloading capacity would be substantial, and would afford M&G capacity and flexibility to nearly double its present truck shipping capability.

Importantly, the Apple Grove facility already has sufficient transloading capacity to allow truck service for entire volume shipped by CSXT from that origin in 2010 without any new capital investment. Further, expanding truck transloading capacity would not require that M&G make all of the capital expenditures. Each of the transloading capacity improvements – from simple installation of lighting to constructing substantial additional transloading tracks and infrastructure – could be done separately. *See* CSXT Reply Ex. II-B-37 (breaking project into 4 separate, independent phases). As demonstrated above, M&G could double its current truck transloading capacity at Apple Grove simply by installing lights at a total capital cost of less than $200,000. *See id.*

Moreover, M&G could generate substantial offsetting cost savings by shifting to more truck loading and shipping, and reducing rail-transportation-related expenses. For example, it potentially could reduce the number of rail cars it leases. M&G's average annual rail car lease cost is approximately {{ }} {{ }} per car per year. *See* CSXT Reply Workpaper "MG Truck RR Fleet Data Summary.xls." Thus, M&G could save approximately {{ }} per year for every rail car it would no longer need to lease due to a shift to truck transportation. Rail car lease costs are a substantial component of M&G's overall cost of rail transportation, and reduction of its leased rail car fleet could save it {{ }} of dollars per year in rail car lease costs.[6] After considering the average car transit times and volumes for Issue Movements with competitive options, Mr. Heisler determined that rail transit times for those lanes totaled approximately { } car-days in 2009 – approximately { } car-years. *See* CSXT Reply Workpaper "Potential Fleet Savings.pdf." As a result, he conservatively estimates that, by switching to truck for the truck-competitive lanes of issue traffic, M&G could save approximately {{ }} per year in rail car lease costs, {{ }}. Savings in rail car costs resulting from shifting to more truck transloading and shipping at Apple Grove would {{ }}.

[6] {{ }}

II. M&G Grossly Overestimates the Capital Investment That Would be Necessary to Enhance Truck Transloading Capacity at the Apple Grove Facility.

M&G's Evidence vastly overestimates the potential capital costs of expanding its truck transloading capacity.[7] Nearly half of M&G's proposed capital expenses derive from its claim that it would need to build more than three miles of storage track at Apple Grove to implement a truck transloading plan. M&G's vague and entirely unsupported claim that building this track is necessary to replace the off-site storage facilities it uses is irrelevant in any event: M&G's ability to increase truck loading at Apple Grove is not contingent on it discontinuing use of off-site storage. M&G's other claims are equally unsupportable. Increasing truck loading does not require M&G to build a railcar washing facility (let alone two such facilities). And M&G's claim that it needs to add two more switching locomotives to add to its current fleet of {{ }} locomotives is both unsupported and ridiculous in light of the fact that shifting the entire complaint lane volume to truck transportation would require M&G to position only {{ }} more railcars for transloading per day.[8] M&G's claim that it needs to purchase eight new truck scales is similarly unsupported, as is its proposal to spend over {{ }} on new roads and parking facilities. Finally, M&G's cost estimates for several items are inflated and should be rejected.

A. M&G Does Not Support Its Claim that It Would Need to Build Three Miles of Storage Track at Apple Grove.

With no supporting evidence or meaningful explanation or justification, M&G assumes that increased truck transloading at the Apple Grove facility would require construction of

[7] CSXT does not address M&G's alleged costs for construction of direct truck loading facilitities.

[8] {{

}}

16,000 feet of new track–over three miles' worth of track. See M&G Opening at II-B-39.[9] This unsupported assumption, which M&G accurately characterizes as the heart of its proposal for enhanced truck transloading capacity at Apple Grove, is grossly overstated. As CSXT has demonstrated, M&G could implement an effective truck transloading operation sufficient to handle all truck competitive issue traffic *without* constructing *any* new rail track. *See supra* at § II.B.2.g.iii. As CSXT has further demonstrated, M&G could substantially expand its existing transloading capacity to a level well beyond that necessary to shift competitive issue traffic to trucks (thereby creating additional capacity for future growth of truck transportation) by constructing approximately 1750 additional feet of track, or slightly more than ten percent of the new track hypothesized by M&G.

