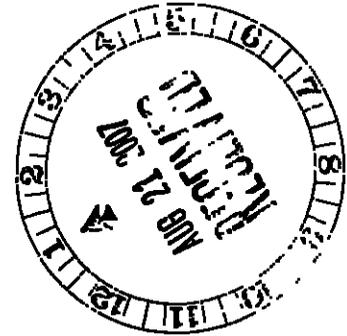


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Public Record

August 21, 2007

The Honorable Vernon Williams
Secretary
Surface Transportation Board
395 E Street, SW
Washington, D C 20423

RF Docket No NOR 42099, *E I du Pont de Nemours and Company v CSX Transportation, Inc*

Dear Secretary Williams

Please find enclosed for filing with the Surface Transportation Board ("STB") an original and ten (10) copies of the Complaint of E I du Pont de Nemours and Company ("DuPont") against CSX Transportation, Inc which is being filed pursuant to the STB's existing Simplified Rate Guidelines for Non-Coal Proceedings. In this Complaint, DuPont is challenging the reasonableness of common carrier transportation rates applicable to certain rail movements of DuPont products that are not hazardous materials.

Also enclosed for filing with the STB are an original and ten (10) copies of a Motion for Procedural Schedule and a Request for Release of Confidential Waybill Data.

In addition, a compact disk is enclosed with copies of the Complaint and the Motion.

Today, DuPont is also filing separately with the Board two additional rate complaints against CSX which concern common carrier transportation rates applicable to certain rail movements of TIH/PIH materials and certain movements of hazardous materials (non-TIH/PIH).

Sincerely,

Nicholas J DiMichael
Jeffrey O Moreno
Karyn A Booth

cc Ellen M Fitzsimmons, Esq
Paul R Hitchcock, Esq
G Paul Moates, Esq

kab 190489 1

220105

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

_____)
 E I DUPONT DE NEMOURS AND COMPANY)
)
 Complainant.)
)
 v)
)
 CSX TRANSPORTATION, INC)
)
FILED Defendant)
)
 _____)
 AUG 21 2007)

Docket No NOR 42099

FEE RECEIVED
 AUG 21 2007
 SURFACE
 TRANSPORTATION BOARD

**SURFACE
TRANSPORTATION BOARD 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 I B 1004 (1996)

In support of this Complaint, DuPont states as follows.

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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 Plastic, Syn Pwdr, STCC 2821163, from Amthill, Virginia to Wyandotte, Michigan ("Amthill – Wyandotte Movement")
- b) The movement of Plasticizers, SIC 2818967, from Heyden, New Jersey to Duart, North Carolina ("Heyden – Duart Movement")
- c) The movement of Plasticizers, STCC 2818967, from Heyden, New Jersey to Washington, West Virginia ("Heyden – Washington Movement")

4 None of the commodities that are transported in the movements described in paragraph (3) of this Complaint is a "hazardous material" as that term is defined in 49 C.F.R. §171.8.

5 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.

6. CSXT transports the listed commodities in equipment as noted below, owned or leased by DuPont or others. Other information called for in 49 C.F.R. § 1111.1(a) is as follows:

Movement	Loaded Miles	Average Number of Cars Per Shipment	Average Tons per Car	Equipment Type	Movement Type	Car Size
Ampthill - Wyandotte	772.1	1	80	Covered Hopper	Single car	5,700 cu ft
Heyden - Duart	591.5	1	90	Tank car	Single car	23,500 gal
Heyden - Washington	589.9	1	90	Tank car	Single car	23,500 gal

7. In calendar year 2006, DuPont tendered the following number of carloads for each movement described in paragraph 3 of this Complaint:

- a) Ampthill - Wyandotte Movement – 108 carloads
- b) Heyden – Duart Movement – 60 carloads
- c) Heyden – Washington Movement – 50 carloads

The Challenged Rates

8. 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.

