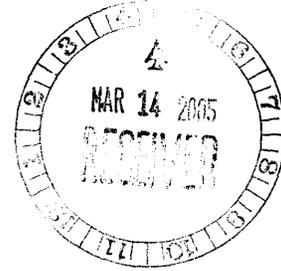


213549

March 14, 2005

Via Hand Delivery

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K St. N.W.
Washington, D.C. 20423



RE: STB Docket No. 42071, *Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company*

Dear Secretary Williams:

Please find enclosed for filing the original and ten (10) copies of an Errata to Complainant's Supplemental Evidence in Response to the Board's December 13, 2004 Order in the above referenced proceeding. Also enclosed are three (3) compact disks containing the electronic version of the written text in WordPerfect, electronic version of the exhibits and workpapers in either Lotus format or Excel format. **Please note that the electronic exhibits and workpapers are HIGHLY CONFIDENTIAL.**

This Errata consists of complete narratives for Sections III-B, III-C, III-D, III-F, and III-H. Although tables in all of these sections have been modified, Otter Tail has made changes to the narrative text only in the following sections:

III.B.1.	III.C.3.
III.C.2.d.i.	III.F. (introduction)
III.C.2.h. (new section)	III.F.1.

In addition, Otter Tail has used bold-face type for all numbers that have changed in tables throughout the Errata.

An extra copy of this filing is enclosed for stamping and returning to our offices. Should you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

Sincerely,

Nicholas J. DiMichael
Jeffrey O. Moreno
Counsel for Complainant

cc: Counsel for Defendant

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213549

BEFORE THE
SURFACE TRANSPORTATION BOARD



_____))
 OTTER TAIL POWER COMPANY,))
))
 Complainant,))
))
 v.))
))
 BNSF RAILWAY COMPANY,))
))
 Defendant.))
 _____)

Docket No. 42071

ERRATA TO
COMPLAINANT'S SUPPLEMENTAL EVIDENCE
IN RESPONSE TO THE BOARD'S DECEMBER 13, 2004 ORDER

ENTERED
Office of the Clerk

MAR 14 2005

Washington, DC

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Dated: March 14, 2005

III-B

Stand-Alone Railroad System

III-B. STAND-ALONE RAILROAD SYSTEM

On Rebuttal, Otter Tail presented its stand-alone railroad system, the OTRR, for its base case and its alternative case. As discussed in Section III-A, *supra*, the STB, on December 13, 2004, issued a decision requesting that Otter Tail file supplemental evidence using the RTC Model and demonstrating the impact of eliminating rerouted non-coal traffic between Fargo, ND and Snowden, MT. The STB also issued a decision on February 18, 2005 providing further instructions as to the content of the supplemental evidence. In complying with the STB's two decisions, Otter Tail has developed the two previously-described presentations: (1) RTC Base Case - Exclusions; and (2) RTC Alternative Case - Exclusions. The changes to the OTRR system necessitated by the STB's decisions are discussed below.

1. Route and Mileage

Otter Tail discussed the route miles of the OTRR for its base case and alternative case at pages III-B-4 to III-B-7 of its Rebuttal Evidence. On Rebuttal, the route miles of the OTRR equaled 1,283.84 for both the base case and the alternative case. For the RTC Base Case - Exclusions and RTC Alternative Case - Exclusions, there are two changes in the route miles of the OTRR. First, the Glendive to Snowden branch (78.64 route miles) has been eliminated. Second, in order for the RTC model to run, it was necessary to add a second southbound mine spur at the North Antelope/Rochelle complex (2.48 route miles). These changes reduce the OTRR's configuration to 1,207.68 route miles for the two exclusion scenarios.

2. Track Miles

Otter Tail discussed main line and branch line track miles at pages III-B-7 to III-B-11 of its Rebuttal Evidence. The Rebuttal facility plan for the OTRR was contained in Exhibit III-B-2.

For the RTC Base Case - Exclusions and RTC Alternative Case - Exclusions, all of the track and associated infrastructure between Glendive and Snowden were eliminated. In addition, many miles of double track/passing sidings were removed between Glendive and Fargo due to the elimination of the rerouted non-coal traffic. Otter Tail has used the same facility plan for both the RTC Base Case-Exclusions and the RTC Alternative Case- Exclusions. Otter Tail has included Exhibit III-B-3 in its Supplemental electronic workpapers which identifies added track in green and deleted track in orange.¹ Table III-B-6 below² compares the main track miles for the two supplemental cases to the main track miles filed in Otter Tail's Rebuttal base and alternative cases.³

<u>Item</u> (1)	<u>Rebuttal Base Case</u> (2)	<u>Rebuttal Alternative Case</u> (3)	<u>RTC Base & RTC Alternative Case - Exclusions</u> (4)
1. Single track miles	1,283.84	1,283.84	1,207.68
2. Double track/passing siding miles	<u>398.89</u>	<u>406.89</u>	<u>277.32</u>
3. Total main track miles	1,682.73	1,690.73	1,485.00

¹ See Supplemental electronic workpaper "otrr diagrams Rebuttal XGF.vsd" contained in the III-B folder in the "OTP Reb XGF" directory. The trackage shown in green indicates trackage that was added to the OTRR's Rebuttal facility plan in order for the RTC Model to run. The trackage shown in orange indicates trackage that was included in the OTRR's Rebuttal facility plan but was not needed for the RTC Model to run.

² Tables III-B-1 through III-B-3 were included in Otter Tail's June 13, 2003 Opening Narrative and Tables III-B-4 through III-B-5 were included in Otter Tail's April 29, 2004 Rebuttal Narrative.

³ The details supporting the OTRR main track miles for the two Rebuttal scenarios were included in Otter Tail's April 29, 2004 Rebuttal electronic workpapers as follows: (1) Rebuttal Base Case - "OTRR GRADING Rebuttal.xls" (tab "IIIF Miles") contained in the III-F-2 folder in the "OTP Rebuttal" directory; and (2) Rebuttal Alternative Case - "OTRR GRADING Rebuttal.xls" (tab "IIIF Miles") contained in the III-F-2 folder under the "Alternative" folder in the "OTP Rebuttal" directory. The details supporting the OTRR main track miles for the two Supplemental scenarios are included in Otter Tail's March 1, 2005 Supplemental electronic workpapers as follows: (1) RTC Base Case - Exclusions - "OTRR GRADING Rebuttal XGF.xls" (tab "IIIF Miles") contained in the III-F-2 folder in the "OTP Reb XGF" directory; and (2) RTC Alternative Case - Exclusions - "OTRR GRADING Rebuttal XGF.xls" (tab "IIIF Miles") contained in the III-F-2 folder under the "Alternative" folder in the "OTP Reb XGF" directory.

3. Yard and Other Track Miles

Otter Tail discussed yard and other (set-out) track miles for its base case and alternative case at pages III-B-11 to III-B-20 of its Rebuttal Evidence. For the RTC Base Case - Exclusions and RTC Alternative Case - Exclusions, there were reductions to the yard track miles. Specifically, the Snowden Yard was eliminated, the number of tracks in the Glendive Yard and Fargo Yard were reduced because of the fewer number of trains, and the yard tracks used for I&I switching in Fargo Yard were eliminated because the traffic requiring the I&I switching is not handled by the OTRR under these scenarios. The reduction in double track/passing siding miles resulted in a decrease in the set-out track miles to reflect locations where four set-out tracks (in double track locations) were replaced by two set-out tracks (in single track locations). Table III-B-7 below compares the yard and other (set-out) track miles for all the cases.⁴

⁴ The details supporting the OTRR yard and other track miles for the two Rebuttal scenarios were included in Otter Tail's April 29, 2004 Rebuttal electronic workpapers as follows: (1) Rebuttal Base Case - "OTRR GRADING Rebuttal.xls" (tabs "IIIF Miles" and "IIIF_22 Yards") contained in the III-F-2 folder in the "OTP Rebuttal" directory; and (2) Rebuttal Alternative Case - "OTRR GRADING Rebuttal.xls" (tabs "IIIF Miles" and "IIIF_22 Yards") contained in the III-F-2 folder under the "Alternative" folder in the "OTP Rebuttal" directory. The details supporting the OTRR yard and other track miles for the two Supplemental scenarios are included in Otter Tail's March 1, 2005 Supplemental electronic workpapers as follows: (1) RTC Base Case - Exclusions - "OTRR GRADING Rebuttal XGF.xls" (tabs "IIIF Miles" and "IIIF_22 Yards") contained in the III-F-2 folder in the "OTP Reb XGF" directory; and (2) RTC Alternative Case - Exclusions - "OTRR GRADING Rebuttal XGF.xls" (tabs "IIIF Miles" and "IIIF_22 Yards") contained in the III-F-2 folder under the "Alternative" folder in the "OTP Reb XGF" directory.

Table III-B-7
Comparison of OTRR Yard and Other Track Miles

<u>Item</u> (1)	<u>Rebuttal Base Case</u> (2)	<u>Rebuttal Alternative Case</u> (3)	<u>RTC Base & RTC Alternative Case - Exclusions</u> (4)
1. Yard track miles	86.13	86.13	66.72
2. Other (set-out) track miles	<u>12.05</u>	<u>12.27</u>	<u>11.14</u>
3. Total yard and other track miles	98.18	98.40	77.86

III-C
Operating Plan

III-C. OPERATING PLAN

As stated in Section III-A., the STB directed Otter Tail to submit supplemental evidence showing the effect of excluding the rerouted non-coal traffic from its traffic group. In addition, the STB stated, "If it wishes, Otter Tail may submit its evidence based on the Rail Traffic Controller model used by BNSF, in lieu of its string model." December 13, 2004 Decision at 3. As stated previously, Otter Tail has chosen to submit its supplemental evidence using the RTC model. This section of Otter Tail's supplemental evidence provides the detail of the application of the RTC model to the OTRR traffic group for the RTC Base Case – Exclusions and the RTC Alternative Case – Exclusions.

1. General Parameters

Otter Tail discussed the general parameters of the OTRR at pages III-C-3 to III-C-17 of its Rebuttal evidence. Otter Tail continues to use these same general parameters in its supplemental evidence using the RTC model.

2. Capacity and Cycle Time

As Otter Tail addressed in its Rebuttal evidence, BNSF failed to use the RTC model to simulate operations over the complete OTRR system. Instead, BNSF chose to model only the OTRR segments between Converse and Oriva, Wyoming and between Glendive, Montana and Fargo, North Dakota.¹ By contrast, Otter Tail's supplemental evidence is based on the RTC model to simulate operations over the complete OTRR system.