The entirety of M&G's justification for the {{

}} capital expense that it claims it would incur from constructing 16,000 feet of new track at Apple Grove is an assertion on page II-B-39 of its evidence that implementing a transloading plan would require it to replace the storage tracks M&G leases at Parkersburg and Belpre with new tracks at Apple Grove, "because the need for off-site storage facilities would leave M&G still exposed to CSXT's market power." M&G does not explain what it means by this conclusory assertion, and its failure to provide any explanation of specifically what "market power" it believes CSXT would exercise over truck transloading requires that the Board reject it. If M&G means that CSXT might exercise "market power" over movements to or from Belpre and Parkersburg, M&G has challenged the reasonableness of CSXT's rates for transporting

[9] M&G provides workpapers in support of its estimate of the cost to install 16,000 feet of track, but it offers no proof of the foundational assumption that 16,000 feet of track would be necessary. Although CSXT addresses the elements of M&G's cost estimate in this Exhibit, it is critical to note that M&G has failed to present even prima facie evidence that 16,000 feet of track would be necessary for the truck transloading volumes at issue here.

railcars to Belpre and Parkersburg and the reasonableness of CSXT's rates for transportation from Belpre and Parkersburg to other destinations. (As discussed in CSXT Reply Exhibit II-B-2 and II-B-3, there are competitive truck and rail-truck options for many of those movements.) And if M&G is suggesting that CSXT might refuse to renew these storage leases, such speculation is not relevant. There are numerous other storage tracks available, and it is obviously not the case that CSXT controls all storage track options for M&G. M&G could secure storage track at other locations, and it is entitled to reasonable rail rates for movements to those locations.[10] If CSXT has market dominance over transportation to or from those tracks, M&G could challenge CSXT's rates for that transportation before the Board. In any event, M&G has presented no evidence of a "need for off-site storage facilities" under a more truck-based distribution plan. According to M&G, Apple Grove has storage tracks {{

}} *See* CSXT Reply Ex. II-B-13 at Ex. 1 p. 3 (M&G response to CSXT interrogatory 42).[11] Belpre and Parkersburg combined have only {{ }} railcar spots. *See* M&G Opening at II-B-10. If M&G were to increase truck loading and significantly reduce its railcar usage, then it should not need any additional storage space.

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[10] {{

}}

[11] M&G puts forward an inconsistent and substantially lower estimate in its evidence, where M&G claims that {{

}} M&G's inconsistent and arbitrary attempt to minimize the actual space available at Apple Grove should be rejected.

B. **Many of M&G's Other Proposed Capital Projects Would be Unnecessary to Expand M&G's Truck Transloading Capacity.**

In addition to the approximately {{ }}[12] overstatement of capital costs to construct three miles of unnecessary rail track, several of the other capital expenditures included in M&G's proposal are for projects and investments that would not be necessary to facilitate increased truck transloading at the Apple Grove facility. These unnecessary expenditures further inflate the overstatement of necessary capital expenditures for increased transloading at that facility.

First, M&G claims that if the Apple Grove facility were converted to an "all-transload" facility, it would be required to construct and operate two new "on-site car washing facilities," at a cost of approximately {{ }}. M&G Opening at II-B-41. Contrary to M&G's assertion, it would not be necessary to install any additional rail car washing or maintenance facilities in order to perform the truck transloading activity required to shift the truck-competitive issue traffic from rail to truck transportation. Today, M&G has its PET rail cars washed at outside facilities, thereby "outsourcing" this function.[13] Presumably, M&G has conducted a cost-benefit analysis and determined that it is more cost-effective to have outside vendors conduct this washing (and minor repair) than to incur the costs necessary to perform that

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[12] M&G's estimate includes approximately {{ }} for earthwork, and {{ }} for railroad track, totaling approximately {{ }} for the unnecessary three miles of track, before additives and contingencies. *See* M&G Opening Ex. II-B-14 Workpaper. Applying M&G's total additives and contingencies of approximately {{ }}, the total capital expenditure overstatement due to the unnecessary track is approximately {{ }}.

[13] {{

}}

function at the Apple Grove facility. There is nothing about increased truck transloading that would materially affect that calculus.[14]

M&G's sole justification for this additional {{ }} capital expenditure (and {{ }}) is its assertion that, under a "full-transload scenario," a certain amount of car washing at the Apple Grove facility would be required because some rail cars would never leave the facility. *See* M&G Opening at II-B-41. There are at least two fundamental flaws in this rationale. First, CSXT does not contend that all of the issue traffic is truck competitive, and does not propose converting the Apple Grove facility to an "all-truck" operation. Even if M&G expanded its truck transloading capacity, it likely would choose to continue to move some traffic by rail. Thus, rail cars would continue to move in and out of the Apple Grove facility and that movement could be managed to ensure that all M&G PET cars are washed as necessary at the off-site locations M&G uses currently. Second, even if M&G decided that it wished to use the same rail cars for storage rather than rotating its car stock, it could still maintain its existing car washing arrangements and send those cars to be washed periodically as needed.