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

Movement	Rate	Source
Ampthill - Wyandotte	\$6,272 00 per car	CSXT 97249
Heyden – Duart	\$5,799 36 per car	CSXT 97249
Heyden – Washington	\$5,486 88 per car	CSXT 97249

10 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 9 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
Ampthill - Wyandotte	\$6,426 42 per car
Heyden – Duart	\$5,917 66 per car
Heyden – Washington	\$5,604 86 per car

Jurisdictional Allegations

11 CSX I 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/V/C Ratio
Amphill - Wyandotte	\$ 1,725 59 per car	372%
Heyden – Duart	\$1,598 44 per car	370%
Heyden – Washington	\$1,594 46 per car	352%

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 of the subject movements. There is a lack of effective competition from non-rail modes and transport by truck is not a viable option

Eligibility to Use Small Case Procedures

15 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)

16 The value of this case challenging the reasonableness of CSXT’s rates to transport the 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 (“Crowley V S ”), attached

as Exhibit A, DuPont presents the information required to establish eligibility under 49 C F R § 1111.1(a)(6)-(10)

17 The feasibility and anticipated cost of preparing a full stand-alone cost presentation for each movement in this case ranges from \$2.9 million to \$5.2 million, or a total of \$11.8 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 is not appropriate because these movements are widely dispersed and would share only a modest amount of facilities in a stand-alone cost analysis. Because the origins and destinations of these movements are spread across New Jersey, Virginia, West Virginia, North Carolina and Michigan, with some routes running primarily north-south and others east-west, a stand-alone cost presentation would have to duplicate a significant portion of CSXT's current rail system, with only a modest amount of shared facilities between the issue movements. The diversity of the issue movements requires stand-alone systems unique to each movement. *Id.* at 4.

18 The estimated cost to prepare the jurisdictional and market dominance evidence in this case ranges from \$127,400 for one movement to \$274,000 for all three movements. *Id.* 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.

19 DuPont currently is paying the rates set forth in paragraph 10 of this Complaint. Except as described in this paragraph, 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 7 of this Complaint Beginning on January 1, 2008, however, Dupont will shift all volumes projected for the Heyden-Washington Movement to the Heyden-Duart Movement

20. DuPont is willing to stipulate that it will not seek a rate prescription and damages at a level less than 250% 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
Ampthill - Wyandotte Movement	\$4313 98 per car	\$2112 45 per car
Heyden – Duart Movement	\$3996 10 per car	\$1921 56 per car
Heyden – Washington Movement	\$3986 15 per car	\$1618 71 per car

Crowley V S at Exhibit __ (TDC-6)

21 The estimated actual present value of the requested relief over a five year prescription period, based on the estimated overcharges in paragraph 20 multiplied by the number of cars for the twelve-month period listed in paragraph 7 of this Complaint, as modified by paragraph 19, 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
Ampthill - Wyandotte Movement	\$715,065
Heyden – Duart Movement	\$621,750
Heyden – Washington Movement	\$34,324

Crowley V S at Exhibit__(TDC-6). Even if the present value is aggregated for purposes of determining eligibility, the total relief is \$1,371,139 *Id* at 18

22 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

23. CSX T’s common carrier rates for the transportation of the commodities and movements involved in 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 a maximum reasonable rate pursuant to 49 U S C § 10704(a)(1)

24 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

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

26 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

27. 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 8 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).

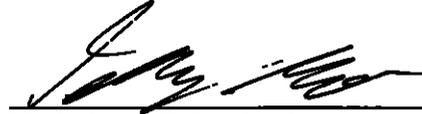
(3) after due hearing and investigation, find that the CSXT's common carrier rates applicable to the transportation of the commodities and movements named in this Complaint are unreasonable,

(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,



Nicholas J DiMichael
Jeffrey O Moreno
Karyn A Booth
Laurence W Prange
Thompson Hine I.L.P
1920 N Street, N W , Suite 800
Washington, D C 20036
(202) 331-8800

August 21, 2007

EXHIBIT A

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

<hr/>		
E. I. duPont de Nemours and Company)	
)	
Complainant)	
)	
v.)	Docket No. NOR <u>42099</u>
)	
CSX Transportation, Inc.)	
)	
Defendant)	
<hr/>		

Verified Statement
of
Thomas D Crowley
President
I. I. Peabody & Associates, Inc

Filed: August 21, 2007

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	A MVC Based On Jurisdictional Threshold	16
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LIST OF EXHIBITS

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
TDC-1	Statement of Qualifications
TDC-2	Estimated SAC Budget for DuPont's Non-Hazardous Movements on CSXT
TDC-3	Estimated Variable Cost Budget for DuPont's Non-Hazardous Movements on CSX1
TDC-4	3Q07 Variable Costs For DuPont's Non-Hazardous 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 250% 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 (IDC-1).