In using the RTC model, Otter Tail accepted, as a starting point, the OTRR infrastructure

¹ BNSF also used the RTC model to determine transit times for one train on the OTRR system from Fargo to Big Stone, South Dakota, but as BNSF did not model all of the trains operating over this segment in its peak period, its analysis is incomplete.

contained in BNSF's version of the RTC model for the Converse to Oriva and the Glendive to Fargo segments modeled by BNSF. In addition, Otter Tail followed much of BNSF's RTC modeling assumptions in developing and running trains through the RTC model in the simulation period. Each of Otter Tail's RTC modeling assumptions and the differences between Otter Tail's assumptions and those of BNSF are discussed below.

a. Peak-Period

In Otter Tail's Opening and Rebuttal evidence, the peak operating day was determined to be October 18, 2021 because this day has the highest number of trains that are dispatched from the mines served by the OTRR. Otter Tail's Opening and Rebuttal simulations used an eight day model period, which commenced on October 11 and finished on October 18, the peak day.

In contrast, BNSF selected a peak period of November 14 to November 27, 2021 because this period has the greatest number of trains traversing the Glendive to Fargo line segment. In using the RTC model, BNSF simulated trains moving from November 15 through November 25, which includes a two day warm-up period, a seven day modeling period to calculate average transit times, and a two day cool down period.

Otter Tail has accepted BNSF's use of a warm-up period, a seven day modeling period to calculate average transit times and other operating statistics, and a cool down period. In using the RTC model, Otter Tail simulated trains running from October 8 to October 23, 2021. This includes a four day warm-up period, a seven day modeling period (October 12 to October 18), and a four day cool down period.

Otter Tail believes that the BNSF's selection of the peak week based on the Glendive to Fargo segment is incorrect because it has a far lower density than the PRB, especially when the rerouted

non-coal traffic is removed from the OTRR traffic group.

b. Coal Train Cycles

In Otter Tail's Opening and Rebuttal evidence, coal train cycles in the String model began with the dispatch of loaded coal trains from a mine served by the OTRR.

In contrast, BNSF began coal train cycles when the empty coal trains arrived on the OTRR system. BNSF's empty trains then traveled to their origin mines, where BNSF linked the empty trains with loaded coal trains. The loaded coal trains were then dispatched by the RTC model from the mines and traveled to their off-SARR location completing the OTRR train cycle.

In applying the RTC model, Otter Tail accepts BNSF's train cycle methodology. Coal train cycles now begin when empty coal trains enter the OTRR system and link with loaded coal trains at the OTRR served mines.

c. Linking Loaded and Empty Coal Trains at OTRR Served Mines

In using the RTC model, BNSF identified empty coal trains entering the SARR system from its revenue and train movement files. The RTC model moved these empty trains to the origin mines where they were loaded and dispatched by the RTC model from the origin mine back to the same interchange location where the empty train entered the OTRR system.

In both of Otter Tail's RTC scenarios presented herein, the RTC model moved empty trains to the OTRR served mines during the study period. The empty trains were linked to the subsequent loaded train, which the RTC model dispatched after loading, and traveled over the same route the train followed in the real world.² Otter Tail's method of linking empty trains to loaded trains is

² BNSF did not provide data in discovery that linked loaded and empty trains at the mines. The linking process used by Otter Tail is described in Supplemental electronic workpaper "RTC Coal Train List.xls".

superior to BNSF's method because Otter Tail is modeling the actual routing of both loaded and empties, whereas BNSF does not model the actual route of the loaded train. BNSF's method assumes that all loaded trains exit the OTRR system at the same location that the actual empty entered the OTRR system regardless of the actual route of movement. For example, BNSF assumes that an empty train that enters the system at Converse will leave the system at Converse as a loaded train even though the actual loaded train may have traveled to Fargo to exit the system.

d. Empty Coal Train On-SARR Arrival Times

i. Actual trains

In using the RTC model, BNSF identified from its train event files the time an empty train arrived at an OTRR-BNSF interchange station, and used this as the on-SARR time for the empty coal train. In Otter Tail's RTC simulation, it adopted BNSF's approach and began evaluating the movement of the empty trains on the day and time it arrived at the on-SARR station, i.e., Otter Tail identified the day and time an empty coal train arrived at an OTRR – BNSF interchange station from BNSF train event data provided in discovery.

BNSF has two exceptions to this general rule for the assignment of on-SARR arrival times for coal trains. First, BNSF's train event files do not list Converse as an event location. The closest event location at which BNSF's files report this information is Bill, WY. To develop estimated Converse arrival times, BNSF subtracted an average of nine (9) minutes from the each train's Bill event time to develop a Converse arrival time. Otter Tail has accepted BNSF's methodology for estimating on-SARR arrival times for trains at Converse Yard.

Second, BNSF did not model all segments of the OTRR system. BNSF's omission included the Fargo to Benson line segment, and, therefore, BNSF did not develop on-SARR times for empty

trains at Benson. Because Otter Tail has modeled the entire OTRR system, it could not ignore on-SARR arrival times for empty trains at Benson. However, BNSF did not provide train event data for the stations in Minnesota, and therefore it was not possible to develop on-SARR times for empty coal trains at Benson using BNSF train event data. Instead, Otter Tail identified empty coal train arrival times at Fargo, ND, and reduced them by 5.59 hours to represent the Benson empty arrival times. The 5.59 hours was developed by BNSF in its Reply evidence, and is the 2002 weighted average train times between Fargo and Benson.

ii. Year 2021 New Trains and Growth Trains

For new trains and growth trains that do not have real world counterparts from the 2002 base year, BNSF identified the days the new trains were to be added, and then assigned on-SARR times using a random number generator. In contrast, Otter Tail developed on-SARR arrival times for these trains by first identifying the mine dispatch time for the new and growth loaded coal trains used in Otter Tail's Rebuttal evidence. Next, Otter Tail developed average real-world transit times between the on-SARR interchange stations and the origin mines from BNSF train event data and subtracted from the growth trains' and new trains' mine dispatch times to estimate the on-SARR arrival time for the new and growth trains' preceding empty movements.

Otter Tail's method of assigning new and growth trains to the system is preferable to BNSF's method because it adds trains only when time slots are available at the mines for loading the trains, rather than randomly adding empty trains at interchange locations.

e. Simulation Period

In Otter Tail's Opening and Rebuttal evidence, the simulation study period ran from October 11 to October 18, which consisted of a seven (7) day warm-up period to allow loaded and empty

trains to begin cycling over the SARR network, and a one (1) day peak period. In BNSF's RTC modeling of portions of the OTRR, the simulation period ran from November 15 to November 25, and consisted of a two-day warm-up period, a one-week peak modeling period on which to base capacity recommendations and transit times, and a two-day cool-down period.

When running the RTC model for the two scenarios, Otter Tail has extended the simulation period to a 15 day period running from October 8 to October 23. As explained in Section III.C.2.b, supra, the train cycles in Otter Tail's RTC simulation begin with an empty coal train entering the SARR system. This required expanding the study period to identify the empty trains that would reach the SARR mines on October 12 (the first day of the seven day study period) to meet their corresponding loaded trains. In addition, Otter Tail adopted BNSF's two-day cool-down period to gather operating statistics for empty coal trains that are entering the SARR on the peak operating day of October 18, but would not reach mines until after the peak operating day.

f. Dwell Times

Otter Tail continues to use the same operational dwell times in yards for inspections, fueling, crew changes and interchanges as used in its Rebuttal evidence. These times are included as inputs to the RTC model for each alternative.

g. Other

In Rebuttal, at pages III-B-27 to III-B-29, Otter Tail pointed to several assumptions in BNSF's RTC model that produce erroneous results. These include, for example, trains in BNSF's RTC model that instantaneously stop and start on the Glendive to Fargo segment. As shown in Otter Tail's Rebuttal, a train that is moving at 58.9 miles per hour at one node has come to a full stop at the next node just one minute and 33 seconds later. The same train is then traveling at 58.91 miles

per hour only three seconds after it had been at a full stop. Otter Tail's RTC simulation does not contain these unrealistic changes in speed.

Otter Tail also showed that BNSF's RTC model contains inconsistent elevations for Moorhead Junction in its RTC simulations of the Snowden to Fargo segment and the Big Stone to Fargo segment. Because Otter Tail modeled the entire OTRR system rather than only portions of the OTRR system, its RTC simulation does not contain these inconsistencies.

h. Errata Issues

In its March 1, 2005 transmittal letter to its Supplemental evidence, Otter Tail indicated that it encountered a program error in the RTC model, whereby the program forced a series of trains into an unending loop. The software vendor, Berkeley Simulation, was immediately notified and on February 27, 2005 two days prior to the due date of this Supplemental evidence, Otter Tail was provided a new version of the RTC model. As explained in its transmittal letter, Otter Tail discovered the program error when making three adjustments to the RTC model. These adjustments have now been made and are the basis for Otter Tail's errata to its March 1, 2005 Supplemental evidence. Each of these adjustments are discussed below.

i. On SARR Arrival Times

Otter Tail has made minor adjustments to the on-SARR arrival times for empty coal trains entering the OTRR system during the simulation period to reflect the actual on-SARR day and time reflected in BNSF's train event data provided in discovery. As stated in section III-C.2.d.i., using the actual on-SARR times for empty coal trains entering the system is consistent with BNSF's use of the RTC model.

ii. Adhesion Factor

Otter Tail has adjusted the adhesion factors used in the RTC model on 18 trains from a setting of 10, representing perfect track conditions, to a setting of 5, representing average track conditions. In addition, the adhesion factor on all other trains has been adjusted from a factor of 7 to a factor of 5. Use of an adhesion factor of 5 is consistent with that used by BNSF in the RTC simulation in its Reply and Supplemental Reply evidence.

iii. Switch Alignment

Otter Tail has corrected the alignment of two switches in the RTC model. One switch is located at the Cordero mine and the other switch is located at the Black Thunder mine. The misaligned switches did not cause a fatal error when running the RTC model but did cause a number of diagnostic error messages to be reported.

3. Number of Locomotives

In Otter Tail's Opening and Rebuttal evidence, the number of SD70MAC road locomotives in coal service and the number of C44-9 road locomotives in non-coal service were derived from the number of locomotive unit hours that were output from the String model. In this supplemental evidence, the number of road locomotives has been determined from the train hours produced by the RTC simulation model and has been increased by the same spare margin and peaking factors used in Otter Tail's Rebuttal evidence.

The number of helper locomotives in Otter Tail's Opening and Rebuttal evidence was based on the number of trains helped on the peak day in the String model simulation. The RTC Model does not provide as an output, the number of helper units required during the peak period. In this supplemental evidence, Otter Tail accepts BNSF's helper unit consists, as discussed in its Reply at

pages III-C-15 to III-C-17, at all locations except Glendive and Fryburg.³ As fully explained in Otter Tail's Rebuttal at pages III-C-12 to III-C-15, the Glendive to Fryburg helper service is not required.

