BEFORE THE
SURFACE TRANSPORTATION BOARD

220104

E I DUPONT DE NEMOURS AND COMPANY

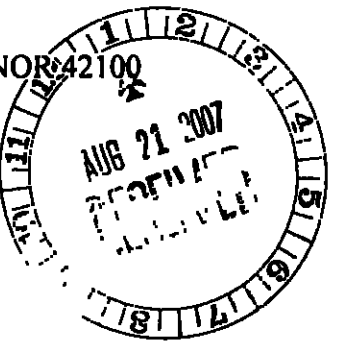
Complainant,

v

CSX TRANSPORTATION, INC.

Defendant

Docket No NOR 42100



COMPLAINT

COMES NOW Complainant, E I du Pont de Nemours and Company ("DuPont"), 4417 Lancaster Pike, Wilmington, DE 19805, and files this Complaint against Defendant, CSX Transportation, Inc ("CSXT"), 500 Water Street, Jacksonville, Florida 32202 DuPont brings this Complaint pursuant to 49 U.S.C §§ 10701, 10704, 10707, 11701 and 11704, and 49 C F R Part 1111 DuPont requests that the Surface Transportation Board ("STB" or "Board") prescribe reasonable rates and service terms for CSXT's transportation of the movements set forth in this Complaint DuPont asks the Board to award damages, plus interest, to the extent that DuPont has paid or will pay common carrier rates in excess of a reasonable maximum rate for such transportation, for a period of five years beginning on June 16, 2007 DuPont requests that the Board handle this Complaint under the simplified standards, adopted pursuant to 49 U S C §10701(d)(3), in Ex Parte No 347 (Sub-No 2). *Rate Guidelines—Non-Coal Proceedings*, 1 S T B 1004 (1996)

In support of this Complaint, DuPont states as follows.

The Parties

1. DuPont is a corporation organized under the laws of the State of Delaware, with its principal place of business in Wilmington, Delaware DuPont is a manufacturer of chemicals, additives, plastics, coatings and agricultural products, with numerous production facilities throughout the continental United States and around the globe DuPont is a major user of rail service to transport commodities that it consumes and produces at its various facilities and that it sells to customers in the continental United States and around the world

2 CSXT is a Class I common and contract carrier by railroad that engages in the transportation of property in interstate and intrastate commerce Its headquarters are in Jacksonville, Florida CSXT is subject to the Interstate Commerce Commission Termination Act of 1995 (49 U S.C. §§ 10101 *et seq*) and to the jurisdiction of the Board

Description of the Issue Movements

3 The movements that are the subject of this Complaint are as follows

a) The movement of Chlorine, STCC 2812815, from Niagara Falls, New York to New Johnsonville, Tennessee ("Niagara Falls Movement")

b) The movement of Chlorine, STCC 2812815, from Natrium, West Virginia to New Johnsonville. Tennessee ("Natrium Movement")

c) The movement of Chlorine, STCC 2812815, from Niagara Falls, New York to Carneys Point, New Jersey ("Carneys Point Movement")

4 CSXT originates these shipments at the origins named in paragraph 3 of this Complaint, and transports them in single-line service to the destinations named in paragraph 3 of this Complaint

5. CSXT transports the listed commodities in private tank cars, owned or leased by DuPont Other information called for in 49 C.F R § 1111 1(a) is as follows

Movement	Loaded Miles	Average Cars Per Shipment	Average Tons per Car	Movement Type	Car Size
Niagara Falls	880.7	1	90	Single car	17,000 gal
Natrium	722 8	1	90	Single car	17,000 gal
Carneys Point	588 3	1	90	Single car	17,000 gal

6 In calendar year 2006, the following number of carloads were tendered for each movement described in paragraph 3 of this Complaint

a) Niagara Falls Movement – 42 carloads

b) Natrium Movement – 83 carloads

c) Carneys Point Movement – 328 carloads

The Challenged Rates

7 On June 15, 2007, a contract between DuPont and CSXT covering the movements listed in paragraph 3 of this Complaint terminated by its terms Even though the parties were still in negotiations over a new contract, CSXT refused a request by DuPont to extend the current contract for two weeks beyond the contract term to permit further negotiations

8 Effective June 16, 2007, CSXT published the following common carrier rates for the movements that are the subject of this Complaint

Movement	Rate	Source
Niagara Falls	$8997 03 per car	CSXT 41248.1
Natrium	$64 99 per net ton	CSXT 41248 1
Carneys Point	$4779 per car	CSXT 41248 1

9 Beginning June 16, 2007, CSXT also assessed a fuel surcharge published in CSXT 8661-A, *as calculated on the date of each shipment, in addition to the rates listed in* paragraph (8) of this Complaint This fuel surcharge for the month of July is at the rate of $0 20 per mile The rate plus the applicable fuel surcharge is as follows

Movement	Rate Including Fuel Surcharge
Niagara Falls	$9173 17 per car
Natrium	$5993 75 per car
Carneys Point	$4896 66 per car

10 The rates (including the effect of the fuel surcharge) imposed by CSXT applicable to the movements that are the subject of this Complaint represented increases well over 40%, compared to the previous contract rates In the case of the Niagara Falls Movement, the new common carrier rate imposed on DuPont (including the effect of the fuel surcharge) represented an increase of 105% compared to the previously-effective tariff rates In the case of the Natrium Movement, the new common carrier rate imposed on DuPont (including the effect of the fuel surcharge) represented an increase of 41% compared to the previously-effective tariff rates

Jurisdictional Allegations

11 CSXT possesses market dominance over the movements of the commodities named in this Complaint Therefore, pursuant to 49 U S C § 10707, the Board has jurisdiction over the rates and services provided by CSXT and challenged by DuPont as unreasonable

12 The rates charged by CSXT and challenged by DuPont greatly exceed 180 percent of CSXT's variable cost for the service requested by DuPont, as determined in accordance with 49 U S C § 10707(d)(1)

13 Through the Verified Statement of Thomas D Crowley ("Crowley V S "), attached as Exhibit A, DuPont presents the variable cost and the revenue to variable cost ratios for each movement that is the subject of this Complaint, using URCS Phase III procedures

Movement	URCS Phase III Variable Cost	R/VC Ratio
Niagara Falls	$2170 12 per car	423%
Natrium	$1856 38 per car	323%
Carneys Point	$1588 30 per car	308%

Crowley V S at 15 In each case, DuPont believes that more accurate costing would result in a decrease in the estimated variable cost and an increase in the revenue to variable cost ratio

14 There is a lack of effective competition from other rail carriers because CSXT is the only rail carrier that provides service at the origin and/or at the destination for the subject movements There is a lack of effective competition from non-rail modes and transport by truck is not a viable option

The Public Interest in the Safe Transportation of Chlorine

15 Although Chlorine is a hazardous material that is considered toxic-by-inhalation ("TIH"), it is essential to the public welfare and the national economy. Chlorine is a disinfectant that is widely used in water purification Today, 98 percent of all U S public water supplies that are disinfected are made clean and safe with chlorine or chlorine-based compounds Chlorine's proven role in water disinfection is one of the most important public health advances of the 20th century More than 93 percent of pharmaceuticals contain chlorine or are made using chlorine chemistry, including medicines that treat heart disease, cancer, AIDS, and malaria. Chlorine is critical to the manufacture of antibiotics such as Cipro® that are recommended by the U.S. Centers for Disease Control and Prevention for the treatment of anthrax Chlorine is used in the manufacture of titanium dioxide pigments, which are used in a broad range of coatings, plastics and personal care products that protect against the harmful effects of sunlight Chlorine chemistry also is critical to modern agriculture. Chlorine is a key building block in the production of over 95% of crop protection chemicals and is one of the few chemical options available to combat post-harvest disease in crops. Building and construction is dependant on chlorine enabling easy to maintain, long lasting, attractive and economical building materials Nearly one-third of all chlorine is used to produce vinyl – for products such as wire and cable. pipe, floorings, siding, windows and doors Over 25 percent of all medical plastics and over 70 percent of all disposable medical applications are made as the result of chlorine chemistry. This includes X-ray and mammography films as well as vinyl blood bags, tubing and valves, dialysis equipment, examination gloves, and inhalation masks to name just a few In addition, chlorine is used in the manufacture of bullet-resistant vests, bullet-resistant glass, and fire-resistant clothing

Chlorine is so pervasive because it is the single material on which production of so many other chemicals depends

16 The U S Department of Transportation has adopted strict standards to ensure the safe transportation of chlorine In addition, the chemical and rail industries have worked in concert to develop and implement numerous programs to promote the safe transportation of hazardous chemicals, including chlorine, by rail. The overall rail transportation safety record for all hazardous materials has been exemplary and rail is considered to be the safest and most efficient mode for transporting large volumes of chlorine over land

Eligibility to Use Small Case Procedures

17 Pursuant to 49 U S C § 10701(d)(3), the Board has adopted "a simplified and expedited method for determining the reasonableness of challenged rail rates in those cases in which a full stand-alone cost presentation is too costly, given the value of the case " This simplified method was established in Ex Parte No 347 (Sub-No 2), *Rate Guidelines Non-Coal Proceedings*, 1 S T B 1004 (1996)

18 The value of this case challenging the reasonableness of CSXT's rates to transport the chlorine movements that are the subject of this Complaint does not justify a full stand-alone cost presentation Through the Verified Statement of Thomas D Crowley, DuPont presents the information required to establish eligibility under 49 C F R § 1111 1(a)(6)-(10)

19 The feasibility and anticipated cost of preparing a full stand-alone cost presentation for *each* movement in this case ranges from $3.4 million to $5 5 million, or a total of $13 6 million for all three movements Crowley V S at 8-9 These figures include only DuPont's out-of-pocket legal and consulting costs They do not include any costs that DuPont would incur internally or the opportunity costs associated with the management time that a stand-

alone cost presentation inevitably would consume *Id* at 8 Moreover, aggregation of these movements into a single stand-alone presentation is not appropriate, because the origins are widely dispersed from New York to West Virginia, resulting in only a limited sharing of facilities *Id* at 8.