Here again, M&G has failed to present evidence sufficient to carry its burden of showing that the cost of installing and operating car washing facilities would be necessary to allow it to conduct truck transloading and shipment of truck competitive traffic at the Apple Grove facility. Because M&G has failed to meet its burden of proof, the Board should reject the additional car washing facility costs included in M&G's proposal.

[14] M&G independently might determine that it could realize savings over time by investing in on-site car-washing capability. However, any such cost-benefit analysis and decision would be entirely independent of whether M&G shifted some of the issue traffic

Second, M&G asserts, again without any further support or explanation, that it would be required to acquire two additional locomotives to perform switching associated with additional truck transloading. *See id.* However, M&G already uses {{ }} locomotives for switching at the plant, and the additional switching required to accommodate increased truck transloading can be accomplished by those {{ }} locomotives. For example, M&G could accomplish all of the additional truck transloading required to shift all complaint lane traffic to truck with only {{ }} per loading position per day.[15]

Thus, M&G could readily achieve the switching required to transload the truck-competitive issue traffic using its {{ }} existing locomotives. Therefore, there would be no need for M&G to purchase two additional locomotives to significantly expand its truck transloading volume at Apple Grove. Using M&G's estimate, elimination of the purchase of additional locomotives would reduce the cost of its transloading proposal by {{ }}.

Third, M&G substantially overstates the number of truck scales that would be needed to allow the transloading of truck-competitive movements. As CSXT demonstrated above, two scales would be sufficient for the contemplated volume of transloading. *See supra* at 2-3. As discussed above, CSXT's sister company CSX TRANSFLO, routinely loads over {{ }} trucks per day at its truck transloading facilities that use only one scale, and CSX TRANSFLO's Elizabeth, New Jersey terminal, which has two truck scales, has handled as many as {{ }} truck loads in a single day. *See supra* at 3. M&G, however, proposes to install eight new truck

[15] There are currently {{ }} rail car spots available for transloading. As explained above, even using very conservative assumptions, rail cars in each of those spots could be fully transloaded to 4 trucks each over the course of 12 hours. Locomotives would be required to switch each of the {{ }} rail cars (likely moving blocks of cars from each of the four tracks with transloading spots at the same time when truck transloading is completed) only once a day (replacing an unloaded car with a loaded car). {{ }} locomotives could easily accomplish this {{ }} switch of {{ }} cars over the course of 12 hours.

scales (resulting in a total of nine truck scales at the facility – 4 ½ times the number needed to process a similar volume of trucks at a Transflo facility), for approximately {{ }}. *See* M&G Opening at II-B-42.[16] Once again, M&G provides no explanation or support for its wildly exaggerated estimate of the capital equipment necessary to facilitate the expanded truck transloading required to shift to truck the truck-competitive issue traffic.[17]

Fourth, M&G assumes it would be spend an additional {{ }} to construct and pave new roads and parking lots at the facility. Significantly, M&G does not state that construction of a "large paved truck parking and staging area" or the additional ingress and egress roads it proposes are essential to allow additional transloading, but rather that they would "ease the ingress and egress" of trucks and allow loaded trucks "to more quickly and easily exit the '66 side' transload area." M&G MD Open. at II-B-40.[18] It may be that such additional roads and parking areas could make the transloading process somewhat easier, but such additional staging is more a luxury than a necessity. Based on the experience of ViaRail and Transflo, paved roads and parking lots are simply not necessary for a truck transloading facility. Moreover, in the opinion of CSXT expert Mr. Guido, the existing roads and parking area are sufficient to accommodate the additional truck transloading activity at Apple Grove. In the substantial experience of Mr. Guido and his company in developing truck transloading facilities, truck storage space is rarely included at such facilities. Typically, such facilities include truck staging areas, but not additional parking or roads. The only additional capital investment in

[16] Even assuming that M&G would decide to install a second scale, such a scale would cost, at most, $128,000. Thus, M&G's scale cost estimate is overstated by at least {{ }}.

[17] As discussed below, M&G appears also to have overstated the unit cost of a truck scale by approximately 50 percent. *See infra* at 14-15.

[18] M&G asserts that another new road would be "needed" to access the "new parking and staging area on the '55 side'," but CSXT's experts have determined that such a new parking/staging area would not be necessary.

staging area necessary to accommodate the loading of trucks sufficient to divert truck competitive traffic at the Apple Grove facility is the installation of truck staging pads for 25 trucks, at a cost of approximately $100,000 before contingencies. *See* CSXT Reply Ex. II-B-37 and Guido workpapers.[19]

M&G's proposal thus overestimates the cost of necessary new roads and staging areas by approximately {{ }} (M&G's proposed parking, roads and staging area cost estimate, less the cost of truck staging pads proposed by CSXT).