Finally, when the rerouted non-coal traffic is excluded, the traffic that received I&I switching at Fargo yard is no longer handled by the OTRR.⁴ Therefore, the two SD40 switch locomotives assigned to the Fargo yard to perform I&I switching service are no longer needed.

Table III-C-6,⁵ below, compares the number of SD70MAC, C44-9 and SD40 locomotives included in Otter Tail's Rebuttal evidence to the number of locomotives needed when using the RTC model and excluding the rerouted non-coal traffic for the two RTC scenarios presented in this supplemental evidence.⁶

³ It should be noted that in running the RTC model, Otter Tail begins the Belle Ayr helper service 1.5 miles south of Belle Ayr junction where this service began in Otter Tail's Opening Rebuttal evidence. The starting point for the Belle Ayr helper service was adjusted in order to prevent loaded coal trains from stalling.

⁴ In BNSF's October 8, 2003 Reply Evidence, the OTRR performs this I&I switching at Glendive.

⁵ Tables III-C-1 to III-C-4 are included in Otter Tail's Opening Evidence and Table III-C-5 appears in Otter Tail's Rebuttal Evidence.

⁶ The detail supporting the OTRR locomotive requirements for the two Rebuttal scenarios were included in Otter Tail's April 29, 2004 Rebuttal electronic workpapers as follows: 1) Rebuttal Base Case - "Exhibit III-C-3.123" contained in the "III-C" folder in the "OTP Rebuttal directory; and 2) Rebuttal Alternative Case - "Exhibit III-C-3.123" contained in the III-C folder under the "Alternative" folder in the "OTP Rebuttal" directory. The details supporting the OTRR locomotive requirements for the two supplemental scenarios are included in Otter Tail's March 1, 2005 Supplemental electronic workpapers as follow: 1) RTC Base Case - Exclusions - "Service Units_XGF.123" contained in the III-C folder in the "OTP Reb XGF" directory; and 2) RTC Alternative Case - Exclusions - "Service Units_XGF.123" contained in the III-C folder under the "Alternative" folder in the "OTP REB XGF" directory.

Table III-C-6
Comparison of OTRR Locomotive Units

<u>Scenario</u>	<u>Road Locomotives</u>			<u>SD40 Switch</u>
	<u>SD70MAC</u>	<u>C44-9</u>	<u>SD70 Helper</u>	
(1)	(2)	(3)	(4)	(5)
1. Rebuttal Base Case	120	47	21	6
2. Rebuttal Alternative Case	131	47	21	6
3. RTC Base Case – Exclusions	128	15	11	4
4. RTC Alternative Case – Exclusions	139	15	11	4

4. Railcars

In Otter Tail’s Opening and Rebuttal evidence, the number of railcars the OTRR provides for coal service was derived from the number of car hours for railroad-provided equipment that were output from the String model. In this supplemental evidence, the number of railcars in coal service provided by the OTRR are determined from the coal car hours produced by the RTC model for railroad-provided equipment. The number of coal cars is then increased to reflect the same spare margin and peaking factors used in Otter Tail’s Rebuttal evidence. Table III-C-7, below, compares the number of OTRR provided coal railcars in Otter Tail’s Rebuttal evidence to the car requirements produced when using the RTC model after excluding the rerouted non-coal traffic for the two RTC scenarios presented in this supplemental evidence.⁷

⁷ The detail supporting the OTRR car requirements for the two Rebuttal scenarios were included in Otter Tail’s April 29, 2004 Rebuttal electronic workpapers as follows: 1) Rebuttal Base Case – “Exhibit III-C-3.123” contained in the “III-C” folder in the “OTP Rebuttal” directory; and 2) Rebuttal Alternative Case – “Exhibit III-C-3.123” contained in the III-C folder under the “Alternative” folder in the “OTP Rebuttal” directory. The details supporting the OTRR car requirements for the two supplemental scenarios are included in Otter Tail’s March 1, 2005 Supplemental electronic workpapers as follow: 1) RTC Base Case – Exclusions – “Service Units_XGF.123” contained in the III-C folder in the “OTP Reb XGF” directory; and 2) RTC Alternative Case – Exclusions – “Service Units_XGF.123” contained in the III-C folder under the “Alternative” folder in the “OTP REB XGF” directory.

Table III-C-7
Comparison of OTRR Provided Coal Railcars

<u>Scenario</u> (1)	<u>Coal Cars</u> (4)
1. Rebuttal Base Case	643
2. Rebuttal Alternative Case	644
3. RTC Base Case – Exclusions	697
4. RTC Alternative Case – Exclusions	708

5. Other

In the String model simulation contained in Otter Tail’s Rebuttal, all empty coal trains moving through Donkey Creek were inspected at Donkey Creek, including those empty coal trains that had been received in interchange at Benson and Fargo and which were inspected in Glendive. The second inspection of empty coal trains at Donkey Creek, which previously had occurred at Glendive, was an inadvertent error that has been corrected in the RTC simulation. Otter Tail’s inspection of empty coal trains at Donkey Creek is consistent with BNSF’s inspection of empty coal train in its RTC simulation.

III-D
Operating Expenses

III-D. OPERATING EXPENSES

As stated in Section III-A., the STB, in the December 13, 2004 and February 18, 2005 decisions, directed Otter Tail to submit supplemental evidence showing the effect of excluding the rerouted non-coal traffic from its traffic group. As stated previously, at the Board's invitation, Otter Tail has chosen to submit its supplemental evidence using the RTC model.

This section of Otter Tail's supplemental evidence demonstrates the effect of applying the RTC model after excluding the rerouted non-coal traffic from the OTRR 2002 base year operating expenses for the Base Case and the Alternative Case. Table III-D-33,¹ below, summarizes the 2002 base year operating expenses for Otter Tail's Rebuttal Base Case and Rebuttal Alternative Case and the 2002 operating expenses for these two scenarios when using the RTC model after excluding the rerouted non-coal traffic.²

¹ Table III-D-1 through Table III-D-9 appear in Otter Tail's Opening evidence and Table III-D-10 through Table III-D32 appear in Otter Tail's Rebuttal evidence.

² The detail supporting the OTRR operating expenses for each scenario are contained in Otter Tail's electronic workpapers as follows: Rebuttal Base Case – Rebuttal electronic workpaper "Otter Tail Opr_Reb.123"; Rebuttal Alternative Case – Rebuttal electronic workpaper "Otter Tail Opr_Reb_Alt.123"; RTC Base Case – Exclusions – Supplemental Rebuttal electronic workpaper "Otter Tail Opr_Reb_XGF.123"; RTC Alternative Case – Exclusions – Supplemental Rebuttal electronic workpaper "Otter Tail Opr_Reb_Alt_XGF.123".

Table III-D-33
Comparison of OTRR 2002 Base Year Operating Expense

Alternative (1)	2002 Operating Expense (millions) (2)
1. Rebuttal Base Case	\$241.85
2. Rebuttal Alternative Case	\$245.77
3. RTC Base Case – Exclusions	\$184.59
4. RTC Alternative Case – Exclusions	\$189.17

1. Locomotives

a. Locomotive Lease Expense

Locomotive lease expense is discussed at pages III-D-4 through III-D-7 of Otter Tail’s Rebuttal evidence. As discussed in Section III-C., the number of locomotives to be leased by the OTRR changes with the application of the RTC simulation model to Otter Tail’s Base Case and Alternative Case after the exclusion of the rerouted non-coal traffic.

In this supplemental evidence, Otter Tail continues to use the same lease cost per locomotive by locomotive type as used in its Rebuttal evidence. Table III-D-34, below, shows the 2002 base year locomotive lease expense for the OTRR from Otter Tail’s Rebuttal Base Case and Rebuttal Alternative Case and for the same two scenarios based on the RTC model after excluding the rerouted non-coal traffic.³

³ The detail supporting the OTRR locomotive lease costs for each scenario are contained in Otter Tail’s electronic workpapers as follows: Rebuttal Base Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb.123”; Rebuttal Alternative Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt.123”; RTC Base Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_XGF.123”; RTC Alternative Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt_XGF.123”.

Table III-D-34
Comparison of OTRR 2002 Base Year Locomotive Lease Expense

<u>Alternative</u>	<u>Road Locomotives</u>				<u>Lease Expense</u> (Millions)
	<u>SD70MAC</u>	<u>C44-9</u>	<u>Helper</u>	<u>Switch</u>	
(1)	(2)	(3)	(4)	(5)	(6)
1. Rebuttal Base Case	120	47	21	6	\$16.97
2. Rebuttal Alternative Case	131	47	21	6	\$18.00
3. RTC Base Case – Exclusions	128	15	11	4	\$14.32
4. RTC Alternative Case – Exclusions	139	15	11	4	\$15.35

b. Locomotive Maintenance Expense

Locomotive maintenance expense is discussed at pages III-D-8 through III-D-12 of Otter Tail’s Rebuttal evidence. Locomotive maintenance expense is a function of the number of locomotive units and the miles traveled by the locomotives. As shown in Table III-D-34 above, the number of locomotives changes with the application of the RTC simulation model after the exclusion of the rerouted non-coal traffic.

In addition, the number of locomotive unit miles changes when using the RTC model for both the RTC Base and the RTC Alternative Case for three reasons. First, the number of locomotive unit miles changes because the mix of trains during the simulation period changed when using the RTC model. As explained in Section III-C-2, in Otter Tail’s string model, coal train cycles began with the dispatch of loaded coal trains from an OTRR mine. Once the loaded trains reached the end of the OTRR system, empty coal trains were then created based on the time the loaded trains left the OTRR system, and their expected off-SARR transit and unloading times. Empty coal trains were then routed back to their origin mines. In applying the RTC model, however, Otter Tail, accepts

BNSF's RTC simulation methodology. Therefore, coal train cycles now begin when empty coal trains enter the OTRR system and are linked with loaded coal trains at the OTRR served mines.

Second, in Otter Tail's string model, the peak period consisted of the single day when the greatest number of trains were dispatched from mines in the PRB, i.e. October 18, 2021. When using the RTC model, however, Otter Tail adopts BNSF's approach of using a seven day peak period. In Otter Tail's RTC simulation, the peak week is October 12 to 18, 2021.

Third, the locomotive unit miles are reduced from Rebuttal because of the elimination of the rerouted non-coal traffic. For all of the above reasons, the average length of haul and the locomotive unit miles, for the trains in the peak period are different than those produced by the String model in Otter Tail's Rebuttal.