20. The estimated cost to prepare the jurisdictional and market dominance evidence in this case ranges from $127,400 for one movement, and $274,000 for all three movements Crowley V S at 12-13 These figures include only DuPont's out-of-pocket legal and consulting costs They do not include any costs that DuPont would incur internally or the opportunity costs associated with the management time that a stand-alone cost presentation inevitably would consume. *Id* at 13

21 DuPont currently is paying the rates set forth in paragraph 9 of this Complaint DuPont projects that it will tender approximately the same number of rail cars annually for each of the movements involved in this Complaint over a 5-year prescription period as it has for the twelve-month period as set forth in paragraph 6 of this Complaint

22 DuPont is willing to stipulate that it will not seek a rate prescription and damages at a level less than 260% of the variable cost of each movement, as calculated using URCS Phase III procedures The estimated maximum reasonable rate and overcharges based on this stipulation are as follows

Movement	Stipulated Maximum Reasonable Rate	Estimated Overcharges
Niagara Falls Movement	$5,642 31 per car	$3,530 86 per car
Natrium Movement	$4,826 59 per car	$1,167 16 per car
Carneys Point Movement	$4,129.58 per car	$767.08 per car

Crowley V S. at Exhibit_(TDC-6)

23 The estimated actual present value of the requested relief over a five year prescription period, based on the estimated overcharges in paragraph 22 multiplied by the number of cars for the twelve-month period listed in paragraph 6 of this Complaint, over 5 years, discounted using the STB's 2005 before-tax cost of capital, for each movement is as follows

Movement	Estimated Actual Present Value
Niagara Falls Movement	$464,799
Natrium Movement	$303,630
Carneys Point Movement	$788,589

Crowley V S at Exhibit__(TDC-6) Even if the present value is aggregated for purposes of determining eligibility, the total relief is $1,557,018 *Id* at 18

24 The actual present value of the potential relief is well below the estimated cost of a full stand-alone cost presentation Because "a full stand-alone cost presentation is too costly, given the value of the case," DuPont has demonstrated its eligibility to use the simplified standards adopted in Ex Parte No 347 (Sub-No 2), *Rate Guidelines—Non-Coal Proceedings*, 1 S T B 1004 (1996)

Requested Relief

25 CSXT's common carrier rates for the transportation of the chlorine covered by this Complaint are unreasonable and violate 49 U S C §§ 10701(d)(1) and 10702, which require CSXT to establish reasonable rates The Board should order CSXT to cease these violations and it should prescribe maximum reasonable rates for each movement pursuant to 49 U S C § 10704(a)(1)

26. The Board should award reparations to DuPont, as provided under 49 U S C. § 11704(b) The reparations should compensate DuPont for any and all amounts paid in excess of the reasonable rates prescribed by the Board pursuant to this proceeding, plus interest

27. The Board should prescribe a maximum reasonable rate for each movement and award reparations for a combined period of five years, beginning June 16, 2007

28 This Complaint includes any and all adjustments to the challenged rates, including adjustments to the applicable fuel surcharges. and any new rates established by CSXT for the services described herein

29 DuPont has considered and rejected arbitration of this Complaint pursuant to 49 C F R Part 1108. DuPont also does not believe that mediation would have a high chance for success As noted in paragraph 7 of this Complaint, CSXT refused even to extend the current expiration date of the contract for two weeks in order to permit further negotiations Moreover, very senior level executives of DuPont have recently met with very senior level executives of CSXT to resolve the impasse, without success

WHEREFORE, Complainant, E I du Pont de Nemours and Company prays that the Board

(1) require Defendant, CSX Transportation, Inc , to answer the charges alleged herein,

(2) assign this Complaint for hearing under 49 C F R Part 1111 and the simplified standards adopted in Ex Parte No 347 (Sub-No 2), *Rate Guidelines—Non-Coal Proceedings*, 1 S T B 1004 (1996), pursuant to 49 U S C §10701(d)(3),

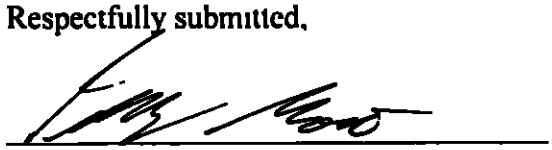
(3) after due hearing and investigation, find that the CSXT's common carrier rates applicable to the transportation of chlorine between the origins and destination named in this Complaint are unreasonable,

(4) prescribe just and reasonable rates and related rules and service terms for the future applicable to the rail transportation of DuPont's traffic, pursuant to 49 U.S.C. §§ 10704(a)(1) and 11701(a),

(5) award DuPont reparations, plus applicable interest, in accordance with 49 U S.C. § 11704 for unlawful rates set by CSXT for the period beginning June 16, 2007 to the effective date of a decision by the Board prescribing just and reasonable rates, and

(6) grant such other and further relief to DuPont as the Board may deem just and proper under the circumstances

Respectfully submitted,



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August 21, 2007

EXHIBIT A

BEFORE THE

SURFACE TRANSPORTATION BOARD

E. I. duPont de Nemours and Company	)	
	)	
Complainant	)	
	)	
	)	
v.	)	**Docket No. NOR 42100**
	)	
	)	
CSX Transportation, Inc.	)	
	)	
Defendant	)	

Verified Statement

of

Thomas D Crowley

President
L E Peabody & Associates, Inc

Filed: August 21, 2007

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LIST OF EXHIBITS

EXHIBIT NO.	DESCRIPTION
TDC-1	Statement of Qualifications
TDC-2	Estimated SAC Budget for DuPont's TIH Movements on CSXT
TDC-3	Estimated Variable Cost Budget for DuPont's TIH Movements on CSXT
TDC-4	3Q07 Variable Costs For DuPont's TIH Movements on CSXT
TDC-5	Calculation of the Maximum Value of DuPont's Case Based On Jurisdictional Rate Per Carload
TDC-6	Calculation of the Maximum Value of DuPont's Case Based on Minimum Stipulated 260% R/VC Ratio

I. INTRODUCTION

My name is Thomas D Crowley I am an economist and President of the economic consulting firm of L. E. Peabody & Associates, Inc The Firm's offices are located at 1501 Duke Street, Suite 200, Alexandria, Virginia 22314, 5901 N Cicero Avenue, Suite 504, Chicago, Illinois 60646 and 10445 N Oracle Road, Suite 151, Tucson, Arizona 85737 My qualifications and experience are attached to this verified statement as Exhibit_(TDC-1)

E I duPont de Nemours and Company ("DuPont") is requesting that the Surface Transportation Board ("STB") prescribe reasonable rates, service terms and reparations associated with the transportation of chlorine via CSX Transportation, Inc ("CSXT") for the following three (3) movements

1 Niagra Falls, NY to New Johnsonville, TN,

2 Natrium, WV to New Johnsonville, TN, and

3 Niagra Falls, NY to Carneys Point, NJ

I have been requested to provide the following information to support DuPont's request

1 The estimated cost to prepare a full stand-alone cost presentation for each movement of chlorine,

2 The estimated cost to prepare variable cost, jurisdictional threshold and qualitative market dominance evidence associated with a full stand-alone cost presentation for each movement,

3 The variable cost for each movement at issue using the STB's URCS Phase III program, and

4 An estimate of the maximum value of this case for each movement

My verified statement describes how I developed the requested information and the results of my analyses The remainder of my verified statement summarizes the analyses I have performed and the results are summarized under the following headings and in the accompanying Exhibits

II Summary and Findings

III Estimated Cost to Prepare Stand-Alone Cost Evidence

IV Estimated Cost to Prepare Variable Cost Evidence

V Variable Costs for the Issue Movements

VI Estimated Maximum Value of DuPont's Case

II. SUMMARY AND FINDINGS

Based on the information, assumptions and analyses described in this verified statement, my findings include

1 For the three movements at issue, DuPont would have to make three separate full stand-alone cost presentations because of the different routes The estimated cost to prepare a full stand-alone cost presentation for the movement of chlorine from Niagra Falls, NY to New Johnsonville, TN equals over $5 5 million For the two additional movements at issue from Natrium, WV to New Johnsonville, TN and Niagra Falls, NY to Carneys Point, NJ, the estimated costs for full stand-alone cost presentations equal $3 4 million and $4 7 million, respectively In total, I estimate that it would cost DuPont over $13 6 million to present three separate full stand-alone cost presentations for the three issue movements

2 The estimated cost to prepare variable cost, jurisdictional threshold and qualitative market dominance evidence associated with a full cost presentation for the movements at issue equals $127,400 for the first movement and an additional $73,200 per movement for the two other movements for a total of approximately $274,000

3 The estimated maximum value of the case for the movements at issue using the STB's formula varies depending on the maximum rate used and the discount rate used as shown in Table 1 below DuPont has stipulated in its Complaint that it will not seek a maximum prescribed rate below 260% of variable cost for any of the movements at issue Therefore, I have estimated the maximum value of the case based on 260% of the variable cost for each movement at issue

Table 1
Estimated Maximum Value of the Case For Movements At Issue (Millions)

		Jurisdictional Rate		Stipulated Minimum Rate	
	Movement	12 2% After - Tax Cost of Capital	17 9% Pre - Tax Cost of Capital	12 2% After - Tax Cost of Capital	17 9% Pre - Tax Cost of Capital
	(1)	(2)	(3)	(4)	(5)
1	Niagra Falls NY - New Johnsonville TN	$0 79	$0 69	$0 53	$0 46
2	Natrium WV - New Johnsonville TN	$0 79	$0 69	$0 35	$0 30
3	Niagra Falls NY - Carneys Point NJ	$2 40	$2 09	$0 90	$0 79
4	Combined	$3 98	$3 47	$1 78	$1 55

III. ESTIMATED COST TO PREPARE STAND-ALONE COST EVIDENCE

The presentation of a full stand-alone case before the STB is a very expensive proposition There are numerous items to consider and a significant number of analyses to undertake when developing all of the costs that an efficient hypothetical railroad would incur As shown in my qualifications, attached to this verified statement as Exhibit__(DC-1), I have participated in all of the stand-alone cases that have been brought before the STB and in all of the stand-alone cases that were brought before the STB's predecessor agency, the Interstate Commerce Commission ("ICC") under the existing Guidelines In the remainder of this section of my verified statement, I provide a brief description of the process that would be followed and the analyses that would be required to develop and present a full stand-alone case before the STB

It is important to note that the three movements that are the subject of DuPont's complaint would each require a separate stand-alone presentation The two movements to New Johnsonville, TN overlap for less than 50% of the route and the movement to Carneys Point follows a route completely different from the other two movements

Prior to beginning any analyses for the stand-alone presentation, it is necessary to conduct discovery on the defendant railroad, as the railroad is the only source of much of the data needed to develop the stand-alone presentation This requires developing interrogatories and document requests to be served on the railroad, responding to the railroad's objections, monitoring the production of material over several months, reviewing the materials that are produced, identifying

material that was not produced, attending several discovery meetings (including one or more involving STB personnel), filing motions to compel production and potentially making field trips to review and obtain materials at the railroad's offices