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 non-hazardous products via CSX Transportation, Inc. ("CSXT") for the following three (3) movements:

1. Amthill, VA to Wyandotte, MI.
2. Heyden, NJ to Duart, NC, and
3. Heyden, NJ to Washington, WV.

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 non-hazardous products,
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 non-hazardous products from Ampthill, VA to Wyandotte, MI equals over \$5.2 million. For the two additional movements at issue from Heyden, NJ to Duart, NC and Heyden, NJ to Washington, WV, the estimated costs for full stand-alone cost presentations equal \$3.7 million and \$2.9 million, respectively. In total, I estimate that it would cost DuPont over \$11.8 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 SFB'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 250% of variable cost for any of the movements at issue. Therefore, I have estimated the maximum value of the case based on 250% of the variable cost for each movement at issue.

<u>Table 1</u> <u>Estimated Maximum Value of the Case For Movements At Issue (Millions)</u>				
<u>Movement</u>	<u>Jurisdictional Rate</u>		<u>Stipulated Minimum Rate</u>	
	<u>12.2% After - Tax</u> <u>Cost of Capital</u>	<u>17.9% Pre - Tax</u> <u>Cost of Capital</u>	<u>12.2% After - Tax</u> <u>Cost of Capital</u>	<u>17.9% Pre - Tax</u> <u>Cost of Capital</u>
(1)	(2)	(3)	(4)	(5)
1 Ampthill VA - Wyandotte, MI	\$1.29	\$1.12	\$0.82	\$0.72
2 Heyden NJ - Duart, NC	\$1.13	\$0.98	\$0.72	\$0.62
3 Heyden NJ - Washington WV	<u>\$0.06</u>	<u>\$0.06</u>	<u>\$0.04</u>	<u>\$0.03</u>
4 Combined	\$2.48	\$2.16	\$1.58	\$1.37

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 __ (TDC-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. While the routes of the three movements overlap to some degree, the origins are spread from New Jersey to Virginia and the destinations are spread between Michigan, West Virginia and North Carolina. This diversity would require stand-alone systems unique to each movement rather than a duplication of a significant portion of CSXT's rail system with only a modest amount of shared facilities.

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 RTC 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 SIB 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 \$5.2 million to prepare a full stand-alone cost presentation for one of DuPont's non-hazardous products movements, i.e. from Amthill, VA to Wyandotte, MI. This estimated value assumes that legal fees are 75 percent of the total consulting fees.^{1/}

I estimate that it would cost an additional \$3.7 million (including estimated legal fees) to develop a full stand-alone cost presentation for the movement from Heyden, NJ to Duart, NC. This is less than the \$5.2 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 presentation.

I estimate that it would cost an additional \$2.9 million (including estimated legal fees) to develop a full stand-alone cost presentation for the movement from Heyden, NJ to Washington, WV. This amount reflects the partial common route^{3/} with the other movements and the use of analyses developed in the initial stand-alone presentation.

^{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/} These two movements follow the same route between Bryan Park, VA and Virginia Avenue, DC although the loaded movements are traveling in opposite directions.

^{3/} The Heyden, NJ to Washington, WV movement uses some of the same segments as the other two movements totaling slightly over half of the route of movement.

In total, I estimate that it would cost DuPont over \$11.8 million in external consultant and legal fees to present full stand-alone cost presentations for the three non-hazardous products movements at issue. The details of my estimates are contained in Exhibit_(TDC-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 SIB's Uniform Railroad Costing System ("URCS") Phase III cost program without adjustments. The SIB'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^{4/}. The loaded miles can be obtained from several sources

^{4/} 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^{2/} 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.