In this supplemental evidence, Otter Tail continues to use the same locomotive maintenance costs per LUM and per locomotive overhaul by locomotive type as used in Rebuttal. Table III-D-35, below, shows the 2002 base year locomotive maintenance expense for the OTRR for Otter Tail's Rebuttal Base Case and the Rebuttal Alternative Case and for these two scenarios when using the RTC model and excluding the rerouted non-coal traffic.⁴

⁴ The detail supporting the OTRR locomotive maintenance expense for each scenario are contained in Otter Tail's electronic workpapers as follows: Rebuttal Base Case – Rebuttal electronic workpaper "Otter Tail Opr_Reb.123"; Rebuttal Alternative Case – Rebuttal electronic workpaper "Otter Tail Opr_Reb_Alt.123"; RTC Base Case – Exclusions – Supplemental Rebuttal electronic workpaper "Otter Tail Opr_Reb_XGF.123"; RTC Alternative Case – Exclusions – Supplemental Rebuttal electronic workpaper "Otter Tail Opr_Reb_Alt_XGF.123".

Table III-D-35
Comparison of OTRR 2002 Locomotive Maintenance Expense

<u>Alternative</u>	<u>Locomotive Unit Miles</u> (millions)	<u>2002 Expense</u> (millions)
(1)	(2)	(3)
1. Rebuttal Base Case	31,535	\$19.87
2. Rebuttal Alternative Case	31,736	\$20.78
3. RTC Base Case – Exclusions	22,233	\$14.60
4. RTC Alternative Case – Exclusions	22,499	\$15.54

c. Locomotive Operating Expense

Locomotive operating expense is discussed at pages III-D-13 through III-D-18 of Otter Tail’s Rebuttal evidence. Locomotive operating expense is a function of the number of locomotive unit miles. The number of locomotive unit miles changes when using the RTC model for both the RTC Base and the RTC Alternative Case after the exclusion of rerouted non-coal traffic because there are fewer trains moving on the OTRR system. For example, fewer locomotive unit miles results in fewer gallons of fuel consumed, which in turn results in a reduction in locomotive operating expense.

In this supplemental evidence, Otter Tail continues to use the same locomotive servicing costs per LUM, the same fuel consumption rates per locomotive unit mile, and the same cost per gallon of fuel as used in Rebuttal. Table III-D-36, below, shows the 2002 base year locomotive operating expense for the OTRR for Otter Tail’s Rebuttal Base Case and the Rebuttal Alternative Case and for these two scenarios based on the RTC model after excluding the rerouted non-coal traffic.⁵

⁵ The detail supporting the OTRR locomotive operating costs for each scenario are contained in Otter Tail’s electronic workpapers as follows: Rebuttal Base Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb.123”; Rebuttal Alternative Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt.123”; RTC Base Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_XGF.123”; RTC Alternative Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt_XGF.123”.

Table III-D-36
Comparison of OTRR 2002 Locomotive Operating Expense

<u>Alternative</u>	<u>Locomotive</u> (millions)	<u>Gallons of Fuel</u> (millions)	<u>2002 Expense</u> (millions)
(1)	(2)	(4)	(3)
1. Rebuttal Base Case	31,535	103.148	\$78.25
2. Rebuttal Alternative Case	31,736	103.841	\$78.77
3. RTC Base Case – Exclusions	22,233	74.247	\$56.29
4. RTC Alternative Case – Exclusions	22,499	75.161	\$56.98

2. Railcars

As explained in Section III-C-4, the number of railcars that are provided by the OTRR to move coal are different based on the RTC simulation model for both the Base Case and the Alternative Case when the rerouted non-coal traffic is excluded. Non-coal railcar costs are a function of general freight car hours and general freight car miles. The general freight car costs also change when using the RTC simulation model for both the Base Case and the Alternative Case after the rerouted non-coal traffic is excluded.

The lease costs per car for coal cars and general freight cars used in this supplemental evidence are identical to those used in Otter Tail’s Rebuttal. Table III-D-37, below, shows the number of coal cars provided by the OTRR, the general freight car hours, the general freight car miles and the total freight car expenses for Otter Tail’s Rebuttal Base Case, the Rebuttal Alternative Case, and for both scenarios when using the RTC model excluding the rerouted non-coal traffic.⁶

⁶ The detail supporting the OTRR railcar costs for each scenario are contained in Otter Tail’s electronic workpapers as follows: Rebuttal Base Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb.123”; Rebuttal Alternative Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt.123”; RTC Base Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_XGF.123”; RTC Alternative Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt_XGF.123”.

Table III-D-37
Comparison of OTRR 2002 Base Year Freight Car Expense

<u>Alternative</u>	<u>Coal Cars</u>	<u>General Freight</u>		<u>Expense</u> (millions)
		<u>Car Hours</u>	<u>Car Miles</u> (millions)	
(1)	(2)	(3)	(4)	(5)
1. Rebuttal Base Case	643	9,230,683	260,850	\$24.62
2. Rebuttal Alternative Case	644	9,230,683	260,850	\$24.62
3. RTC Base Case – Exclusions	697	2,813,232	91,591	\$10.72
4. RTC Alternative Case – Exclusions	708	2,794,533	91,592	\$10.77

3. Operating Personnel

Operating personnel requirements and compensation are discussed at pages III-D-26 through III-D-48 of Otter Tail’s Rebuttal evidence. The only operating personnel requirements that change with use of the RTC model after the exclusion of the rerouted non-coal traffic are road train crew and switch crew personnel. Road train crews are determined for the trains that move during the simulation period and are then annualized to the peak year. The number of road train crew personnel changes with the use of the RTC simulation model for the Base Case and the Alternative Case because the trains included in the RTC model are different than the trains included in the String model. In addition, the number of road train crews and switch crews are reduced when the rerouted non-coal traffic is excluded from the OTRR traffic group. Switch crews are reduced when the rerouted non-coal traffic is excluded because the traffic that requires I&I switching at Fargo is also excluded.

In this supplemental evidence Otter Tail continues to use the same crew wage costs as used in its Rebuttal evidence. Table III-D-38, below, shows the 2002 OTRR base year road train and switch

crew operating expense for Otter Tail’s Rebuttal Base Case, the Rebuttal Alternative Case, and for both scenarios based on the RTC model after excluding the rerouted non-coal traffic.⁷

<u>Alternative</u>	<u>Road Crews</u>	<u>Switch Crews</u>	<u>2002 Expense</u> (millions)
(1)	(2)	(4)	(3)
1. Rebuttal Base Case	522	24	\$46.39
2. Rebuttal Alternative Case	542	24	\$47.98
3. RTC Base Case – Exclusions	444	18	\$37.76
4. RTC Alternative Case – Exclusions	467	18	\$39.58

4. Materials and Supplies – Operating

Materials and supplies – operating are discussed at pages III-D-28 through III-D-52 of Otter Tail’s Rebuttal evidence. Materials and supplies operating expense for the OTRR changes with the number of locomotives that require EOTD units and radios and with the number of crew members that require safety equipment.

In this supplemental evidence, Otter Tail continues to use the same materials and supplies unit costs as used in its Rebuttal evidence. The materials and supplies operating expenses reflect the change in the number of locomotives and train crew personnel as applied to the same unit costs used in Otter Tail’s Rebuttal. Table III-D-39 below shows OTRR’s 2002 base year materials and supplies

⁷ The detail supporting the OTRR train crew personnel costs for each scenario are contained in Otter Tail’s electronic workpapers as follows: Rebuttal Base Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb.123”; Rebuttal Alternative Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt.123”; RTC Base Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_XGF.123”; RTC Alternative Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt_XGF.123”.

operating expense for Otter Tail’s Rebuttal Base Case, Rebuttal Alternative Case, and for both scenarios using the RTC model after excluding the rerouted non-coal traffic.⁸

Table III-D-39 Comparison of OTRR 2002 Materials and Supplies Operating Expense	
<u>Alternative</u> (1)	<u>2002 Expense</u> (2)
1. Rebuttal Base Case	\$788,327
2. Rebuttal Alternative Case	\$789,950
3. RTC Base Case – Exclusions	\$751,944
4. RTC Alternative Case – Exclusions	\$753,650

5. General and Administrative Expense

General and administrative expense was addressed in Otter Tail’s Rebuttal evidence at pages III-D-54 through III-D-93. As addressed in Section III-D-5, infra, when excluding the rerouted non-coal traffic, the Snowden Branch and its 78.6 route miles are eliminated from the OTRR system. The elimination of these route miles allows a reduction in the maintenance personnel by one 14-man field crew.

The start-up and ongoing expenses of recruiting and training are included in general and administrative expense and the recruiting and training costs change with a change in the crew and maintenance field personnel requirements. Training and recruiting are the only general and

⁸ The detail supporting the OTRR materials and supplies operating expense for each scenario are contained in Otter Tail’s electronic workpapers as follows: Rebuttal Base Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb.123”; Rebuttal Alternative Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt.123”; RTC Base Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_XGF.123”; RTC Alternative Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt_XGF.123”.

administrative expenses that change when using the RTC simulation for the Base Case and the Alternative Case after excluding the rerouted non-coal traffic from the OTRR traffic group. The same training and recruiting unit costs used in Rebuttal are applied to the number of train crew and maintenance field personnel determined using the output of the RTC model.

Table III-D-40, below, shows OTRR's 2002 start-up training and recruiting cost for Otter Tail's Rebuttal Base Case and the Rebuttal Alternative Case and for the two scenarios using the RTC model after excluding the rerouted non-coal traffic.⁹

<u>Alternative</u> (1)	<u>Start-Up Cost</u> (2)	<u>2002 Expense</u> (3)
1. Rebuttal Base Case	\$9,589,693	\$47,890
2. Rebuttal Alternative Case	\$9,511,161	\$48,088
3. RTC Base Case – Exclusions	\$8,639,193	\$46,161
4. RTC Alternative Case – Exclusions	\$8,919,586	\$43,642

6. Maintenance of Way Expense

Maintenance of way expense is discussed in Otter Tail's Rebuttal evidence at III-D-93 to III-D-149. Maintenance of way expenses are a function of the number of route miles, track miles and personnel requirements.

⁹ The detail supporting the OTRR training and recruiting expense for each scenario are contained in Otter Tail's electronic workpapers as follows: Rebuttal Base Case – Rebuttal electronic workpaper "Otter Tail Opr_Reb.123"; Rebuttal Alternative Case – Rebuttal electronic workpaper "Otter Tail Opr_Reb_Alt.123"; RTC Base Case – Exclusions – Supplemental Rebuttal electronic workpaper "Otter Tail Opr_Reb_XGF.123"; RTC Alternative Case – Exclusions – Supplemental Rebuttal electronic workpaper "Otter Tail Opr_Reb_Alt_XGF.123".