Once discovery has been obtained from the defendant railroad, the first task in the development of a stand-alone case is to identify the route of the stand-alone railroad ("SARR") The route of the issue movement(s) is the first route evaluated in the stand-alone process The SARR route may follow the route traversed by the issue traffic, may utilize a more efficient route and/or the route may be expanded based on analyses of the defendant railroad's traffic and revenue data The object of these analyses is to identify the most efficient SARR, i e , identify the least cost, most efficient route

To develop the traffic and revenues for the SARR, it is necessary to analyze several years of the defendant railroad's traffic and revenue data plus develop traffic and revenue projections for the future as the STB's stand-alone analysis covers a ten-year period beginning with the first movement at issue For much of the SARR's traffic, the route over the SARR will represent only a portion of the total movement for that traffic Stated differently, much of the traffic on the SARR will either originate and/or terminate at locations off the SARR or alternatively be handled by the SARR as an overhead movement For these movements, it is necessary to allocate the defendant railroad's revenues between the SARR and the residual railroad In the STB's October 30, 2006 decision in Ex Parte No 657 (Sub-No 1) *Major Issues in Rail Rate Cases* ("Major Issues"), the STB provided a new methodology for allocating revenues between the SARR and the residual railroad, i e , the average total cost ("ATC") methodology This methodology is much more complicated than the

previous methodology, as the new methodology relies on a combination of variable costs, fixed costs, density and miles rather than just miles to allocate revenues

Once the SARR route and traffic base have been developed, it is necessary to develop an operating plan for the SARR to handle the traffic The operating plan is normally designed to handle the peak period of the SARR traffic base (which by definition overstates stand-alone costs for every non-peak period) The peak period is developed by analyzing the timing of the SARR's traffic movements, combined with traffic forecasts, and determining the time period of one to two weeks in the highest volume year during the 10-year stand-alone period where the number of traffic movements are greatest The operating plan consists of initially identifying the track facilities needed to handle the peak period movements plus the equipment and personnel needs The traffic movements are combined with the track facility plan and run through an operations simulation model, such as the R1C Model that has been used in recent stand-alone cases before the STB, to determine the feasibility of the initial track facility and operating plans Based on the result of the RTC Model runs, the initial track facilities and operating plans may be modified

The RTC Model produces operating statistics that are used in the development of operating costs for the SARR Specifically, the operating statistics are used to determine the equipment and personnel requirements for the SARR These requirements are then combined with operating expense unit costs to calculate the SARR operating expenses Operating expenses include costs for locomotives, fuel, rail cars, train crew personnel, non-train crew operating personnel, general and administrative personnel, maintenance of way, loss and damage, insurance and ad valorem taxes

It is also necessary to develop the estimated road property investment costs for the SARR This consists of the costs for land, roadbed preparation, track construction, tunnels, bridges, signals and communications, buildings and facilities, public improvements (including highway crossings), mobilization, engineering and contingencies

The operating expenses and road property investment costs are then combined with traffic and revenue data, cost of capital, tax rates and indexes in a ten (10) year discounted cash flow ("DCF") model to determine the relationship of the SARR costs to the SARR revenues If stand-alone revenues exceed stand-alone costs, the difference must be allocated to the SARR traffic group In Major Issues, the STB provided a new methodology for allocating the overcharges to the SARR traffic, and determining the maximum rate of the issue traffic, called the Maximum Markup Methodology ("MMM") This methodology is more complex than the previous "percent reduction"methodology and requires considerably more analysis The application of the MMM provides the maximum rate for the issue traffic that is then used to calculate reparations

From a Complainant's perspective, there are two rounds of evidence in a stand-alone presentation, i e , opening (including discovery) and rebuttal In the opening phase, the Complainant presents its case based largely on the information provided by the railroad in discovery In the rebuttal phase, the Complainant responds to the railroad's reply filing which critiques the Complainant's opening filing and presents the railroad's evidence

It takes many experts to prepare a full stand-alone cost presentation including those with expertise in the fields of economics, data evaluation, railroad design, railroad operations,

maintenance of way, information technology, railroad construction, signals and communications, bridges and buildings and facilities

Based on my experience, I estimate that it would cost over $5 5 million to prepare a full stand-alone cost presentation for one of DuPont's chlorine movements, i e , from Niagra Falls, NY to New Johnsonville, TN This estimated value assumes that legal fees are 75 percent of the total consulting fees [1]

I estimate that it would cost an additional $3 4 million (including estimated legal fees) to develop a full stand-alone cost presentation for the movement from Natrium, WV to New Johnsonville, TN This is less than the $5 5 million estimate for the initial stand-alone presentation to reflect the partial common route[2] and the use of analyses developed in the initial stand-alone analysis

I estimate that it would cost an additional $4 7 million (including estimated legal fees) to develop a full stand-alone cost presentation for the movement from Niagra Falls, NY to Carneys Point, NJ This amount reflects the use of analyses developed in the initial stand-alone presentation even though there are no common route segments

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[1] I must also note that these are only external consultant and legal fees, and do not include the internal company cost to the shipper to bring a maximum rate case

[2] The two movements destined to New Johnsonville, TN follow the same route from Cincinnati, OH to New Johnsonville TN

In total, I estimate that it would cost DuPont over $13 6 million in external consultant and legal fees to present full stand-alone cost presentations for the three chlorine movements at issue The details of my estimates are contained in Exhibit_(IDC-2)

IV. ESTIMATED COST TO PREPARE VARIABLE COST EVIDENCE

DuPont will be required to present variable cost evidence as part of its case In Major Issues, the STB revised the variable cost procedures for rate complaints Rather than developing variable costs for the issue movement using movement-specific cost adjustments, the STB decided that variable costs must be calculated using the STB's Uniform Railroad Costing System ("URCS") Phase III cost program without adjustments The STB's Phase III cost program requires the following nine inputs to calculate unadjusted variable costs

1 Railroad,

2 Loaded miles (including loop track miles).

3 Shipment type (local, originated delivered, bridge or received terminated).

4 Number of freight cars per shipment.

5 Tons per car.

6 Commodity (for loss and damage only).

7 Type of movement (single car, multiple cars or unit train).

8 Car ownership (railroad or private), and

9 Type of car

The railroad for the issue movement is the railroad, or railroads, involved in moving the shipment from origin to destination [3] The loaded miles can be obtained from several sources

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[3] Each railroad is costed separately in the Phase III cost program

including railroad traffic tapes, railroad track charts, railroad timetables or commercially available mileage programs The shipment type is determined based on where the railroad receives the shipment (origin or interchange) and where the railroad forwards the shipment (interchange or destination) The number of freight cars per shipment and tons per car can be obtained from several sources including railroad traffic tapes and waybills The commodity at issue is based on the Standard Transportation Commodity Code ("STCC") assigned to the commodity being moved as contained in the railroad traffic tapes and on the waybill for the movement The type of movement is determined based on the number of cars in the shipment that are recorded on a single waybill[4] which can be obtained from either railroad traffic data or the railroad waybill for each movement The car owner identification can be provided by the shipper of the issue movement. i e . the movement is in either shipper-supplied or railroad-provided rail cars The type of car can be identified using the AAR car type information routinely maintained in the railroad's traffic data or by identifying the car initial and number from railroad traffic data or waybills and looking it up in the Official Railway Equipment Register which contains car identification information for both railroad and private cars

Once all the inputs for the movement have been identified, they are input into the URCS Phase III cost program and applied to the railroad's URCS unit costs to obtain the variable cost for the movement

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[4] The Phase III cost program classifies shipments of 1 to 5 cars as a single car shipment, 6 to 49 cars as a multiple car shipment, and 50 cars or greater as a unit train shipment

Several steps are involved with the variable cost presentation in a rate complaint case before the STB. First, it is necessary for the Complainant to obtain discovery from the defendant railroad regarding the data for the Phase III cost program inputs. The next step is to verify that URCS unit costs for the involved railroad and the issue year are correctly calculated. Then variable costs for the issue movement(s) are developed and opening testimony is prepared. As current STB procedures require both parties to submit opening evidence on variable costs, there are three rounds of evidence opening, reply and rebuttal. After both parties file opening evidence, each critiques the other party's filing in the reply phase. In the rebuttal phase, each party rebuts the criticisms presented by the other party in the reply phase. At a minimum, it is necessary to present variable cost evidence in both the opening and rebuttal phases.

In addition, the Complainant must demonstrate that the defendant railroad has both intramodal and intermodal market dominance over the movement at issue. For intramodal competition, the Complainant must determine what railroad service options are available for the issue movement such as another railroad serving the origin or in close proximity and whether another railroad is a viable service option.

Complainant must also demonstrate that the defendant railroad has intermodal market dominance by showing that handling the movement at issue by another transportation mode, such as motor carrier, is impractical.

Based on my experience, I estimate that it will cost approximately $127,400 to prepare and present variable cost and qualitative market dominance evidence for one of the DuPont chlorine

movements at issue, i e . from Niagra Falls, NY to New Johnsonville, TN This estimated value assumes that legal fees are 75 percent of the total consulting fees [5]

I estimate that it would cost an additional $73,200 (including estimated legal fees) to prepare and present variable cost and qualitative market dominance evidence for each additional movement at issue The cost for additional movements is lower than the cost for the initial movement as it reflects the use of data gathered and analyses conducted for the initial movement

In total, I estimate that it would cost approximately $274,000 to prepare and present variable cost and qualitative market dominance evidence for the three movements at issue

My estimates are based on the assumption that the defendant railroad does not include any variable cost adjustments in its evidence that would need to be responded to but rather follows the URCS Phase III methodology adopted by the STB in *Major Issues* The details of my cost estimates are contained in Exhibit_(TDC-3)

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[5] I must also note that these are only external consultant and legal fees, and do not include the internal company cost to the shipper to bring a maximum rate case

V. VARIABLE COSTS
FOR THE ISSUE MOVEMENTS

Table 2 below shows the nine inputs needed for the Phase III cost program for each movement based on data provided by DuPont and publically available data

Table 2
STB's URCS Phase III Cost Program Inputs

	Item	Niagra Falls - New Johnsonville	Natrium - New Johnsonville	Niagra Falls - Carnes Point
	(1)	(2)	(3)	(4)
1	Railroad	CSXI	CSXT	CSXT
2	Loaded Miles	880 7	722 8	588 3
3	Shipment Type	Originated & Terminated	Originated & Terminated	Originated & Terminated
4	Number of Freight Cars Per Shipment	1	1	1
5	Tons Per Car	90	90	90
6	Commodity (3-digit STCC)	281	281	281
7	Type of Movement	Single Car	Single Car	Single Car
8	Car Ownership	Private	Private	Private
9	Type of Car	Tank < 22 000 gallons	Tank < 22 000 gallons	Tank < 22 000 gallons