^{2/} 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 non-

hazardous movements at issue. i.e., from Amphill, VA to Wyandotte, MI. This estimated value assumes that legal fees are 75 percent of the total consulting fees.²

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 (IDC-3).

² 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

<u>Item</u> (1)	<u>Amphill - Wsandothe</u> (2)	<u>Heyden - Duart</u> (3)	<u>Heyden - Washington</u> (4)
1 Railroad	CSX1	CSX1	CSX1
2 Loaded Miles	7211	5915	5899
3 Shipment Type	Originated & Terminated	Originated & Terminated	Originated & Terminated
4 Number of Freight Cars Per Shipment	1	1	1
5 Tons Per Car	80	90	90
6 Commodity (3-digit SIC)	282	281	281
7 Type of Movement	Single Car	Single Car	Single Car
8 Car Ownership	Private	Private	Private
9 Type of Car	Covered Hopper	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 CSXT 2005 URCS unit costs. Table 3 below shows the base year 2005 variable costs, the 3Q07 indexed variable costs,² the 3Q07 rates (including fuel surcharge) and the R/VC ratios for the issue movements

² See Exhibit_(TDC-4)

Table 3
SIB's URCS Phase III Cost Program Variable Costs Per Car and RVC Ratio

	<u>Item</u> (1)	<u>Amphill - Wvandoite</u> (2)	<u>Hevden - Duart</u> (3)	<u>Hevden - Washington</u> (1)
1	2005 Variable Cost Per Car <u>1/</u>	\$1,653.81	\$1,531.95	\$1,528.13
2	3Q07 Variable Cost Per Car <u>1/</u>	\$1,725.59	\$1,598.44	\$1,594.46
3	3Q07 Rate per Car (Including Fuel Surcharge) <u>2/</u>	\$6,426.42	\$5,917.66	\$5,604.86
4	RVC Ratio <u>3/</u>	372%	370%	352%

1/ Exhibit (IDC-4)

2/ Base rate provided by DuPont plus CSX's 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%² 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 250%

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, 2007². When the current rate

^{2/} See STB Ex Parte No. 558 (Sub-No. 9) *Railroad Cost of Capital - 2005* served September 20, 2006 Beginning January 1, 2008 carloads previously moved from Heyden, NJ to Washington, WV will move from Heyden, NJ to Duart, NC. The 5-year volumes for each movement have been adjusted accordingly.

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 below¹⁰

<u>Movement</u> (1)	<u>Estimated Maximum Value of the Case (Millions)</u>	
	<u>12.2% After - Tax Cost of Capital</u> (2)	<u>17.9% Pre - Tax Cost of Capital</u> (3)
1 Amphill VA - Wyandotte MI	\$1.29	\$1.12
2 Heyden, NJ - Duart, NC	\$1.13	\$0.98
3 Heyden, NJ - Washington, WV	<u>\$0.06</u>	<u>\$0.06</u>
4 Combined	\$2.48	\$2.16

Source: Exhibit (1DC-5)

As shown above, the estimated MVC for the issue movements range from \$0.06 million to \$1.29 million per movement and from \$2.16 million to \$2.48 million in total depending upon the discount factor applied when the jurisdictional rate is utilized.

¹⁰ See Exhibit (1DC-5)

**B. MVC BASED ON THE
MINIMUM STIPULATED
R/VC RATIO OF 250%**

DuPont has stipulated that it will not request a prescribed rate for the issue movements below 250% of variable costs using the STB's LRCS Phase III program. Using the appropriate 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 250% of variable costs. The results are shown in Table 5 below ^{11/}

<u>Movement</u> (1)	<u>Estimated Maximum Value of the Case (Millions)</u>	
	<u>12.2% After - Tax Cost of Capital</u> (2)	<u>17.9% Pre - Tax Cost of Capital</u> (3)
1 Amphill VA - Wyandotte MI	\$0.82	\$0.72
2 Heyden NJ - Duart NC	\$0.72	\$0.62
3 Heyden NJ - Washington WV	<u>\$0.04</u>	<u>\$0.03</u>
4 Combined	\$1.58	\$1.37

Source: Exhibit (TDC-6)

^{11/} See Exhibit __ (TDC-6)

As shown above, the estimated MVC for the issue movements range between \$0.03 million and \$0.82 million per movement and from \$1.37 million to \$1.58 million in total when the minimum stipulated R/VC ratio is used.