The exclusion of the rerouted non-coal traffic results in a change in the OTRR route miles and track miles. In addition, because the Glendive to Snowden branch is eliminated, 78.6 route miles are eliminated from the OTRR system. This results in the elimination of one of the 14 maintenance of way track crews and, thus, a reduction of the maintenance of way work force by 14 people. Table III-D-41, below, shows the number of route miles, track miles, maintenance of way field personnel and the operating portion (spot) of OTRR's 2002 maintenance of way expense for Otter Tail's Rebuttal Base Case, the Rebuttal Alternative Case, and for both scenarios using the RTC model after excluding the rerouted non-coal traffic.¹⁰

Table III-D-41
Comparison of OTRR 2002 Base Year Maintenance of Way Expense

<u>Alternative</u>	<u>Route Miles</u>	<u>Track Miles</u>	<u>Peak Year Field Personnel</u>	<u>Spot MOW Expense (millions)</u>
(1)	(2)	(3)	(5)	(5)
1. Rebuttal Base Case	1,283.84	1,780.91	196	\$18.21
2. Rebuttal Alternative Case	1,283.84	1,789.13	196	\$18.21
3. RTC Base Case – Exclusions	1,207.68	1,562.86	182	\$16.35
4. RTC Alternative Case – Exclusions	1,207.68	1,562.86	182	\$16.37

Sources: Column (2) and Column (3) Tables III-B-5 and III-B-6.

¹⁰ The detail supporting the OTRR maintenance of way expense for each scenario are contained in Otter Tail's electronic workpapers as follows: 1) Rebuttal Base Case - Rebuttal electronic workpapers "otp_mow rebuttal.123" contained in the III-D folder in the Otter Tail Rebuttal directory; 2) Rebuttal Alternative Case - Rebuttal electronic workpaper "otp_mow rebuttal.123" contained in the III-D folder under the "Alternative" folder in Otter Tail's Rebuttal directory; 3) RTC Base Case - Exclusions - Supplemental electronic workpaper "otp_mow rebuttal.123" contained in the III-D folder in the "OTP RebXGF" directory; and 4) RTC Alternative Case - Exclusion - Supplemental electronic workpaper "otp_mow rebuttal.123" contained in the III-D folder under the "Alternative" folder of the "OTP RebXGF" directory.

7. Leased Facilities

Leased facilities expense is discussed in Otter Tail's Rebuttal evidence at pages III-D-149 to III-D-150. The OTRR operates over the Red River Valley & Western Railroad ("RRVW") for a distance of 10.52 miles, between Brushvale and East Breckenridge, Minnesota. As discussed in Section III-C, when using the RTC simulation model, Otter Tail has accepted BNSF's use of a seven day peak period and the starting of train cycles with the time that empty trains arrive on the OTRR system. As a result, the number of trains moving over the RRVW trackage rights in the peak period changed. The same cost per train mile as used in Rebuttal is now applied to the trains moving in the peak period. The peak period lease expense is then increased to a peak year annual amount and then reduced to reflect the annual volume moving in the 2002 base year.

Table III-D-42, below, shows OTRR's 2002 leased facility expense for Otter Tail's Rebuttal Base Case, Rebuttal Alternative Case and for both scenarios using the RTC model after excluding the rerouted non-coal traffic.¹¹

¹¹ The detail supporting the OTRR leased facility expense for each scenario are contained in Otter Tail's electronic workpapers as follows: Rebuttal Base Case – Rebuttal electronic workpaper "Otter Tail Opr_Reb.123"; Rebuttal Alternative Case – Rebuttal electronic workpaper "Otter Tail Opr_Reb_Alt.123"; RTC Base Case – Exclusions – Supplemental Rebuttal electronic workpaper "Otter Tail Opr_Reb_XGF.123"; RTC Alternative Case – Exclusions – Supplemental Rebuttal electronic workpaper "Otter Tail Opr_Reb_Alt_XGF.123".

Table III-D-42
Comparison of OTRR 2002 Leased Facility Expense

<u>Alternative</u> (1)	<u>2002 Expense</u> (2)
1. Rebuttal Base Case	\$35,110
2. Rebuttal Alternative Case	\$35,110
3. RTC Base Case – Exclusions	\$78,790
4. RTC Alternative Case – Exclusions	\$78,790

8. Loss and Damage Expense

In Rebuttal, Otter Tail determined loss and damage expense by commodity on a per ton basis from information provided by BNSF in discovery. With the exclusion of the rerouted non-coal traffic, the loss and damage expense for the OTRR changes. Table III-D-43, below, shows OTRR’s 2002 loss and damage expense for Otter Tail’s Rebuttal Base Case and the Rebuttal Alternative Case and for the two scenarios that use the RTC model after excluding the rerouted non-coal traffic.¹²

¹² The detail supporting the OTRR loss and damage expense for each scenario are contained in Otter Tail’s electronic workpapers as follows: Rebuttal Base Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb.123”; Rebuttal Alternative Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt.123”; RTC Base Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_XGF.123”; RTC Alternative Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt_XGF.123”.

Table III-D-43
Comparison of OTRR 2002 Loss and Damage Expense

<u>Alternative</u> (1)	<u>2002 Expense</u> (millions) (2)
1. Rebuttal Base Case	\$1.06
2. Rebuttal Alternative Case	\$0.78
3. RTC Base Case – Exclusions	\$0.45
4. RTC Alternative Case – Exclusions	\$0.32

9. Insurance

Insurance expense is discussed in Otter Tail’s Rebuttal at pages III-D-150 to III-D152. In both its Opening and Rebuttal evidence, Otter Tail calculated insurance to equal 3.76 percent of other operating expenses. Otter Tail continues to rely on this insurance expense ratio to calculate insurance expense for its four alternative presentations herein.

Table III-D-44, below, shows OTRR’s 2002 insurance expense for Otter Tail’s Rebuttal Base Case and the Rebuttal Alternative Case and for the two scenarios that use the RTC model after excluding the rerouted non-coal traffic.¹³

¹³ The detail supporting the OTRR insurance expense for each scenario are contained in Otter Tail’s electronic workpapers as follows: Rebuttal Base Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb.123”; Rebuttal Alternative Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt.123”; RTC Base Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_XGF.123”; RTC Alternative Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt_XGF.123”.

Table III-D-44
Comparison of OTRR 2002 Insurance Expense

<u>Alternative</u>	<u>2002 Expense</u>
(1)	(millions) (2)
1. Rebuttal Base Case	\$8.76
2. Rebuttal Alternative Case	\$8.90
3. RTC Base Case – Exclusions	\$6.68
4. RTC Alternative Case – Exclusions	\$6.85

10. Ad Valorem Taxes

Otter Tail discusses Ad valorem taxes at pages III-D-152 to III-D-154 of its Rebuttal evidence. Ad valorem taxes are applied based on the number of route miles. As a result, the OTRR ad valorem taxes change with the exclusion of the rerouted non-coal traffic and the elimination of the Snowden Branch.

Table III-D-45, below, shows OTRR’s 2002 ad valorem taxes for Otter Tail’s Rebuttal Base Case, Rebuttal Alternative Case, and for both scenarios using the RTC model after excluding the rerouted non-coal traffic.¹⁴

¹⁴ The detail supporting the OTRR ad valorem taxes for each scenario are contained in Otter Tail’s electronic workpapers as follows: Rebuttal Base Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb.123”; Rebuttal Alternative Case – Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt.123”; RTC Base Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_XGF.123”; RTC Alternative Case – Exclusions – Supplemental Rebuttal electronic workpaper “Otter Tail Opr_Reb_Alt_XGF.123”.

Table III-D-45
Comparison of OTRR 2002 Ad Valorem Taxes

<u>Alternative</u> (1)	<u>2002 Expense</u> (millions) (2)
1. Rebuttal Base Case	\$5.12
2. Rebuttal Alternative Case	\$5.12
3. RTC Base Case – Exclusions	\$4.74
4. RTC Alternative Case – Exclusions	\$4.74

III-F

Road Property Investment

III-F ROAD PROPERTY INVESTMENT FOR THE OTRR

On Rebuttal, Otter Tail presented its road property investment evidence for its base case and its alternative case. As discussed in Section III-A, *supra*, the STB issued a decision on December 13, 2004 (and a clarifying decision on February 18, 2005) requesting that Otter Tail file supplemental evidence using the RTC Model to demonstrate the impact of eliminating rerouted non-coal traffic between Fargo, ND and Snowden, MT that was included in Otter Tail's Rebuttal evidence. In complying with the STB's decisions, Otter Tail has developed the two previously-described presentations: (1) RTC Base Case - Exclusions; and (2) RTC Alternative Case - Exclusions. As stated in Section III-B, *supra*, the OTRR facility plan is the same for both of the supplemental presentations. Table III-F-14¹ below compares the total road property investment from the two Rebuttal presentations with the Supplemental presentations.²

¹ Tables III-F-1 through III-F-5 were included in Otter Tail's June 13, 2003 Opening Narrative and Tables III-F-6 through III-F-13 were included in Otter Tail's April 29, 2004 Rebuttal Narrative.

² The details supporting the OTRR road property investment costs for the two Rebuttal scenarios were included in Otter Tail's April 29, 2004 Rebuttal electronic workpapers as follows: (1) Rebuttal Base Case - "OTRR CONSTRUCTION rebuttal.xls" contained in the III-F-3 folder in the "OTP Rebuttal" directory; and (2) Rebuttal Alternative Case - "OTRR CONSTRUCTION rebuttal.xls" contained in the III-F-3 folder under the "Alternative" folder in the "OTP Rebuttal" directory. The details supporting the OTRR road property investment costs for the two Supplemental scenarios are included in Otter Tail's March 1, 2005 Supplemental electronic workpapers as follows: (1) RTC Base Case - Exclusions - "OTRR CONSTRUCTION rebuttal XGF.xls" contained in the III-F-3 folder in the "OTP Reb XGF" directory; and (2) RTC Alternative Case - Exclusions - "OTRR CONSTRUCTION rebuttal XGF.xls" contained in the III-F-3 folder under the "Alternative" folder in the "OTP Reb XGF" directory.