These nine items were input into the Phase III cost program for each movement and applied to the CSXI 2005 URCS unit costs Table 3 below shows the base year 2005 variable costs, the 3Q07 indexed variable costs,[5] the 3Q07 rates (including fuel surcharge) and the R/VC ratios for the issue movements

[5] See Exhibit_(DC-4)

Table 3
STB's URCS Phase III Cost Program Variable Costs Per Car and R/VC Ratio

	Item	Niagra Falls - New Johnsonville	Natrium - New Johnsonville	Niagra Falls - Carneys Point
	(1)	(2)	(3)	(4)
1	2005 Variable Cost Per Car 1/	$2,079.85	$1,779.15	$1,522.23
2	3Q07 Variable Cost Per Car 1	$2,170.12	$1,856.38	$1,588.30
3	3Q07 Rate per Car (Including Fuel Surcharge) 2/	$9,173.17	$5,993.75	$4,896.66
4	R/VC Ratio 3/	423%	323%	308%

1/ Exhibit_(TDC-4)
2/ Base rate provided by DuPont plus CSXT July 2007 fuel surcharge
3/ Line 3 ÷ Line 2

VI. ESTIMATED MAXIMUM VALUE OF DUPONT'S CASE

I developed the estimated maximum value of the case ("MVC") based on the procedures specified in the STB's July 28, 2006 decision in Ex Parte No 646 (Sub-No 1) *Simplified Standards for Rail Rate Cases* ("Simplified Standards") Page 1 of Exhibit_(TDC-5) shows the formula proposed in Simplified Standards

The STB's decision in Simplified Standards did not specify whether the discount rate should be the after-tax cost of capital for the railroad industry of 12 2%[7] or the pre-tax cost of capital of 17 9% (used in the Phase III variable cost program) Therefore, I have calculated the MVC using both discount factors Also, I have estimated the MVC of the case on two different bases and the results of my analyses are summarized below

A MVC Based on Jurisdictional Threshold

B MVC Based on the Minimum Stipulated R/VC Ratio of 260%

A. MVC BASED ON JURISDICTIONAL THRESHOLD

DuPont has estimated the number of carloads that it will move annually for each of the movements at issue over a five (5) year period that begins on June 16, 2007 When the current

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[7] See STB Ex Parte No 558 (Sub-No 9) *Railroad Cost of Capital - 2005* served September 20, 2006

rate per carload and the jurisdictional rate per carload are used to estimate the maximum value of the case. the resulting MVC amounts are shown in Table 4 below [8]

Table 4
Estimated Maximum Value of the Case Based on The Current and Jurisdictional Rates Per Car

	Movement (1)	Estimated Maximum Value of the Case (Millions) 12.2% After - Tax Cost of Capital (2)	17.9% Pre - Tax Cost of Capital (3)
1	Niagra Falls, NY - New Johnsonville, TN	$0.79	$0.69
2	Natrium, WV - New Johnsonville, TN	$0.79	$0.69
3	Niagra Falls, NY - Carneys Point, NJ	$2.40	$2.09
4	Combined	$3.98	$3.47

Source: Exhibit_(TDC-5)

As shown above, the estimated MVC for the issue movements range from $0.69 million to $2.40 million per movement and from $3.47 million to $3.98 million in total depending upon the discount factor applied when the jurisdictional rate is utilized

[8] See Exhibit_ (TDC-5)

B. MVC BASED ON THE MINIMUM STIPULATED R/VC RATIO OF 260%

DuPont has stipulated that it will not request a prescribed rate for the issue movements below 260% of variable costs using the STB's URCS Phase III program. Using the same number of carloads per year for each issue movement for each of the next five years, I calculated the MVC using the current rate per carload and the stipulated minimum prescribed rate of 260% of variable costs. The results are shown in Table 5 below.[9/]

Table 5
Estimated Maximum Value of the Case Based on DuPont's Minimum Stipulated Rates Per Car

	Movement (1)	Estimated Maximum Value of the Case (Millions) 12.2% After-Tax Cost of Capital (2)	17.9% Pre-Tax Cost of Capital (3)
1	Niagra Falls, NY - New Johnsonville, TN	$0.53	$0.46
2	Natrium, WV - New Johnsonville, TN	$0.35	$0.30
3	Niagra Falls, NY - Carneys Point, NJ	$0.90	$0.79
4	Combined	$1.78	$1.55

Source: Exhibit (IDC-6)

[9/] See Exhibit __ (IDC-6)

As shown above, the estimated MVC for the issue movements range between $0.30 million and $0.90 million per movement and from $1.55 million to $1.78 million in total when the minimum stipulated R/VC ratio is used

VERIFICATION

COMMONWEALTH OF VIRGINIA)
)
CITY OF ALEXANDRIA)

I, THOMAS D CROWLEY, verify under penalty of perjury that I have read the foregoing Verified Statement of Thomas D Crowley, that I know the contents thereof, and that the same are true and correct Further, I certify that I am qualified and authorized to file this statement

Thomas D Crowley

Sworn to and subscribed
before me this day of August 21, 2007

Anthony V Evanshaw III
Notary Public for the State of Virginia

My Commission expires: September 30, 2007

STATEMENT OF QUALIFICATIONS

My name is Thomas D. Crowley I am an economist and President of the economic consulting firm of L. E Peabody & Associates, Inc The firm's offices are located at 1501 Duke Street, Suite 200, Alexandria, Virginia 22314, 5901 N. Cicero Avenue, Suite 504, Chicago, Illinois 60646 and 10445 N Oracle Road, Suite 151, Tucson, Arizona 85737

I am a graduate of the University of Maine from which I obtained a Bachelor of Science degree in Economics I have also taken graduate courses in transportation at George Washington University in Washington, D.C I spent three years in the United States Army and since February 1971 have been employed by L E Peabody & Associates, Inc.

I am a member of the American Economic Association, the Transportation Research Forum, and the American Railway Engineering and Maintenance-of-Way Association.

The firm of L E Peabody & Associates, Inc specializes in solving economic, marketing and transportation problems. As an economic consultant, I have organized and directed economic studies and prepared reports for railroads, freight forwarders and other carriers, for shippers, for associations and for state governments and other public bodies dealing with transportation and related economic problems. Examples of studies I have participated in include organizing and directing traffic, operational and cost analyses in connection with multiple car movements, unit train operations for coal and other commodities, freight forwarder facilities, TOFC/COFC rail facilities, divisions of through rail rates, operating commuter passenger service, and other studies dealing with markets and the transportation by different modes of various commodities from both eastern and western origins to various destinations in the United States The nature of these

STATEMENT OF QUALIFICATIONS

studies enabled me to become familiar with the operating practices and accounting procedures utilized by railroads in the normal course of business

Additionally, I have inspected and studied both railroad terminal and line-haul facilities used in handling various commodities, and in particular unit train coal movements from the Powder River Basin to various utility destinations in the midwestern and western portions of the United States and from the Eastern Coal Fields to various destinations in the Mid-Atlantic, northeastern and southeastern portions of the United States These operational reviews and studies were used as a basis for the determination of the traffic and operating characteristics for specific movements of coal and numerous other commodities handled by rail

I have frequently been called upon to develop and coordinate economic and operational studies relative to the acquisition of coal and the rail transportation of coal on behalf of electric utility companies. My responsibilities in these undertakings included the analyses of rail routes, rail operations and an assessment of the relative efficiency and costs of railroad operations over those routes I have also analyzed and made recommendations regarding the acquisition of railcars according to the specific needs of various coal shippers The results of these analyses have been employed in order to assist shippers in the development and negotiation of rail transportation contracts which optimize operational efficiency and cost effectiveness.

Moreover, I have developed numerous variable cost calculations utilizing the various formulas employed by the Interstate Commerce Commission ("ICC") and the Surface Transportation Board ("STB") for the development of variable costs for common carriers, with particular emphasis on

STATEMENT OF QUALIFICATIONS

the basis and use of Rail Form A and its replacement costing formula the Uniform Railroad Costing System ("URCS"). I have utilized Rail Form A/URCS costing principles since the beginning of my career with L E Peabody & Associates Inc. in 1971.

I have frequently presented both oral and written testimony before the ICC, STB, Federal Energy Regulatory Commission, Railroad Accounting Principles Board, Postal Rate Commission and numerous state regulatory commissions, federal courts and state courts This testimony was generally related to the development of variable cost of service calculations, rail traffic and operating patterns, fuel supply economics, contract interpretations, economic principles concerning the maximum level of rates, implementation of maximum rate principles, and calculation of reparations or damages, including interest. I presented testimony before the Congress of the United States, Committee on Transportation and Infrastructure on the status of rail competition in the western United States. I have also presented testimony in a number of court and arbitration proceedings concerning the level of rates, rate adjustment procedures, rail operating procedures and other economic components of specific contracts.

Since the implementation of the ***Staggers Rail Act of 1980***, which clarified that rail carriers could enter into transportation contracts with shippers, I have been actively involved in negotiating transportation contracts on behalf of coal shippers. Specifically, I have advised utilities concerning coal transportation rates based on market conditions and carrier competition, movement specific service commitments, specific cost-based rate adjustment provisions, contract reopeners that recognize changes in productivity and cost-based ancillary charges.

STATEMENT OF QUALIFICATIONS

I have been actively engaged in negotiating coal supply contracts for various users throughout the United States. In addition, I have analyzed the economic impact of buying out, brokering, and modifying existing coal supply agreements My coal supply assignments have encompassed analyzing alternative coals to determine the impact on the delivered price of operating and maintenance costs, unloading costs, shrinkage factor and by-product savings

I have developed different economic analyses for over sixty (60) electric utility companies located in all parts of the United States, and for major associations, including American Paper Institute, American Petroleum Institute, Chemical Manufacturers Association, Coal Exporters Association, Edison Electric Institute, Mail Order Association of America, National Coal Association, National Industrial Transportation League, North America Freight Car Association, the Fertilizer Institute and Western Coal Traffic League. In addition, I have assisted numerous government agencies, major industries and major railroad companies in solving various economic problems.