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

$$MVC = \sum_{i=0}^4 \{ [P_i - (VC_i \times 180\%)] \times T_i \} - (1 + r)^i$$

Where

a	MVC	=	The Maximum Value of the Case
b	i	=	Year
c	P _i	=	Challenged Rate in Year i
d	VC _i	=	The STB's Phase III URCS variable cost of the issue movement in Year i
e	T _i	=	Issue traffic volume in Year i
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 Amphill, VA
Destination Wyandotte, MI
STCC 2821163

<u>Year</u>	<u>July 2007 Rate Per Carload 1/</u>	<u>3Q07 Variable Cost Per Carload 2/</u>	<u>Jurisdictional Rate Per Carload 3/</u>	<u>Overpayment Per Carload 4/</u>	<u>Annual Carloads 5/</u>	<u>Total Annual Overpayment (Nominal \$) 6/</u>	<u>Total Annual Overpayment (Real \$) 7/</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	\$6,426.42	\$1,725.59	\$3,106.06	\$3,320.36	108	\$358,599	\$319,607
2	6,426.42	1,725.59	3,106.06	3,320.36	108	358,599	284,854
3	6,426.42	1,725.59	3,106.06	3,320.36	108	358,599	253,881
4	6,426.42	1,725.59	3,106.06	3,320.36	108	358,599	226,275
5	6,426.42	1,725.59	3,106.06	3,320.36	108	358,599	201,671
6	Maximum Value of the Case 8/						\$1,286,289

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 Amphull, VA
Destination Wvandotte, MI
STCC 2821163

<u>Year</u>	<u>July 2007 Rate Per Carload 1/</u>	<u>3Q07 Variable Cost Per Carload 2/</u>	<u>Jurisdictional Rate Per Carload 3/</u>	<u>Overpayment Per Carload 4/</u>	<u>Annual Carloads 5/</u>	<u>Total Annual Overpayment (Nominal \$) 6/</u>	<u>Total Annual Overpayment (Real \$) 7/</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	\$6,426.42	\$1,725.59	\$3,106.06	\$3,320.36	108	\$358,599	\$304,155
2	6,426.42	1,725.59	3,106.06	3,320.36	108	358,599	257,977
3	6,426.42	1,725.59	3,106.06	3,320.36	108	358,599	218,810
4	6,426.42	1,725.59	3,106.06	3,320.36	108	358,599	185,590
5	6,426.42	1,725.59	3,106.06	3,320.36	108	358,599	157,413
6	Maximum Value of the Case 8/						\$1,123,944

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), Times 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 Heyden, NJ
Destination Duart, NC
SICC 2818967

<u>Year</u>	<u>July 2007 Rate Per Carload 1/</u>	<u>3Q07 Variable Cost Per Carload 2/</u>	<u>Jurisdictional Rate Per Carload 3/</u>	<u>Overpayment Per Carload 4/</u>	<u>Annual Carloads 5/</u>	<u>Total Annual Overpayment (Nominal \$) 6/</u>	<u>Total Annual Overpayment (Real \$) 7/</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	\$5,917.66	\$1,598.44	\$2,877.19	\$3,040.47	85	\$258,440	\$230,338
2	5,917.66	1,598.44	2,877.19	3,040.47	110	334,451	265,673
3	5,917.66	1,598.44	2,877.19	3,040.47	110	334,451	236,785
4	5,917.66	1,598.44	2,877.19	3,040.47	110	334,451	211,039
5	5,917.66	1,598.44	2,877.19	3,040.47	110	334,451	188,091
6	Maximum Value of the Case 8/						\$1,131,927

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/ The historical annual volume from Heyden, NJ to Duart, NC is 60 carloads. Beginning January 1, 2008, carloads previously moving from Heyden, NJ to Washington, WV will move from Heyden, NJ to Duart, NC. This increases the annual volume from Heyden, NJ to Duart, NC by 25 carloads in Year 1 (6 months) and 50 carloads in Years 2 through 5.