Table III-F-14
Comparison of OTRR Road Property Investment

<u>Scenario</u> (1)	<u>Amount (Millions)</u> (2)
1. Rebuttal - Base Case	\$2,589.1
2. Rebuttal - Alternative Case	\$2,596.8
3. RTC Base & RTC Alternative Case - Exclusions	\$2,310.4

As discussed in Section III-B, *supra*, it was necessary to modify the miles of double track/passing sidings, yard track and set-out track included in the OTRR's Rebuttal facility plan to reflect the exclusion of the rerouted non-coal traffic between Fargo, ND and Snowden, MT. For the RTC Base Case - Exclusions, 78.64 route miles, 121.57 miles of double track/passing sidings, 19.41 miles of yard track and 0.91 miles of set-out track were eliminated from Otter Tail's Rebuttal base case presentation and 2.48 route miles were added. For the RTC Alternative Case - Exclusions, 78.64 route miles, 129.57 miles of double track/passing siding, 19.41 miles of yard track and 1.13 miles of set-at track were eliminated from Otter Tail's Rebuttal alternative case presentation and 2.48 route miles were added.³ The impact of these changes on the OTRR's road property investment is discussed below.

³ In Rebuttal, the alternative case included 8.00 miles of double track/passing siding and 0.22 miles of set-out track more than the base case.

1. Land Requirements

Otter Tail discussed land requirements and investment costs at pages III-F-5 to III-F-32 of its Rebuttal Evidence. For the RTC Base Case - Exclusions and RTC Alternative Case - Exclusions, there is no change to the land costs per acre but the land requirements and aggregate costs are modified to reflect the elimination of the Glendive to Snowden line segment (including Snowden Yard), reductions in the size of Glendive and Fargo Yards and the additional mine spur at N. Antelope. Table III-F-15 below compares the land requirements and investment cost for each of the scenarios.⁴

<u>Item</u> (1)	<u>Rebuttal Base & Alternative Case</u> (2)	<u>RTC Base & RTC Alternative Case - Exclusions</u> (3)
1. Right-of-Way Acres	14,552.7	13,633.1
2. Yard and Facility Acres	294.2	231.9
3. Microwave Tower Acres	<u>58.5</u>	<u>57.0</u>
4. Total Acres	14,905.3	13,921.9
5. Total Investment (millions)	\$46.58	\$41.70

⁴ The details supporting the OTRR land requirements and investment costs for the two Rebuttal scenarios were included in Otter Tail's April 29, 2004 Rebuttal electronic workpapers as follows: (1) Rebuttal Base Case - "OTRR Land Rebuttal.xls" contained in the III-F-1 folder in the "OTP Rebuttal" directory; and (2) Rebuttal Alternative Case - "OTRR Land Rebuttal.xls" contained in the III-F-1 folder under the "Alternative" folder in the "OTP Rebuttal" directory. The details supporting the OTRR land requirements and investment costs for the two Supplemental scenarios are included in Otter Tail's March 1, 2005 Supplemental electronic workpapers as follows: (1) RTC Base Case - Exclusions - "OTRR Land Rebuttal XGF.xls" contained in the III-F-1 folder in the "OTP Reb XGF" directory; and (2) RTC Alternative Case - Exclusions - "OTRR Land Rebuttal XGF.xls" contained in the III-F-1 folder under the "Alternative" folder in the "OTP Reb XGF" directory.

2. Roadbed Preparation

Otter Tail discussed roadbed preparation investment expenses at pages III-F-32 to III-F-98 of its Rebuttal Evidence. For the RTC Base Case - Exclusions and RTC Alternative Case - Exclusions, the reduction in track miles causes a decrease in the requirements and investment for clearing, grubbing, earthwork (line segments) and culverts. The decrease in earthwork requirements causes a corresponding decrease in quantities of water for compaction and land for waste. The decrease in route miles causes a decrease in the requirements and investment for rip rap. The decrease in the size of the Glendive Yard causes a decrease in yard paving and drainage requirements and investment.

For each of the two supplemental presentations, Otter Tail has continued to rely on the unit costs used in its Rebuttal filing and the changes to investment are due only to changes in quantities. Table III-F-16 below compares the roadbed preparation investment costs for each of the scenarios.⁵

⁵ The details supporting the OTRR roadbed preparation requirements and investment costs for the two Rebuttal scenarios were included in Otter Tail's April 29, 2004 Rebuttal electronic workpapers as follows: (1) Rebuttal Base Case - "OTRR GRADING Rebuttal.xls" and "OTRR Culverts Rebuttal.xls" contained in the III-F-2 folder in the "OTP Rebuttal" directory; and (2) Rebuttal Alternative Case - "OTRR GRADING Rebuttal.xls" and "OTRR Culverts Rebuttal.xls" contained in the III-F-2 folder under the "Alternative" folder in the "OTP Rebuttal" directory. The details supporting the OTRR roadbed preparation requirements and investment costs for the two Supplemental scenarios are included in Otter Tail's March 1, 2005 Supplemental electronic workpapers as follows: (1) RTC Base Case - Exclusions - "OTRR GRADING Rebuttal XGF.xls" and "OTRR Culverts Rebuttal XGF.xls" contained in the III-F-2 folder in the "OTP Reb XGF" directory; and (2) RTC Alternative Case - Exclusions - "OTRR GRADING Rebuttal XGF.xls" and "OTRR Culverts Rebuttal XGF.xls" contained in the III-F-2 folder under the "Alternative" folder in the "OTP Reb XGF" directory.

Table III-F-16
Comparison of OTRR Roadbed Preparation Costs
(\$ in Millions)

<u>Item</u> (1)	<u>Rebuttal Base Case</u> (2)	<u>Rebuttal Alternative Case</u> (3)	<u>RTC Base & RTC Alternative Case - Exclusions</u> (4)
1. Clearing and grubbing	\$1.57	\$1.57	\$1.42
2. Earthwork - Line Segments	586.01	587.07	541.55
3. Earthwork - Yards	5.51	5.51	4.88
4. Culverts	27.03	27.06	25.85
5. Rip Rap	11.50	11.50	9.88
6. Water for Compaction	7.49	7.52	6.88
7. Land for Waste Quantities	0.35	0.35	0.32
8. Yard Paving and Drainage	4.87	4.87	3.91
9. All Other	<u>17.10</u>	<u>17.10</u>	<u>17.24</u>
10. Total Roadbed Preparation	\$661.43	\$662.55	\$611.93

3. Track Construction

Otter Tail discussed track construction investment expenses at pages III-F-98 to III-F-123 of its Rebuttal Evidence. For the RTC Base Case - Exclusions and RTC Alternative Case - Exclusions, the reduction in route and track miles causes a decrease in the requirements and investment for all components of track construction.

Otter Tail has continued to rely on the unit costs included in its Rebuttal filing and changes to the investment in each scenario are due only to changes in quantities. Table III-F-17 below compares the track construction investment costs for each of the scenarios.⁶

<u>Item</u> (1)	<u>Rebuttal Base Case</u> (2)	<u>Rebuttal Alternative Case</u> (3)	<u>RTC Base & RTC Alternative Case - Exclusions</u> (4)
1. Geotextiles	\$0.34	\$0.35	\$0.31
2. Ballast	64.11	64.42	56.00
3. Subballast	38.83	38.96	34.87
4. Cross ties	159.44	160.20	139.66
5. Rail (including welds)	193.82	194.73	170.04
6. Turnouts (incl. all components)	44.49	44.76	39.03
7. Rail lubricators	4.21	4.21	3.86
8. Tie plates, clips, spikes, anchors and wheel stops	70.26	70.60	61.66
9. Material transportation	112.18	112.81	99.06
10. Track construction labor	<u>276.70</u>	<u>277.97</u>	<u>242.82</u>
11. Total Track Construction	\$964.38	\$969.01	\$847.31

⁶ The details supporting the OTRR track construction requirements and investment costs for the two Rebuttal scenarios were included in Otter Tail's April 29, 2004 Rebuttal electronic workpapers as follows: (1) Rebuttal Base Case - "OTRR CONSTRUCTION Rebuttal.xls" and other files contained in the III-F-3 folder in the "OTP Rebuttal" directory; and (2) Rebuttal Alternative Case - "OTRR CONSTRUCTION Rebuttal.xls" and other files contained in the III-F-3 folder under the "Alternative" folder in the "OTP Rebuttal" directory. The details supporting the OTRR track construction requirements and investment costs for the two Supplemental scenarios are included in Otter Tail's March 1, 2005 Supplemental electronic workpapers as follows: (1) RTC Base Case - Exclusions - "OTRR CONSTRUCTION Rebuttal XGF.xls" and other files contained in the III-F-3 folder in the "OTP Reb XGF" directory; and (2) RTC Alternative Case - Exclusions - "OTRR CONSTRUCTION Rebuttal XGF.xls" and other files contained in the III-F-3 folder under the "Alternative" folder in the "OTP Reb XGF" directory.

4. Tunnels

There are no tunnels on the OTRR.

5. Bridges

Otter Tail discussed bridge requirements, specifications and investment (including bridge walkways) at pages III-F-123 to III-F-148 of its Rebuttal Evidence. For the RTC Base Case - Exclusions and RTC Alternative Case - Exclusions, the reduction in route and track miles decreases the OTRR's bridge feet and investment.

Otter Tail has continued to rely on the units costs for all the various bridge components included in its Rebuttal filing and changes to the investment in each scenario are due only to changes in quantities. Table III-F-18 below compares the bridge investment cost for each of the scenarios.⁷

⁷ The details supporting the OTRR bridge construction requirements and investment costs for the two Rebuttal scenarios were included in Otter Tail's April 29, 2004 Rebuttal electronic workpapers as follows: (1) Rebuttal Base Case - "OTRR CONSTRUCTION Rebuttal.xls" and the files contained in the III-F-5 folder in the "OTP Rebuttal" directory; and (2) Rebuttal Alternative Case - "OTRR CONSTRUCTION Rebuttal.xls" and the files contained in the III-F-5 folder under the "Alternative" folder in the "OTP Rebuttal" directory. The details supporting the OTRR bridge construction requirements and investment costs for the two Supplemental scenarios are included in Otter Tail's March 1, 2005 Supplemental electronic workpapers as follows: (1) Base Case - Exclusions - "OTRR CONSTRUCTION Rebuttal XGF.xls" and the files contained in the III-F-5 folder in the "OTP Reb XGF" directory; and (2) Alternative Case - Exclusions - "OTRR CONSTRUCTION Rebuttal XGF.xls" and the files contained in the III-F-5 folder under the "Alternative" folder in the "OTP Reb XGF" directory.