In the two Western rail mergers that resulted in the creation of BNSF Railway Company and Union Pacific Railroad Company and in the acquisition of Conrail by Norfolk Southern Railroad Company and CSXT, I reviewed the railroads' applications including their supporting traffic, cost and operating data and provided detailed evidence supporting requests for conditions designed to maintain the competitive rail environment that existed before the proposed mergers and acquisition In these proceedings, I represented shipper interests, including plastic, chemical, coal, paper and steel shippers

STATEMENT OF QUALIFICATIONS

I have participated in various proceedings involved with the division of through rail rates For example, I participated in ICC Docket No. 35585, *Akron, Canton & Youngstown Railroad Company, et al v Aberdeen and Rockfish Railroad Company, et al*. which was a complaint filed by the northern and midwestern rail lines to change the primary north-south divisions I was personally involved in all traffic, operating and cost aspects of this proceeding on behalf of the northern and midwestern rail lines I was the lead witness on behalf of the Long Island Rail Road in ICC Docket No 36874, *Notice of Intent to File Division Complaint by the Long Island Rail Road Company*

As a result of my extensive economic consulting practice since 1971 and my participating in maximum-rate, rail merger, and rule-making proceedings before various government and private governing bodies, I have become thoroughly familiar with the operations, practices and costs of the rail carriers that move coal over the major coal routes in the United States

ESTIMATED SAC BUDGET FOR DUPONT'S TIH MOVEMENTS ON CSXT

Task	Niagara Falls, NY - New Johnsonville, TN		Natrium, WV - New Johnsonville, TN		Niagara Falls, NY - Carneys Point, NJ		Total	
	Hours	Estimated Cost	Hours	Estimated Cost	Hours	Estimated Cost	Hours	Estimated Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I DISCOVERY								
A. Opening								
1 Develop requests for production to be served on CSXT	92		37		46		175	
2 Review discovery responses from CSXT and distribute	125		50		50		225	
3 Monitor status of production	192		77		77		346	
4 Motions to compel	48		19		19		86	
5 Meetings / discovery conferences	48		19		19		86	
6 Field trips to get discovery data	120		48		60		228	
7 Field trip to review SAC RR route	90		45		90		225	
8 Subtotal - Opening	715		295		361		1,371	
II. TRAFFIC & REVENUES								
A Opening								
9 Analysis of traffic tapes for volumes and base year revenues	882		882		882		2,646	
10 Development of ATC divisions for cross-over traffic	834		834		834		2,502	
11 Analysis of transportation contracts	281		211		281		773	
12 Traffic and revenue forecasts	426		320		320		1,066	
13 Development of peak operating period and traffic	454		454		454		1,362	
14 Subtotal - Opening	2,877		2,701		2,771		8,349	
B Rebuttal (incl. review and critique of CSXT Reply filing)								
15 Base year volumes and revenues	732		732		732		2,196	
16 ATC divisions for cross-over traffic	627		470		470		1,567	
17 Analysis of transportation contracts	255		191		255		701	
18 Traffic and revenue forecasts	300		225		225		750	
19 Peak operating period and traffic	405		405		405		1,215	
20 Subtotal - Rebuttal	2,319		2,023		2,087		6,429	

ESTIMATED SAC BUDGET FOR DUPONT'S TIH MOVEMENTS ON CSXT

Task	Niagara Falls, NY - New Johnsonville, TN		Natrium, WV - New Johnsonville, TN		Niagara Falls, NY - Carneys Point, NJ		Total	
	Hours	Estimated Cost	Hours	Estimated Cost	Hours	Estimated Cost	Hours	Estimated Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
III. SAC RR DESIGN AND OPERATING PLAN								
A. Opening								
21 Design SARR based on traffic and revenue analysis	67		67		67		201	
22 Develop operating plan (interchanges, yards, personnel, etc.)	78		51		78		207	
23 Develop stick diagrams (track charts)	146		95		146		387	
24 Develop route miles	101		51		101		253	
25 Develop track miles	45		29		45		119	
26 Develop equipment specifications	22		14		22		58	
27 RTC Model (outside consultant)	1,400		910		1,400		3,710	
28 Subtotal - Opening	1,859		1,217		1,859		4,935	
B. Rebuttal (incl. review and critique of CSXT Reply filing)								
29 Operating plan	56		36		56		148	
30 Stick diagrams (track charts)	90		59		90		239	
31 Route miles	56		28		56		140	
32 Track miles	34		22		34		90	
33 RTC Model (outside consultant)	1,050		683		1,050		2,783	
34 Subtotal - Rebuttal	1,286		828		1,286		3,400	
IV. OPERATING EXPENSES								
A. Opening								
35 Develop operating expenses	653		261		522		1,436	
36 Information technology (outside consultant)	150		60		120		330	
37 General & Administrative (outside consultant)	72		29		58		159	
38 Maintenance of Way (outside consultant)	525		210		420		1,155	
39 Subtotal - Opening	1,400		560		1,120		3,080	

ESTIMATED SAC BUDGET FOR DUPONT'S TIH MOVEMENTS ON CSXT

Task	Niagara Falls, NY - New Johnsonville, TN		Natrium, WV - New Johnsonville, TN		Niagara Falls, NY - Carneys Point, NJ		Total	
	Hours	Estimated Cost	Hours	Estimated Cost	Hours	Estimated Cost	Hours	Estimated Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
B Rebuttal (incl. review and critique of CSXT Reply filing)								
40 Operating expenses	840		336		672		1,848	
41 Information technology (outside consultant)	90		36		72		198	
42 General & Administrative (outside consultant)	48		19		38		105	
43 Maintenance of Way (outside consultant)	350		140		280		770	
44 Subtotal - Rebuttal	1,328		531		1,062		2,921	
V ROAD PROPERTY INVESTMENT								
A. Opening								
45 Land (incl real estate consultant)	630		252		630		1,512	
46 Roadbed preparation	504		202		403		1,109	
47 Bridges (incl outside consultant)	392		157		314		863	
48 Signals and communications (outside consultant)	210		84		168		462	
49 Buildings and facilities (outside consultant)	210		84		168		462	
50 Other construction	364		146		291		801	
51 Subtotal - Opening	2,310		925		1,974		5,209	
B Rebuttal (incl. review and critique of CSXT Reply filing)								
52 Land (incl real estate consultant)	238		95		238		571	
53 Roadbed preparation	672		269		538		1,479	
54 Bridges (incl outside consultant)	265		106		212		583	
55 Signals and communications (outside consultant)	140		56		112		308	
56 Buildings and facilities (outside consultant)	140		56		112		308	
57 Other construction	294		118		235		647	
58 Subtotal - Rebuttal	1,749		700		1,447		3,896	

ESTIMATED SAC BUDGET FOR DUPONT'S TIH MOVEMENTS ON CSXT

Task (1)	Niagara Falls, NY - New Johnsonville, TN Hours (2)	Estimated Cost (3)	Natrium, WV - New Johnsonville, TN Hours (4)	Estimated Cost (5)	Niagara Falls, NY - Carneys Point, NJ Hours (6)	Estimated Cost (7)	Total Hours (8)	Estimated Cost (9)
VI DISCOUNTED CASH FLOW ANALYSIS								
A Opening								
59 Design DCF Model (incl supporting data)	48		12		12		72	
60 DCF Model sensitivities	82		82		82		246	
61 Finalize DCF Model for filing (all methodologies)	71		71		71		213	
62 Cross subsidy analyses	53		53		53		159	
63 Subtotal - Opening	254		218		218		690	
B Rebuttal (incl. review and critique of CSXT Reply filing)								
64 Review and critique CSXT DCF Model	56		14		14		84	
65 DCF Model	45		11		11		67	
66 DCF Model sensitivities	52		52		52		156	
67 Cross subsidy analyses	53		53		53		159	
68 Subtotal - Rebuttal	206		130		130		466	
VII. RESULTS OF SAC ANALYSIS / REPARATIONS								
A. Opening								
69 Create reparations data base and calculate reparations	16		16		16		48	
70 Develop rate reductions using STB's MMM Model	45		45		45		135	
71 Subtotal - Opening	61		61		61		183	
B Rebuttal (incl review and critique of CSXT Reply filing)								
72 Update reparations data base and calculate reparations	16		16		16		48	
73 Develop rate reductions using STB's MMM Model	45		45		45		135	
74 Subtotal - Rebuttal	61		61		61		183	

ESTIMATED SAC BUDGET FOR DUPONT'S TIH MOVEMENTS ON CSXT

Task	Niagara Falls, NY - New Johnsonville, TN		Natrium, WV - New Johnsonville, TN		Niagara Falls, NY - Carneys Point, NJ		Total	
	Hours	Estimated Cost	Hours	Estimated Cost	Hours	Estimated Cost	Hours	Estimated Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
VIII. NARRATIVE AND WORKPAPERS								
A. Opening								
75 Draft / review narrative	581		291		291		1,163	
76 Prepare hard-copy and electronic workpapers for filing	113		85		85		283	
77 Respond to CSXT workpaper requests re opening evidence	103		77		77		257	
78 Subtotal - Opening	797		453		453		1,703	
B Rebuttal								
79 Draft / review narrative	737		369		369		1,475	
80 Prepare hard-copy and electronic workpapers for filing	113		85		85		283	
81 Develop workpaper requests re CSXT Reply filing	38		29		29		96	
82 Subtotal - Rebuttal	888		483		483		1,854	
IX ESTIMATED TOTAL								
83 Opening 1/	10,273	$1,797,775	6,430	$1,125,250	8,817	$1,542,975	25,520	$4,466,000
84 Rebuttal 1/	7,837	$1,371,475	4,756	$832,300	6,556	$1,147,300	19,149	$3,351,075
85 Estimated Total Consulting Fees (L83 + L84)	18,110	$3,169,250	11,186	$1,957,550	15,373	$2,690,275	44,669	$7,817,075
86 Assumed Legal Fees Additive		1.75		1.75		1.75		1.75
87 Estimated Grand Total (L85 x L86)		$5,546,188		$3,425,713		$4,707,981		$13,679,881

1/ For purposes of this estimate, I have assumed an average rate of $175 per hour

ESTIMATED VARIABLE COST BUDGET FOR DUPONT'S TIH MOVEMENTS ON CSXT

Task	Niagara Falls, NY - New Johnsonville, TN		Natrium, WV - New Johnsonville, TN		Niagara Falls, NY - Carneys Point, NJ		Total	
	LEP&A Hours	Estimated Cost	LEP&A Hours	Estimated Cost	LEP&A Hours	Estimated Cost	LEP&A Hours	Estimated Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I DISCOVERY								
A. Opening								
1 Develop requests for production to be served on CSXT	16		6		6		28	
2 Review discovery responses from CSXT	14		6		6		26	
3 Monitor status of production	10		4		4		18	
4 Motions to compel	6		2		2		10	
5 Meetings / discovery conferences	6		2		2		10	
6 Subtotal - Opening	52		20		20		92	
II. ISSUE MOVEMENT TRAFFIC, REVENUES & CHARACTERISTICS								
A Opening								
7 Analysis of traffic tapes for volumes, revenues and movement characteristics	36		36		36		108	
8 Subtotal - Opening	36		36		36		108	
B. Reply								
9 Review and critique of CSXT Opening filing	30		15		15		60	
10 Subtotal - Reply	30		15		15		60	
C. Rebuttal								
11 Respond to CSXT Reply criticisms	18		9		9		36	
12 Modify opening evidence as necessary	18		9		9		36	
13 Subtotal - Rebuttal	36		18		18		72	