6/ Column (5) x Column (6)

7/ {Column (7) x [(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 Heyden, NJ
Destination Duart, NC
STCC 2818967

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	\$5,917.66	\$1,598.44	\$2,877.19	\$3,040.47	85	\$258,440	\$219,203
2	5,917.66	1,598.44	2,877.19	3,040.47	110	334,451	240,605
3	5,917.66	1,598.44	2,877.19	3,040.47	110	334,451	204,076
4	5,917.66	1,598.44	2,877.19	3,040.47	110	334,451	173,092
5	5,917.66	1,598.44	2,877.19	3,040.47	110	334,451	146,813
6	Maximum Value of the Case 8/						\$983,789

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/ The historical annual volume from Heyden, NJ to Duart, NC is 60 carloads. Beginning January 1, 2008, carloads previously moving from Heyden, NJ to Washington, WV will move from Heyden, NJ to Duart, NC. This increases the annual volume from Heyden, NJ to Duart, NC by 25 carloads in Year 1 (6 months) and 50 carloads in Years 2 through 5.

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 Heyden, NJ
Destination Washington, WV
SICC 2818967

<u>Year</u>	<u>July 2007 Rate Per Carload 1/</u>	<u>3Q07 Variable Cost Per Carload 2/</u>	<u>Jurisdictional Rate Per Carload 3/</u>	<u>Overpayment Per Carload 4/</u>	<u>Annual Carloads 5/</u>	<u>Total Annual Overpayment (Nominal \$) 6/</u>	<u>Total Annual Overpayment (Real \$) 7/</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	\$5,604.86	\$1,594.46	\$2,870.03	\$2,734.83	25	\$68,371	\$60,937
2	5,604.86	1,594.46	2,870.03	2,734.83	0	0	0
3	5,604.86	1,594.46	2,870.03	2,734.83	0	0	0
4	5,604.86	1,594.46	2,870.03	2,734.83	0	0	0
5	5,604.86	1,594.46	2,870.03	2,734.83	0	0	0
6	Maximum Value of the Case 8/						\$60,937

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/ The historical annual volume from Heyden, NJ to Washington, WV is 50 carloads. Beginning January 1, 2008, carloads previously moving from Heyden, NJ to Washington, WV will move from Heyden, NJ to Duart, NC. This decreases the annual volume from Heyden, NJ to Washington, WV by 25 carloads in Year 1 (6 months) and eliminates all carloads in Years 2 through 5.

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 Heyden NJ
Destination Washington, WV
SICC 2818967

<u>Year</u>	<u>July 2007 Rate Per Carload 1/</u>	<u>3Q07 Variable Cost Per Carload 2/</u>	<u>Jurisdictional Rate Per Carload 3/</u>	<u>Overpayment Per Carload 4/</u>	<u>Annual Carloads 5/</u>	<u>Total Annual Overpayment (Nominal \$) 6/</u>	<u>Total Annual Overpayment (Real \$) 7/</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	\$5,604.86	\$1,591.46	\$2,870.03	\$2,734.83	25	\$68,371	\$57,991
2	5,604.86	1,594.46	2,870.03	2,734.83	0	0	0
3	5,604.86	1,594.46	2,870.03	2,734.83	0	0	0
4	5,604.86	1,594.46	2,870.03	2,734.83	0	0	0
5	5,601.86	1,591.46	2,870.03	2,734.83	0	0	0
6/ Maximum Value of the Case 8/							\$57,991

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/ The historical annual volume from Heyden, NJ to Washington, WV is 50 carloads. Beginning January 1, 2008, carloads previously moving from Heyden, NJ to Washington, WV will move from Heyden, NJ to Duart, NC. This decreases the annual volume from Heyden, NJ to Washington, WV by 25 carloads in Year 1 (6 months) and eliminates all carloads in Years 2 through 5.