Table III-F-18
Comparison of OTRR Bridge Investment Costs
(\$ in Millions)

<u>Item</u> (1)	<u>Rebuttal Base Case</u> (2)	<u>Rebuttal Alternative Case</u> (3)	<u>RTC Base & RTC Alternative Case - Exclusions</u> (4)
1. Bridges - Class 1	\$60.45	\$60.45	\$48.76
2. Bridges - Class 2	50.27	50.80	37.65
3. Bridges - Class 3	50.03	50.03	33.58
4. Cofferdams and pier protection	2.76	2.76	2.41
5. Walkways	<u>4.65</u>	<u>4.67</u>	<u>3.33</u>
6. Total Bridges	\$168.16	\$168.71	\$125.73

6. Signals and Communications

Otter Tail discussed signals and communications systems at pages III-F-148 to III-F-166 of its Opening Evidence. For the RTC Base Case - Exclusions and RTC Alternative Case - Exclusions, the reduction in route and track miles decreases the OTRR's CTC system, hot bearing and dragging equipment detectors and communications system investment.

Otter Tail continues to rely on the unit costs included in its Rebuttal filing and changes to the investment in each scenario are due only to changes in quantities. Table III-F-19 below compares the signals and communications investment cost for each of the scenarios.⁸

⁸ The details supporting the OTRR signals and communications requirements and investment costs for the two Rebuttal scenarios were included in Otter Tail's April 29, 2004 Rebuttal electronic workpapers as follows: (1) Rebuttal Base Case - "OTRR CONSTRUCTION Rebuttal.xls" and the files contained in the III-F-6 folder in the "OTP Rebuttal" directory; and (2) Rebuttal Alternative Case - "OTRR CONSTRUCTION Rebuttal.xls" and the files contained in the III-F-6 folder under the "Alternative" folder in the "OTP Rebuttal" directory. The details supporting the OTRR signals and communications requirements and investment costs for the two Supplemental scenarios are included in Otter Tail's March 1, 2005 Supplemental electronic workpapers as follows: (1) RTC Base

Table III-F-19
Comparison of OTRR Signals and Communications Investment Costs
(\$ in Millions)

<u>Item</u> (1)	<u>Rebuttal Base Case</u> (2)	<u>Rebuttal Alternative Case</u> (3)	<u>RTC Base & RTC Alternative Case - Exclusions</u> (4)
1. CTC system	\$200.62	\$200.63	\$187.46
2. Electric locks	2.19	2.23	2.03
3. Hot bearing and dragging equipment detectors	2.22	2.22	2.17
4. Microwave stations	<u>12.33</u>	<u>12.33</u>	<u>12.09</u>
5. Total Signals & Communications	\$217.36	\$217.41	\$203.75

7. Buildings and Facilities

Otter Tail discussed buildings and facilities at pages III-F-166 to III-F-181 of its Rebuttal Evidence. For the RTC Base Case - Exclusions and RTC Alternative Case - Exclusions, the removal of the Glendive to Snowden line segment eliminates the OTRR's need for crew change facilities at Snowden and roadway maintenance facilities at Sidney, MT.

Otter Tail continues to rely on the unit costs included in its Rebuttal filing and changes to the investment in each scenario are due only to changes in quantities. Table III-F-20 below compares the buildings and facilities investment cost for each of the scenarios.⁹

Case - Exclusions - "OTRR CONSTRUCTION Rebuttal XGF.xls" and the files contained in the III-F-6 folder in the "OTP Reb XGF" directory; and (2) RTC Alternative Case - Exclusions - "OTRR CONSTRUCTION Rebuttal XGF.xls" and the files contained in the III-F-6 folder under the "Alternative" folder in the "OTP Reb XGF" directory.

⁹ The details supporting the OTRR buildings and facilities requirements and investment costs for the two Rebuttal scenarios were included in Otter Tail's April 29, 2004 Rebuttal electronic workpapers as follows: (1) Rebuttal Base Case - "OTRR CONSTRUCTION Rebuttal.xls" and the files contained in the III-F-7 folder in the "OTP Rebuttal" directory; and (2) Rebuttal Alternative Case - "OTRR CONSTRUCTION Rebuttal.xls" and the files contained in the III-F-7 folder under the "Alternative" folder in the "OTP Rebuttal" directory. The details supporting the OTRR

Table III-F-20
Comparison of OTRR Buildings and Facilities Investment Costs
(\$ in Millions)

<u>Item</u> (1)	<u>Rebuttal Base & Alternative Case</u> (2)	<u>RTC Base & RTC Alternative Case - Exclusions</u> (3)
1. Station and Office Buildings	\$4.74	\$4.44
2. Roadway Buildings	4.29	3.96
3. Fueling Stations	13.50	13.50
4. Locomotive maintenance facilities	<u>8.98</u>	<u>8.98</u>
5. Total Buildings and Facilities	\$31.51	\$30.88

8. Public Improvements

Otter Tail discussed public improvements, including fences, signs and road crossings, at pages III-F-181 and III-F-188 of its Rebuttal Evidence. For the RTC Base Case - Exclusions and RTC Alternative Case - Exclusions, the removal of the Glendive to Snowden line segment causes a decrease in the number of roadway signs and the amount of fencing required.¹⁰

¹⁰ buildings and facilities requirements and investment costs for the two Supplemental scenarios are included in Otter Tail's March 1, 2005 Supplemental electronic workpapers as follows: (1) RTC Base Case - Exclusions - "OTRR CONSTRUCTION Rebuttal XGF.xls" and the files contained in the III-F-7 folder in the "OTP Reb XGF" directory; and (2) RTC Alternative Case - Exclusions - "OTRR CONSTRUCTION Rebuttal XGF.xls" and the files contained in the III-F-7 folder under the "Alternative" folder in the "OTP Reb XGF" directory.

There is a slight increase in the investment for highway crossings (at-grade) because the lineal feet of crossings increased due to the need to expand the double-track locations between Donkey Creek and Converse, WY when the RTC Model was used to flow the OTRR's Rebuttal base case and alternative case traffic bases.

Otter Tail continues to rely on the unit costs included in its Rebuttal filing and changes to the investment in each scenario are due only to changes in quantities. Table III-F-21 below compares the public improvements investment cost for each of the scenarios.¹¹

Table III-F-21
Comparison of OTRR Public Improvements Investment Costs
(\$ in Millions)

Item (1)	Rebuttal Base Case (2)	Rebuttal Alternative Case (3)	RTC Base & RTC Alternative Case - Exclusions (4)
1. Highway Crossings (at-grade)	\$1.54	\$1.56	\$1.62
2. Highway Crossing Protection	2.36	2.36	2.36
3. Highway Crossing (overpasses)	9.55	9.55	9.55
4. Fences, gates, panels and cattle guards	18.15	18.15	17.09
5. Roadway signs	<u>0.43</u>	<u>0.43</u>	<u>0.39</u>
6. Total Public Improvements	\$32.03	\$32.05	\$31.01

9. Mobilization, Engineering and Contingency

Otter Tail discussed mobilization, engineering and contingency expenses at pages III-F-188 to III-F-199 of its Rebuttal Evidence. As the investment for these there items is based on percentages applied to all or a portion of the OTRR's investment expense for all other items, any change in

¹¹ The details supporting the OTRR public improvement requirements and investment costs for the two Rebuttal scenarios were included in Otter Tail's April 29, 2004 Rebuttal electronic workpapers as follows: (1) Rebuttal Base Case - "OTRR CONSTRUCTION Rebuttal.xls" and the files contained in the III-F-8 folder in the "OTP Rebuttal" directory; and (2) Rebuttal Alternative Case - "OTRR CONSTRUCTION Rebuttal.xls" and the files contained in the III-F-8 folder under the "Alternative" folder in the "OTP Rebuttal" directory. The details supporting the OTRR public improvement requirements and investment costs for the two Supplemental scenarios are included in Otter Tail's March 1, 2005 Supplemental electronic workpapers as follows: (1) RTC Base Case - Exclusions - "OTRR CONSTRUCTION Rebuttal XGF.xls" and the files contained in the III-F-8 folder in the "OTP Reb XGF" directory; and (2) RTC Alternative Case - Exclusions - "OTRR CONSTRUCTION Rebuttal XGF.xls" and the files contained in the III-F-8 folder under the "Alternative" folder in the "OTP Reb XGF" directory.

investment impacts the monies for these items. For the RTC Base Case - Exclusions and RTC Alternative Case - Exclusions, the reduction in route and track miles decreases the OTRR's total investment.

Otter Tail continues to rely on the percentages included in its Rebuttal filing and changes to the investment in each scenario are due only to changes in investment costs for the other construction items. Table III-F-22 below compares the mobilization, engineering and contingency investment cost for each of the scenarios.¹²

<u>Item</u> (1)	<u>Rebuttal Base Case</u> (2)	<u>Rebuttal Alternative Case</u> (3)	<u>RTC Base & RTC Alternative Case - Exclusions</u> (4)
1. Mobilization	\$48.55	\$48.66	\$43.61
2. Engineering	187.97	188.51	168.21
3. Contingencies	231.14	231.84	206.24

¹² The details supporting the OTRR mobilization, engineering and contingency investment costs for the two Rebuttal scenarios were included in Otter Tail's April 29, 2004 Rebuttal electronic workpapers as follows: (1) Rebuttal Base Case - "OTRR CONSTRUCTION Rebuttal.xls" contained in the III-F-3 folder in the "OTP Rebuttal" directory; and (2) Rebuttal Alternative Case - "OTRR CONSTRUCTION Rebuttal.xls" contained in the III-F-3 folder under the "Alternative" folder in the "OTP Rebuttal" directory. The details supporting the OTRR mobilization, engineering and contingency public improvement requirements and investment costs for the two Supplemental scenarios are included in Otter Tail's March 1, 2005 Supplemental electronic workpapers as follows: (1) RTC Base Case - Exclusions - "OTRR CONSTRUCTION Rebuttal XGF.xls" contained in the III-F-3 folder in the "OTP Reb XGF" directory; and (2) RTC Alternative Case - Exclusions - "OTRR CONSTRUCTION Rebuttal XGF.xls" contained in the III-F-3 folder under the "Alternative" folder in the "OTP Reb XGF" directory.

III-H
Results of SAC Analysis

III-H RESULTS OF SAC ANALYSIS

1. Results of SAC Analysis

In this supplemental evidence, Otter Tail calculated OTRR's stand-alone cost of moving coal to the Big Stone Station using the RTC simulation model for its RTC Base Case and its RTC Alternative Case after excluding the rerouted non-coal traffic. In making these calculations, Otter Tail has used the same DCF model that was relied on in its Rebuttal evidence. These calculations are summarized in this section for each scenario.

In Rebuttal, Otter Tail presented two (2) methods to measure productivity that the OTRR would realize over the DCF model life. Table III-H-10¹ below compares the impact on stand-alone cost per ton of using the RCAF-A to inflate operating expenses, to the impact of using productivity included in EIA's forecast of coal prices (applied only to coal traffic) to inflate operating expenses, and to the impact of using the RCAF-U to inflate operating expenses. In all cases, Table III-H-10 is based on the Otter Tail RTC Base Case – Exclusions scenario for shipments in aluminum cars.