ESTIMATED VARIABLE COST BUDGET FOR DUPONT'S TIH MOVEMENTS ON CSXT

Task	Niagara Falls, NY - New Johnsonville, TN		Natrium, WV - New Johnsonville, TN		Niagara Falls, NY - Carneys Point, NJ		Total	
	LEP&A Hours	Estimated Cost	LEP&A Hours	Estimated Cost	LEP&A Hours	Estimated Cost	LEP&A Hours	Estimated Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
III. ISSUE MOVEMENT VARIABLE COST & JURISDICTIONAL THRESHOLD								
A Opening								
14 URCS Phase III runs	4		4		4		12	
15 Indexing	2		0		0		2	
16 Fuel surcharge	2		0		0		2	
17 Subtotal - Opening	8		4		4		16	
B. Reply								
18 Review and critique of CSXT Opening filing	14		7		7		28	
19 Subtotal - Reply	14		7		7		28	
C. Rebuttal								
20 Respond to CSXT Reply criticisms	12		6		6		24	
21 Modify opening evidence as necessary	4		4		4		12	
22 Subtotal - Rebuttal	16		10		10		36	
IV MARKET DOMINANCE								
A. Opening								
23 Develop intramodal evidence	8		8		8		24	
24 Develop intermodal evidence	12		12		12		36	
25 Subtotal - Opening	20		20		20		60	
B Rebuttal								
26 Review and respond to CSXT reply	16		8		8		32	
27 Subtotal - Rebuttal	16		8		8		32	

ESTIMATED VARIABLE COST BUDGET FOR DUPONT'S TIH MOVEMENTS ON CSXT

Task (1)	Niagara Falls, NY - New Johnsonville, TN LEP&A Hours (2)	Niagara Falls, NY - New Johnsonville, TN Estimated Cost (3)	Natrium, WV - New Johnsonville, TN LLP&A Hours (4)	Natrium, WV - New Johnsonville, TN Estimated Cost (5)	Niagara Falls, NY - Carneys Point, NJ LEP&A Hours (6)	Niagara Falls, NY - Carneys Point, NJ Estimated Cost (7)	Total LEP&A Hours (8)	Total Estimated Cost (9)
V. NARRATIVE AND WORKPAPERS								
A. Opening								
28 Draft / review narrative	48		24		24		96	
29 Prepare hard-copy and electronic workpapers for filing	10		8		8		26	
30 Respond to CSXT workpaper requests re opening evidence	12		6		6		24	
31 Subtotal - Opening	70		38		38		146	
B. Reply								
32 Draft / review narrative	32		16		16		64	
33 Prepare hard-copy and electronic workpapers for filing	4		3		3		10	
34 Develop workpaper requests re CSXT Opening filing	12		6		6		24	
35 Subtotal - Reply	48		25		25		98	
C. Rebuttal								
36 Draft / review narrative	48		24		24		96	
37 Prepare hard-copy and electronic workpapers for filing	10		8		8		26	
38 Develop workpaper requests re CSXT Reply filing	12		6		6		24	
39 Subtotal - Rebuttal	70		38		38		146	
VI. ESTIMATED TOTAL								
40 Opening 1/	186	$32,550	118	$20,650	118	$20,650	422	$73,850
41 Reply 1/	92	$16,100	47	$8,225	47	$8,225	186	$32,550
42 Rebuttal 1/	138	$24,150	74	$12,950	74	$12,950	286	$50,050
43 Estimated Total Consulting Fees (L39 + L40 + L41)	416	$72,800	239	$41,825	239	$41,825	894	$156,450
44 Assumed Legal Fees Additive		1.75		1.75		1.75		1.75
45 Estimated Grand Total (L42 x L43)		$127,400		$73,194		$73,194		$273,788

1/ For purposes of this estimate, I have assumed an average rate of $175 per hour

3Q07 Variable Costs for DuPont's TIH Movements on CSXT

Railroad	CSXT
Origin	Niagara Falls, NY
Destination	New Johnsonville, TN
Loaded Miles	880.7
Shipment Type	OT
Car Type	Tank < 22,000 gallons
Car Owner	Private
Commodity	281 - Industrial Chemicals
Shipment Tons	90
Movement Type	Single Car

	2005 Phase III						
Cost Item	OPR	DRL	ROI	Total	Make-Whole	Total incl make-whole	Indexed to 3Q07 1/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Gross Ton-mile	$358.86	$97.07	$294.37	$750.31		$750.31	$782.87
Locomotive unit-mile	$311.97	$37.97	$57.03	$406.97		$406.97	$424.63
Carload Clerical	$25.56			$25.56	$9.25	$34.81	$36.32
Crew Wage	$268.86			$268.86		$268.86	$280.53
Train-mile other	$25.29	$0.28	$0.44	$26.02		$26.02	$27.15
SEM - O&T, Interchange, I&I	$181.74	$14.98	$56.29	$253.01	$237.79	$490.80	$512.10
Private Car Rental	$101.13			$101.13		$101.13	$105.52
Loss & Damage	$0.96			$0.96		$0.96	$1.00
Total				$1,832.81	$247.04	$2,079.85	$2,170.12

1/ CSXT index from annual 2005 to 3Q07 - 1.04340

3Q07 Variable Costs for DuPont's TIH Movements on CSXT

Railroad	CSXT
Origin	Natrium, WV
Destination	New Johnsonville, TN
Loaded Miles	722 8
Shipment Type	OT
Car Type	Tank < 22,000 gallons
Car Owner	Private
Commodity	281 - Industrial Chemicals
Shipment Tons	90
Movement Type	Single Car

	2005 Phase III						
Cost Item	OPR	DRI	ROI	Total	Make-Whole	Total incl make-whole	Indexed to 3Q07 1/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Gross Ton-mile	$294 50	$79 66	$241 58	$615 75		$615 75	$642 47
Locomotive unit-mile	$257 12	$31 30	$47 00	$335 42		$335 42	$349 97
Carload Clerical	$25 56			$25 56	$9 25	$34 81	$36 32
Crew Wage	$223 49			$223 49		$223 49	$233 19
Train-mile other	$21 03	$0 23	$0 37	$21 63		$21 63	$22 57
SLM - O&I, Interchange, I&I	$169 22	$13 95	$52 42	$235 59	$228 53	$464 12	$484 26
Private Car Rental	$83 00			$83 00		$83 00	$86 60
Loss & Damage	$0 96			$0 96		$0 96	$1 00
Total				$1,541 38	$237 78	$1,779 15	$1,856 38

1 CSXT index from annual 2005 to 3Q07 - 1 04340

3Q07 Variable Costs for DuPont's TIH Movements on CSXT

Railroad	CSXT
Origin	Niagara Falls, NY
Destination	Carneys Point NJ
Loaded Miles	588 3
Shipment Type	OI
Car Type	Tank < 22,000 gallons
Car Owner	Private
Commodity	281 - Industrial Chemicals
Shipment Tons	90
Movement Type	Single Car

	2005 Phase III						
Cost Item	OPR	DRL	ROI	Total	Make-Whole	Total incl make-whole	Indexed to 3Q07 1/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Gross Ton-mile	$239 51	$64 79	$196 47	$500 77		$500 77	$522 51
Locomotive unit-mile	$210 25	$25 59	$38 43	$274 28		$274 28	$286 18
Carload Clerical	$25 56			$25 56	$9 25	$34 81	$36 32
Crew Wage	$184 73			$184 73		$184 73	$192 74
Train-mile other	$17 38	$0 19	$0 31	$17 88		$17 88	$18 65
SLM - O&I, Interchange, I&I	$158 52	$13 07	$49 10	$220 70	$220 62	$441 31	$460 47
Private Car Rental	$67 50			$67 50		$67 50	$70 43
Loss & Damage	$0 96			$0 96		$0 96	$1 00
Total				$1,292 36	$229 86	$1,522 23	$1,588 30

1/ CSXT index from annual 2005 to 3Q07 - 1 04340

Surface Transportation Board's Maximum Value of the Case Equation

The Surface Transportation Board's ("STB") proposed eligibility standard for Rate Case Disputes can be expressed mathematically using the following equation

$$MVC = \sum_{t=0}^{4} \{\{[P_t - (VC_t \times 180\%)] \times T_t\} - (1 + r)^t\}$$

Where

a	MVC	=	The Maximum Value of the Case
b	t	=	Year
c	P_t	=	Challenged Rate in Year t
d	VC_t	=	The STB's Phase III URCS variable cost of the issue movement in Year t
e	T_t	=	Issue traffic volume in Year t
f	r	=	STB's Most Recent Railroad Industry After-Tax Cost of Capital

Calculation of the Maximum Value of the Case Based on the July 2007 Rate Per Carload and the STB's 2005 After-Tax Cost of Capital

(Based on Jurisdictional Rate per Carload)

Origin Niagra Falls, NY
Destination New Johnsonville, TN
SICC 2812815

	Year	July 2007 Rate Per Carload 1/	3Q07 Variable Cost Per Carload 2/	Jurisdictional Rate Per Carload 3/	Overpayment Per Carload 4/	Annual Carloads 5/	Total Annual Overpayment (Nominal $) 6/	Total Annual Overpayment (Real $) 7/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	$9,173 17	$2,170 12	$3,906 22	$5,266 95	42	$221,212	$197,159
2	2	9,173 17	2,170 12	3,906 22	5,266 95	42	221,212	175,721
3	3	9,173 17	2,170 12	3,906 22	5,266 95	42	221,212	156,614
4	4	9,173 17	2,170 12	3,906 22	5,266 95	42	221,212	139,585
5	5	9,173 17	2,170 12	3,906 22	5,266 95	42	221,212	124,407
6	**Maximum Value of the Case 8/**							**$793,485**

1/ Rate is assumed to be constant over the five (5) year analysis period Rate includes fuel surcharge in effect for July 2007
2/ Exhibit_(TDC-4), page 1 of 3 Variable cost is assumed to be constant over the five (5) year analysis period
3/ Column (3) x 180%
4/ Column (2) - Column (4)
5/ Annual Volume is assumed to be constant over the five (5) year analysis period
6/ Column (5) x Column (6)
7/ {Column (7) + [(1 + 12 2%)^ Column (1)]} The 12 2% is the 2005 Railroad Industry After-Tax Average Cost of Capital as determined by the STB in Ex Parte No 558 (Sub-No 9), Railroad Cost of Capital - 2005, served September 20, 2006
8/ Sum of Column (8), Lines 1 to 5