Finally, M&G assumes it would need to construct an additional guardhouse to "handle the increase in truck" traffic at the facility. M&G Opening at II-B-40. Because M&G devotes only one sentence to this assumption, it is difficult to determine why it believes an additional guardhouse would be necessary to handle additional truck traffic. It may be however, that M&G believes such a guardhouse is necessitated by the additional ingress and egress roads it assumes would be constructed. As CSXT explains above, such additional roads are not necessary. In any event, M&G has not demonstrated that an additional guardhouse would be necessary, and CSXT's experts believe no new guardhouse would be needed. Elimination of the unnecessary guardhouse reduces M&G's pre-contingencies capital expenditures proposal by {{ }}.

Taken together, the five categories of unnecessary capital expenditures described above account for approximately {{ }}in excess capital costs included in M&G's transloading cost estimate. When multiplied by M&G's several additives (totaling {{ }}

[19] The estimate proffered by M&G also significantly overstates the cost of additional fencing. Yet again, M&G offers no textual explanation of the reason it believes it would need {{ }} worth of "relocated and/or new fencing." M&G Opening at II-B-42. A likely explanation, however, is that M&G assumes it would need to construct additional fencing around its proposed new parking and staging areas. Because CSXT has determined that such additional parking and staging areas are largely unnecessary, it estimates the cost of additional fencing would be $37,600, or {{ }} than M&G's estimate. *See* CSXT Reply Ex. II-B-37.

percent), the resulting overstatement of necessary expenses is more than {{ }}. This overstatement does not take into account M&G's overstatement of unit costs for certain items, described in the following section.

C. M&G Overestimates the Costs of Lighting that Would Be Required to Allow Truck Transloading for 24 Hours a Day.

M&G substantially overstates the cost of additional lighting, assuming it would install 115-foot light towers at a cost of {{ }} each. According to CSXT's experts ViaRail and Transflo, such expensive light towers are not typically used at transloading facilities. Rather, in the experience of Mr. Guido and ViaRail, transloading facilities generally use standard 30- or 40-foot light poles with 400 watt fixtures, not massive 115-foot towers. *See* CSXT Reply Ex. II-B-37. Proper spacing of an appropriate number of 30-foot light poles ensures the proper level of illumination for truck transloading activities. CSXT proposes to use the same number of lighting towers as M&G at a substantially lower unit cost of approximately $5,000 each. *See id.* In the opinion of Mr. Guido, the type of lights proposed by CSXT – the kind typically used at transload facilities – would be sufficient to allow safe, efficient truck transloading at the Apple Grove facility.[20] M&G's use of an over-engineered and unnecessarily expensive lighting system results in a further capital cost overstatement of approximately {{ }}.

Finally, M&G appears to have misstated its cost of truck scales, either in its discovery responses, or in its market dominance evidence. In response to CSXT's discovery inquiry, M&G stated that, in 2008, it installed a truck scale at a cost of {{ }}. *See* M&G Response to CSXT Interrogatory No. 54, CSXT Reply Exhibit II-B-13. In its evidentiary submission in its

[20] Larger and higher lighting towers are more suited for large rail classification yards, but generally are not used for rail-truck transloading facilities.

market dominance evidence, however, it represented that scale cost as {{ }} or {{ }} than it had stated in discovery. This difference is difficult to reconcile, as M&G stated in its evidence that the {{ }} "unit cost represents the actual price paid by M&G for a truck scale in 2008." M&G Opening at II-B-42. This is the very same year (and presumably the same scale) that M&G's discovery responses indicated it purchased a truck scale for {{ }}.[21] If M&G's actual truck scale cost was {{ }} as it represented to CSXT in discovery, then it should be required to use that cost (perhaps adjusted for inflation by an appropriate index) in its market dominance evidence.

Taken together, M&G's overstatement of capital expenditures demonstrated in this section totals approximately {{ }}, or approximately 97 percent of M&G's total proffered capital cost estimate. This consists of the sum of unnecessary track construction {{ }}; several major unnecessary expenditures for items including installation of a car washing facility, purchase of unneeded locomotives, and at least seven extra truck scales {{ }}; overstatement of lighting costs {{ }}; and apparent overstatement of M&G's own cost of a truck scale {{ }}. However, it bears repeating that M&G currently has the capacity to transload all Apple-Grove-originating complaint lane traffic volume in 2010 by truck, without *any* new capital expenditures.

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[21] {{ }} *See* CSXT Reply. Ex. II-B-13 at Ex. 1 p. 3. Because there is already a scale in place at the Apple Grove facility today, there would be no need for M&G to rent a temporary substitute scale while it constructed an additional scale to facilitate increased truck transloading.

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