¹ Tables III-H-1 to III-H-3 were included in Otter Tail's June 13, 2003 Opening evidence and Table III-H-4 to III-H-9 were included in Otter Tail's April 29, 2004 Rebuttal evidence.

Table III-H-10
**Impact of Alternative Productivity Calculations on Otter Tail
 RTC Base Case – Exclusions SAC Results for Aluminum Cars**

Item (1)	RCAFA ¹ (2)	EIA Productivity Alternative ² (3)	RCAFU ³ (4)
1. 1Q02	\$7.71	\$7.71	\$7.71
2. 4Q06	\$7.87	\$8.13	\$8.36
3. 4Q11	\$8.18	\$8.57	\$9.11
4. 4Q16	\$8.93	\$9.44	\$10.35
5. 4Q21	\$9.85	\$10.49	\$11.86

¹ Supplemental electronic workpaper "Exhibit III-H-3SP.123".

² Supplemental electronic workpaper "Exhibit III-H-3SP EIA.123".

³ Supplemental electronic workpaper "Exhibit III-H-3SP RCAFU.123".

2. Reparations

Otter Tail's revised stand-alone cost calculations presented herein demonstrate that BNSF's tariff rates for the issue traffic are still substantially greater than the levels permitted under both the jurisdictional threshold and stand-alone cost tests.

a. Maximum Rate Calculations

The maximum rate for the movement of coal from each origin to the Big Stone Station equals the greater of the jurisdictional threshold calculation or stand-alone costs. Table III-H-11 compares BNSF's rate levels to the jurisdictional threshold and the stand-alone costs for Otter Tail's Rebuttal Base Case, Otter Tail's Rebuttal Alternative Case and for the two scenarios that use the RTC model after excluding the rerouted non-coal traffic for each quarter 1Q02 through 1Q03.

Table III-H-11
**Summary of Jurisdictional Threshold and Stand-Alone Rates
Per Ton for Issue Traffic in Aluminum Cars -- 1Q02 through 1Q03**

<u>Time Period</u> (1)	<u>BNSF Rate Per Ton</u> ¹ (2)	<u>Jurisdictional Threshold Per Ton</u> (3)	<u>Stand-Alone Cost</u>			
			<u>Rebuttal</u>		<u>RTC Exclusions</u>	
			<u>Base</u> (4)	<u>Alt</u> (5)	<u>Base</u> (8)	<u>Alt</u> (9)
A. 1Q02						
1. Belle Ayr	\$13.49	\$9.16	\$8.33	\$10.29	\$7.71	\$9.83
2. Eagle Butte	\$13.49	8.93	8.33	10.29	\$7.71	\$9.83
B. 2Q02						
3. Belle Ayr	\$13.49	\$9.23	\$8.24	\$10.17	\$7.62	\$9.72
4. Eagle Butte	\$13.49	9.05	8.24	10.17	\$7.62	\$9.72
C. 3Q02						
5. Belle Ayr	\$13.49	\$9.23	\$8.18	\$10.11	\$7.58	\$9.66
6. Eagle Butte	\$13.49	9.11	8.18	10.11	\$7.58	\$9.66
D. 4Q02						
7. Belle Ayr	\$13.49	\$9.41	\$8.25	\$10.19	\$7.63	\$9.73
8. Eagle Butte	\$13.49	9.16	8.25	10.19	\$7.63	\$9.73
9. Cordero	\$13.49	9.65	8.25	10.19	\$7.63	\$9.73
10. Caballo Rojo	\$13.49	9.13	8.25	10.19	\$7.63	\$9.73
E. 1Q03						
11. Belle Ayr	\$13.76	\$9.92	\$8.01	\$9.88	\$7.39	\$9.40
12. Eagle Butte	\$13.76	9.94	8.01	9.88	\$7.39	\$9.40

¹ Common Carrier Pricing Authority BNSF 90062 for 1Q02 through 4Q02, BNSF 90062A for 1Q03.
Source for Column (3) through Column (9): Supplemental electronic workpaper "Feb 2005 Summary.123".

In each quarter from 1Q02 through 1Q03, the BNSF rate per ton is greater than both the jurisdictional threshold and stand-alone cost under each scenario. Therefore, the maximum rate equals the greater of the jurisdictional threshold or stand-alone cost. The maximum rates are

summarized in Table III-H-12 below for each stand-alone cost scenario for shipments in aluminum cars.

Table III-H-12 Summary of Maximum Rates Per Ton for Issue Traffic in Aluminum Cars -- 1Q02 through 1Q03					
Time Period (1)	BNSF Rate Per Ton ¹ (2)	Maximum Reasonable Rate Per Ton			
		Rebuttal		RTC Exclusions	
		Base (3)	Alt (4)	Base (7)	Alt (8)
A. 1Q02					
1. Belle Ayr	\$13.49	\$9.16	\$10.29	\$9.16	\$9.83
2. Eagle Butte	\$13.49	8.93	10.29	\$8.93	\$9.83
B. 2Q02					
3. Belle Ayr	\$13.49	\$9.23	\$10.17	\$9.23	\$9.72
4. Eagle Butte	\$13.49	9.05	10.17	\$9.05	\$9.72
C. 3Q02					
5. Belle Ayr	\$13.49	\$9.23	\$10.11	\$9.23	\$9.66
6. Eagle Butte	\$13.49	9.11	10.11	\$9.11	\$9.66
D. 4Q02					
7. Belle Ayr	\$13.49	\$9.41	\$10.19	\$9.41	\$9.73
8. Eagle Butte	\$13.49	9.16	10.19	\$9.16	\$9.73
9. Cordero	\$13.49	9.65	10.19	\$9.65	\$9.73
10. Caballo Rojo	\$13.49	9.13	10.19	\$9.13	\$9.73
E. 1Q03					
11. Belle Ayr	\$13.76	\$9.92	\$9.92	\$9.92	\$9.92
12. Eagle Butte	\$13.76	9.94	9.94	\$9.94	\$9.94

¹ Common Carrier Pricing Authority BNSF 90062 for 1Q02 through 4Q02, BNSF 90062A for 1Q03.-4.
Source for Columns (3) through Column (8) in Supplemental electronic workpaper "Feb 2005 Summary.123".

The maximum rates in each quarter are less than BNSF's rate in each quarter and therefore reparations need to be calculated.

b. Reparations Calculation

Using the same methodology as used in Rebuttal, Otter Tail has determined the percent reduction that is applied to its rates based on the results of each stand-alone cost scenario. Table III-H-13 shows the percent reduction that is applied to the 1Q02 through 1Q04 rates of the stand-alone group included in Otter Tail's Rebuttal Base Case, Rebuttal Alternative Base Case, and for both scenarios using the RTC model after excluding the rerouted non-coal traffic.

Quarter (1)	Rebuttal		RTC – Exclusions	
	Base (2)	Alternative (3)	Base (4)	Alternative (5)
1. 1Q02	39.21%	24.33%	42.86%	27.14%
2. 2Q02	39.92	25.23	43.89	27.94
3. 3Q02	40.32	25.73	43.84	28.40
4. 4Q02	39.80	25.08	43.45	27.88
5. 1Q03	42.73	28.87	46.29	31.66
6. 2Q03	41.08	26.82	44.71	29.66
7. 3Q03	41.07	26.81	44.68	29.61
8. 4Q03	41.09	26.85	44.67	29.62
9. 1Q04	40.66	25.90	44.28	28.67

Source: Column (2) - Rebuttal Exhibit III-H-3.
Column (3) - Rebuttal Exhibit III-H-4.
Column (4) - Supplemental electronic workpaper "Exhibit III-H-3SP.123".
Column (5) - Supplemental electronic workpaper "Exhibit III-H-4SP.123".

Otter Tail calculated the principal amount of reparations on a movement-by-movement basis, using the greater of the stand-alone cost or the jurisdictional threshold. A summary of these calculations is shown in Table III-H-14 below for the January 1, 2002 through March 28, 2004 period based on each stand-alone cost scenario.

Table III-H-14
Principal Amount of Reparations
Due Otter Tail through March 28, 2004
(\$ in Millions)

<u>Quarter</u>	<u>Rebuttal</u>		<u>RTC Exclusions</u>	
	<u>Base</u>	<u>Alternative</u>	<u>Base</u>	<u>Alternative</u>
(1)	(2)	(3)	(4)	(5)
1. 1Q 2002	\$2.5	\$1.8	\$2.5	\$2.1
2. 2Q 2002	2.1	1.6	\$2.1	\$1.8
3. 3Q 2002	1.8	1.4	\$1.8	\$1.6
4. 4Q 2002	1.9	1.5	\$1.9	\$1.7
5. 1Q 2003	2.0	2.0	\$2.0	\$2.0
6. 2Q 2003	1.9	1.8	\$1.9	\$1.9
7. 3Q 2003	2.0	1.9	\$2.0	\$2.0
8. 4Q 2003	1.9	1.8	\$1.9	\$1.9
9. 1Q 2004 ^{1/}	<u>2.2</u>	<u>2.1</u>	<u>\$2.2</u>	<u>\$2.2</u>
10. Total	\$18.3	\$15.9	\$18.4	\$17.3

¹ Through March 28, 2004.
Source: Column (2) Rebuttal electronic workpaper "OT Rebuttal Reparations Base.123".
Column (3) Rebuttal electronic workpaper "OT Rebuttal Reparations Alt.123".
Column (4) Supplemental electronic workpaper "OT Rebuttal Reparations Base.123".
Column (5) Supplemental electronic workpaper "OT Rebuttal Reparations Alt.123".

Table III-H-14 above shows, for the period from January 1, 2002 through March 28, 2004, that BNSF owes Otter Tail between \$ and \$ million in principal reparations payments after the rerouted non-coal traffic is excluded.

In addition to the principal amount of reparations, interest from the date of the first unlawful charge needs to be identified and paid to Otter Tail. Otter Tail reserves the right to demonstrate that interest should be calculated by a methodology different from that set forth in 49 C.F.R. Part 1141.1, which is calculated at a rate equivalent to the average yield of the 13 week United States Treasury Bills, compounded quarterly.

As stated in Rebuttal, among other reasons why this methodology is inappropriate in this case, the use of the 13 week Treasury Bill rate would result in windfall profits to BNSF. By applying the Treasury Bill rate (which is 0.870% for the issue date of December 26, 2003) to the principal amount of reparations owed by BNSF, the Board would enable BNSF to reap a substantial monetary benefit from the large disparity between the Treasury Bill rate and BNSF's cost of capital.