Calculation of the Maximum Value of the Case Based on the July 2007 Rate Per Carload and the STB's 2005 Pre-Tax Cost of Capital

(Based on Jurisdictional Rate per Carload)

Origin Niagra Falls, NY
Destination New Johnsonville, TN
STCC 2812815

	Year	July 2007 Rate Per Carload 1/	3Q07 Variable Cost Per Carload 2/	Jurisdictional Rate Per Carload 3/	Overpayment Per Carload 4/	Annual Carloads 5/	Total Annual Overpayment (Nominal $) 6/	Total Annual Overpayment (Real $) 7/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	$9,173 17	$2,170 12	$3,906 22	$5,266 95	42	$221,212	$187,627
2	2	9,173 17	2,170 12	3,906 22	5,266 95	42	221,212	159,141
3	3	9,173 17	2,170 12	3,906 22	5,266 95	42	221,212	134,979
4	4	9,173 17	2,170 12	3,906 22	5,266 95	42	221,212	114,486
5	5	9,173 17	2,170 12	3,906 22	5,266 95	42	221,212	97,105
6	**Maximum Value of the Case 8/**							**$693,338**

1/ Rate is assumed to be constant over the five (5) year analysis period Rate includes fuel surcharge in effect for July 2007
2/ Exhibit_(TDC-4), page 1 of 3 Variable cost is assumed to be constant over the five (5) year analysis period
3/ Column (3) x 180%
4/ Column (2) - Column (4)
5/ Annual Volume is assumed to be constant over the five (5) year analysis period
6/ Column (5) x Column (6)
7/ {Column (7) ÷ [(1 + 17 9%)^ Column (1)]} The 17 9% is the 2005 Railroad Industry Pre-Tax Average Cost of Capital as determined by using the STB's after-tax cost of capital as determined in Ex Parte No 558 (Sub-No 9), Railroad Cost of Capital - 2005, served September 20, 2006
8/ Sum of Column (8), Lines 1 to 5

Calculation of the Maximum Value of the Case Based on the July 2007 Rate Per Carload and the STB's 2005 After-Tax Cost of Capital

(Based on Jurisdictional Rate per Carload)

Origin Natrium, WV
Destination New Johnsonville, TN
STCC 2812815

	Year	July 2007 Rate Per Carload 1/	3Q07 Variable Cost Per Carload 2/	Jurisdictional Rate Per Carload 3/	Overpayment Per Carload 4/	Annual Carloads 5/	Total Annual Overpayment (Nominal $) 6/	Total Annual Overpayment (Real $) 7/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	$5,993 75	$1,856 38	$3,341 48	$2,652 27	83	$220,138	$196,201
2	2	5,993 75	1,856 38	3,341 48	2,652 27	83	220,138	171,868
3	3	5,993 75	1,856 38	3,341 48	2,652 27	83	220,138	155,854
4	4	5,993 75	1,856 38	3,341 48	2,652 27	83	220,138	138,907
5	5	5,993 75	1,856 38	3,341 48	2,652 27	83	220,138	123,803
6	**Maximum Value of the Case 8/**							**$789,632**

1/ Rate is assumed to be constant over the five (5) year analysis period Rate includes fuel surcharge in effect for July 2007
2/ Exhibit_(TDC-4), page 2 of 3 Variable cost is assumed to be constant over the five (5) year analysis period
3/ Column (3) x 180%
4/ Column (2) - Column (4)
5/ Annual Volume is assumed to be constant over the five (5) year analysis period
6/ Column (5) x Column (6)
7/ {Column (7) + [(1 + 12 2%)^ Column (1)]} The 12 2% is the 2005 Railroad Industry After-Tax Average Cost of Capital as determined by the STB in Ex Parte No 558 (Sub-No 9), Railroad Cost of Capital - 2005, served September 20 2006
8/ Sum of Column (8), Lines 1 to 5

Calculation of the Maximum Value of the Case Based on the July 2007 Rate Per Carload and the STB's 2005 Pre-Tax Cost of Capital

(Based on Jurisdictional Rate per Carload)

Origin Natrium, WV
Destination New Johnsonville, TN
STCC 2812815

	Year	July 2007 Rate Per Carload 1/	3Q07 Variable Cost Per Carload 2/	Jurisdictional Rate Per Carload 3/	Overpayment Per Carload 4/	Annual Carloads 5/	Total Annual Overpayment (Nominal $) 6/	Total Annual Overpayment (Real $) 7/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	$5,993 75	$1,856 38	$3,341 48	$2,652 27	83	$220,138	$186,716
2	2	5 993 75	1,856 38	3,341 48	2,652 27	83	220,138	158,368
3	3	5,993 75	1,856 38	3,341 48	2,652 27	83	220,138	134,324
4	4	5,993 75	1,856 38	3,341 48	2,652 27	83	220,138	113,930
5	5	5,993 75	1,856 38	3,341 48	2,652 27	83	220,138	96,633
6	**Maximum Value of the Case 8/**							**$689,972**

1/ Rate is assumed to be constant over the five (5) year analysis period Rate includes fuel surcharge in effect for July 2007
2/ Exhibit_(TDC-4), page 2 of 3 Variable cost is assumed to be constant over the five (5) year analysis period
3/ Column (3) x 180%
4/ Column (2) - Column (4)
5/ Annual Volume is assumed to be constant over the five (5) year analysis period
6/ Column (5) x Column (6)
7/ {Column (7) ÷ [(1 + 17 9%)^ Column (1)]} The 17 9% is the 2005 Railroad Industry Pre-Tax Average Cost of Capital as determined by using the STB's after-tax cost of capital as determined in Ex Parte No 558 (Sub-No 9), Railroad Cost of Capital - 2005, served September 20, 2006
8/ Sum of Column (8), Lines 1 to 5

Calculation of the Maximum Value of the Case Based on the July 2007 Rate Per Carload and the STB's 2005 After-Tax Cost of Capital

(Based on Jurisdictional Rate per Carload)

Origin Niagara Falls, NY
Destination Carneys Point, NJ
STCC 2812815

	Year	July 2007 Rate Per Carload 1/	3Q07 Variable Cost Per Carload 2/	Jurisdictional Rate Per Carload 3/	Overpayment Per Carload 4/	Annual Carloads 5/	Total Annual Overpayment (Nominal $) 6/	Total Annual Overpayment (Real $) 7/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	$4,896 66	$1,588 30	$2,858 94	$2,037 72	328	$668,372	$595,697
2	2	4,896 66	1,588 30	2,858 94	2,037 72	328	668,372	530,924
3	3	4,896 66	1,588 30	2,858 94	2,037 72	328	668,372	473,195
4	4	4,896 66	1,588 30	2,858 94	2,037 72	328	668,372	421,742
5	5	4,896 66	1,588 30	2,858 94	2,037 72	328	668,372	375,884
6	**Maximum Value of the Case 8/**							**$2,397,442**

1/ Rate is assumed to be constant over the five (5) year analysis period Rate includes fuel surcharge in effect for July 2007
2/ Exhibit_(IDC-4), page 3 of 3 Variable cost is assumed to be constant over the five (5) year analysis period
3/ Column (3) x 180%
4/ Column (2) - Column (4)
5/ Annual Volume is assumed to be constant over the five (5) year analysis period
6/ Column (5) x Column (6)
7/ {Column (7) ÷ [(1 + 12 2%)^ Column (1)]} The 12 2% is the 2005 Railroad Industry After-Tax Average Cost of Capital as determined by the STB in Ex Parte No 558 (Sub-No 9), Railroad Cost of Capital - 2005, served September 20, 2006
8/ Sum of Column (8), Lines 1 to 5

Calculation of the Maximum Value of the Case Based on the July 2007 Rate Per Carload and the STB's 2005 Pre-Tax Cost of Capital

(Based on Jurisdictional Rate per Carload)

Origin Niagara Falls, NY
Destination Carneys Point, NJ
STCC 2812815

	Year	July 2007 Rate Per Carload 1/	3Q07 Variable Cost Per Carload 2/	Jurisdictional Rate Per Carload 3/	Overpayment Per Carload 4/	Annual Carloads 5/	Total Annual Overpayment (Nominal $) 6/	Total Annual Overpayment (Real $) 7/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	$4,896 66	$1,588 30	$2,858 94	$2,037 72	328	$668,372	$566,898
2	2	4,896 66	1,588 30	2,858 94	2,037 72	328	668,372	480,829
3	3	4,896 66	1,588 30	2,858 94	2,037 72	328	668,372	407,828
4	4	4,896 66	1,588 30	2,858 94	2,037 72	328	668,372	345,910
5	5	4,896 66	1,588 30	2,858 94	2,037 72	328	668,372	293,393
6	**Maximum Value of the Case 8/**							**$2,094,857**

1/ Rate is assumed to be constant over the five (5) year analysis period Rate includes fuel surcharge in effect for July 2007
2/ Exhibit_(TDC-4), page 3 of 3 Variable cost is assumed to be constant over the five (5) year analysis period
3/ Column (3) x 180%
4/ Column (2) - Column (4)
5/ Annual Volume is assumed to be constant over the five (5) year analysis period
6/ Column (5) x Column (6)
7/ {Column (7) + [(1 + 17 9%)^ Column (1)]} The 17 9% is the 2005 Railroad Industry Pre-Tax Average Cost of Capital as determined by using the STB's after-tax cost of capital as determined in Ex Parte No 558 (Sub-No 9), Railroad Cost of Capital - 2005, served September 20, 2006
8/ Sum of Column (8), Lines 1 to 5

Calculation of the Maximum Value of the Case Based on the July 2007 Rate Per Carload and the STB's 2005 After-Tax Cost of Capital

(Based on Stipulated Minimum R/VC Ratio of 2 60)

Origin Niagra Falls, NY
Destination New Johnsonville, TN
STCC 2812815

	Year	July 2007 Rate Per Carload 1/	3Q07 Variable Cost Per Carload 2/	Maximum Rate Per Carload 3/	Overpayment Per Carload 4/	Annual Carloads 5/	Total Annual Overpayment (Nominal $) 6/	Total Annual Overpayment (Real $) 7/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	$9,173 17	$2,170 12	$5,642 31	$3,530 86	42	$148,296	$132,171
2	2	9,173 17	2,170 12	5,642 31	3,530 86	42	148,296	117,800
3	3	9,173 17	2,170 12	5,642 31	3,530 86	42	148,296	104,991
4	4	9,173 17	2,170 12	5,642 31	3,530 86	42	148,296	93,575
5	5	9,173 17	2,170 12	5,642 31	3,530 86	42	148,296	83 400
6	**Maximum Value of the Case 8/**							**$531,936**

1/ Rate is assumed to be constant over the five (5) year analysis period Rate includes fuel surcharge in effect for July 2007
2/ Exhibit_(TDC-4), page 1 of 3 Variable cost is assumed to be constant over the five (5) year analysis period
3/ Column (3) x 260%
4/ Column (2) - Column (4)
5/ Annual Volume is assumed to be constant over the five (5) year analysis period
6/ Column (5) x Column (6)
7/ {Column (7) + [(1 + 12 2%)^ Column (1)]} The 12 2% is the 2005 Railroad Industry After-Tax Average Cost of Capital as determined by the STB in Ex Parte No 558 (Sub-No 9), Railroad Cost of Capital - 2005, served September 20, 2006
8/ Sum of Column (8), Lines 1 to 5

Calculation of the Maximum Value of the Case Based on the July 2007 Rate Per Carload and the STB's 2005 Pre-Tax Cost of Capital

(Based on Stipulated Minimum R/VC Ratio of 2 60)

Origin Niagra Falls, NY
Destination New Johnsonville, TN
SICC 2812815

	Year	July 2007 Rate Per Carload 1/	3Q07 Variable Cost Per Carload 2/	Maximum Rate Per Carload 3/	Overpayment Per Carload 4/	Annual Carloads 5/	Total Annual Overpayment (Nominal $) 6/	Total Annual Overpayment (Real $) 7/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	$9,173 17	$2,170 12	$5,642 31	$3,530 86	42	$148,296	$125,781
2	2	9,173 17	2,170 12	5,642 31	3,530 86	42	148 296	106,685
3	3	9,173 17	2,170 12	5,642 31	3,530 86	42	148,296	90,487
4	4	9,173 17	2,170 12	5,642 31	3,530 86	42	148,296	76,749
5	5	9,173 17	2,170 12	5,642 31	3,530 86	42	148,296	65 097
6	**Maximum Value of the Case 8/**							**$464,799**

1/ Rate is assumed to be constant over the five (5) year analysis period Rate includes fuel surcharge in effect for July 2007
2/ Exhibit_(TDC-4), page 1 of 3 Variable cost is assumed to be constant over the five (5) year analysis period
3/ Column (3) x 260%
4/ Column (2) - Column (4)
5/ Annual Volume is assumed to be constant over the five (5) year analysis period
6/ Column (5) x Column (6)
7/ {Column (7) + [(1 + 17 9%)^ Column (1)]} The 17 9% is the 2005 Railroad Industry Pre-Tax Average Cost of Capital as determined by using the STB's after-tax cost of capital as determined in Ex Parte No 558 (Sub-No 9), Railroad Cost of Capital - 2005, served September 20, 2006
8/ Sum of Column (8), Lines 1 to 5

Calculation of the Maximum Value of the Case Based on the July 2007 Rate Per Carload and the STB's 2005 After-Tax Cost of Capital

(Based on Stipulated Minimum R/VC Ratio of 2.60)

Origin Natrium, WV
Destination New Johnsonville, TN
STCC 2812815

	Year	July 2007 Rate Per Carload 1/	3Q07 Variable Cost Per Carload 2/	Maximum Rate Per Carload 3/	Overpayment Per Carload 4/	Annual Carloads 5/	Total Annual Overpayment (Nominal $) 6/	Total Annual Overpayment (Real $) 7/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	$5,993 75	$1,856 38	$4,826 59	$1,167 16	83	$96,874	$86,341
2	2	5,993 75	1,856 38	4,826 59	1,167 16	83	96,874	76,953
3	3	5,993 75	1,856 38	4,826 59	1,167 16	83	96,874	68,585
4	4	5,993 75	1,856 38	4,826 59	1,167 16	83	96,874	61,128
5	5	5,993 75	1,856 38	4,826 59	1,167 16	83	96,874	54,181
6	**Maximum Value of the Case 8/**							**$347,487**

1/ Rate is assumed to be constant over the five (5) year analysis period Rate includes fuel surcharge in effect for July 2007
2/ Exhibit_(TDC-4), page 2 of 3 Variable cost is assumed to be constant over the five (5) year analysis period
3/ Column (3) x 260%
4/ Column (2) - Column (4)
5/ Annual Volume is assumed to be constant over the five (5) year analysis period
6/ Column (5) x Column (6)
7/ {Column (7) ÷ [(1 + 12 2%)^ Column (1)]} The 12 2% is the 2005 Railroad Industry After-Tax Average Cost of Capital as determined by the STB in Ex Parte No 558 (Sub-No 9), Railroad Cost of Capital - 2005, served September 20, 2006
8/ Sum of Column (8), Lines 1 to 5

Calculation of the Maximum Value of the Case Based on the July 2007 Rate Per Carload and the STB's 2005 Pre-Tax Cost of Capital

(Based on Stipulated Minimum R/VC Ratio of 2.60)

Origin Natrium, WV
Destination New Johnsonville, TN
STCC 2812815

	Year	July 2007 Rate Per Carload 1/	3Q07 Variable Cost Per Carload 2/	Maximum Rate Per Carload 3/	Overpayment Per Carload 4/	Annual Carloads 5/	Total Annual Overpayment (Nominal $) 6/	Total Annual Overpayment (Real $) 7/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	$5,993.75	$1,856.38	$4,826.59	$1,167.16	83	$96,874	$82,167
2	2	5,993.75	1,856.38	4,826.59	1,167.16	83	96,874	69,692
3	3	5,993.75	1,856.38	4,826.59	1,167.16	83	96,874	59,111
4	4	5,993.75	1,856.38	4,826.59	1,167.16	83	96,874	50,136
5	5	5,993.75	1,856.38	4,826.59	1,167.16	83	96,874	42,525
6	**Maximum Value of the Case 8/**							**$303,630**

1/ Rate is assumed to be constant over the five (5) year analysis period. Rate includes fuel surcharge in effect for July 2007.
2/ Exhibit_(UDC-4), page 2 of 3. Variable cost is assumed to be constant over the five (5) year analysis period.
3/ Column (3) x 260%
4/ Column (2) - Column (4)
5/ Annual Volume is assumed to be constant over the five (5) year analysis period.
6/ Column (5) x Column (6)
7/ {Column (7) ÷ [(1 + 17.9%)^ Column (1)]} The 17.9% is the 2005 Railroad Industry Pre-Tax Average Cost of Capital as determined by using the STB's after-tax cost of capital as determined in Ex Parte No. 558 (Sub-No. 9), Railroad Cost of Capital - 2005, served September 20, 2006.
8/ Sum of Column (8), Lines 1 to 5

Calculation of the Maximum Value of the Case Based on the July 2007 Rate Per Carload and the STB's 2005 After-Tax Cost of Capital

(Based on Stipulated Minimum R/VC Ratio of 2 60)

Origin Niagara Falls, NY
Destination Carneys Point, NJ
STCC 2812815

	Year	July 2007 Rate Per Carload 1/	3Q07 Variable Cost Per Carload 2/	Maximum Rate Per Carload 3/	Overpayment Per Carload 4/	Annual Carloads 5/	Total Annual Overpayment (Nominal $) 6/	Total Annual Overpayment (Real $) 7/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	$4,896 66	$1,588 30	$4,129 58	$767 08	328	$251,602	$224,244
2	2	4,896 66	1,588 30	4,129 58	767 08	328	251,602	199,861
3	3	4,896 66	1,588 30	4,129 58	767 08	328	251,602	178,130
4	4	4,896 66	1,588 30	4,129 58	767 08	328	251,602	158,761
5	5	4,896 66	1,588 30	4,129 58	767 08	328	251,602	141,498
6	**Maximum Value of the Case 8/**							**$902,494**

1/ Rate is assumed to be constant over the five (5) year analysis period Rate includes fuel surcharge in effect for July 2007
2/ Exhibit_(TDC-4), page 3 of 3 Variable cost is assumed to be constant over the five (5) year analysis period
3/ Column (3) x 260%
4/ Column (2) - Column (4)
5/ Annual Volume is assumed to be constant over the five (5) year analysis period
6/ Column (5) x Column (6)
7/ {Column (7) + [(1 + 12 2%)^ Column (1)]} The 12 2% is the 2005 Railroad Industry After-Tax Average Cost of Capital as determined by the STB in Ex Parte No 558 (Sub-No 9), Railroad Cost of Capital - 2005, served September 20, 2006
8/ Sum of Column (8), Lines 1 to 5

Calculation of the Maximum Value of the Case Based on the July 2007 Rate Per Carload and the STB's 2005 Pre-Tax Cost of Capital

(Based on Stipulated Minimum R/VC Ratio of 2 60)

Origin Niagara Falls, NY
Destination Carneys Point, NJ
STCC 2812815

	Year	July 2007 Rate Per Carload 1/	3Q07 Variable Cost Per Carload 2/	Maximum Rate Per Carload 3/	Overpayment Per Carload 4/	Annual Carloads 5/	Total Annual Overpayment (Nominal $) 6/	Total Annual Overpayment (Real $) 7/
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	$4,896 66	$1,588 30	$4,129 58	$767 08	328	$251,602	$213,403
2	2	4,896 66	1,588 30	4,129 58	767 08	328	251,602	181,003
3	3	4,896 66	1,588 30	4,129 58	767 08	328	251,602	153,523
4	4	4,896 66	1,588 30	4,129 58	767 08	328	251,602	130,214
5	5	4,896 66	1,588 30	4,129 58	767 08	328	251,602	110,445
6	**Maximum Value of the Case 8/**							**$788,589**

1/ Rate is assumed to be constant over the five (5) year analysis period Rate includes fuel surcharge in effect for July 2007
2/ Exhibit_(TDC-4), page 3 of 3 Variable cost is assumed to be constant over the five (5) year analysis period
3/ Column (3) x 260%
4/ Column (2) - Column (4)
5/ Annual Volume is assumed to be constant over the five (5) year analysis period
6/ Column (5) x Column (6)
7/ {Column (7) ÷ [(1 + 17 9%)^ Column (1)]} The 17 9% is the 2005 Railroad Industry Pre-Tax Average Cost of Capital as determined by using the STB's after-tax cost of capital as determined in Ex Parte No 558 (Sub-No 9), Railroad Cost of Capital - 2005, served September 20, 2006
8/ Sum of Column (8), l ines 1 to 5

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of August, 2007, a copy of the foregoing Complaint was served by overnight courier in accordance with 49 C F.R 1111 3 upon the following

Ellen M Fitzsimmons
General Counsel
CSX Transportation, Inc.
Law Department
500 Water Street
Jacksonville, FL 32202

Jeffrey O Moreno