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 2.50)**

Origin Amphill, VA
Destination Wyandotte, MI
SICC 2821163

<u>Year</u>	<u>July 2007 Rate Per Carload 1/</u>	<u>3Q07 Variable Cost Per Carload 2/</u>	<u>Maximum Rate Per Carload 3/</u>	<u>Overpayment Per Carload 4/</u>	<u>Annual Carloads 5/</u>	<u>Total Annual Overpayment (Nominal \$) 6/</u>	<u>Total Annual Overpayment (Real \$) 7/</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	\$6,426.42	\$1,725.59	\$4,313.98	\$2,112.45	108	\$228,144	\$203,337
2	6,426.42	1,725.59	4,313.98	2,112.45	108	228,144	181,227
3	6,426.42	1,725.59	4,313.98	2,112.45	108	228,144	161,522
4	6,426.42	1,725.59	4,313.98	2,112.45	108	228,144	143,959
5	6,426.42	1,725.59	4,313.98	2,112.45	108	228,144	128,305
6	Maximum Value of the Case 8/						\$818,350

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 1 of 3. Variable cost is assumed to be constant over the five (5) year analysis period.

3/ Column (3) x 250%

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 2.50)**

Origin Amthull, VA
Destination Wyandotte, MI
SICC 2821163

<u>Year</u>	<u>July 2007 Rate Per Carload 1/</u>	<u>3Q07 Variable Cost Per Carload 2/</u>	<u>Maximum Rate Per Carload 3/</u>	<u>Overpayment Per Carload 4/</u>	<u>Annual Carloads 5/</u>	<u>Total Annual Overpayment (Nominal \$) 6/</u>	<u>Total Annual Overpayment (Real \$) 7/</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	\$6,426.42	\$1,725.59	\$4,313.98	\$2,112.45	108	\$228,144	\$193,506
2	6,426.42	1,725.59	4,313.98	2,112.45	108	228,144	164,128
3	6,426.42	1,725.59	4,313.98	2,112.45	108	228,144	139,209
4	6,426.42	1,725.59	4,313.98	2,112.45	108	228,144	118,074
5	6,426.42	1,725.59	4,313.98	2,112.45	108	228,144	100,148
6	Maximum Value of the Case 8/						\$715,065

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 1 of 3. Variable cost is assumed to be constant over the five (5) year analysis period.

3/ Column (3) x 250%

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%)ⁿ * 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 2.50)

Origin Heyden, NJ
Destination Duart, NC
STCC 2818967

<u>Year</u>	<u>July 2007 Rate Per Carload 1/</u>	<u>3Q07 Variable Cost Per Carload 2/</u>	<u>Maximum Rate Per Carload 3/</u>	<u>Overpayment Per Carload 4/</u>	<u>Annual Carloads 5/</u>	<u>Total Annual Overpayment (Nominal \$) 6/</u>	<u>Total Annual Overpayment (Real \$) 7/</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	\$5,917.66	\$1,598.44	\$3,996.10	\$1,921.56	85	\$163,333	\$145,573
2	5,917.66	1,598.44	3,996.10	1,921.56	110	211,372	167,904
3	5,917.66	1,598.44	3,996.10	1,921.56	110	211,372	149,647
4	5,917.66	1,598.44	3,996.10	1,921.56	110	211,372	133,375
5	5,917.66	1,598.44	3,996.10	1,921.56	110	211,372	118,873
6 Maximum Value of the Case 8/							\$715,372

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 (TTC-4), page 2 of 3. Variable cost is assumed to be constant over the five (5) year analysis period.

3/ Column (3) x 250%

4/ Column (2) - Column (4)

5/ The historical annual volume from Heyden, NJ to Duart, NC is 60 carloads. Beginning January 1, 2008, carloads previously moving from Heyden, NJ to Washington, WV will move from Heyden, NJ to Duart, NC. This increases the annual volume from Heyden, NJ to Duart, NC by 25 carloads in Year 1 (6 months) and 50 carloads in Years 2 through 5.

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 2.50)**

Origin Heyden, NJ
Destination Duart, NC
STCC 2818967

<u>Year</u>	<u>July 2007 Rate Per Carload 1/</u>	<u>3Q07 Variable Cost Per Carload 2/</u>	<u>Maximum Rate Per Carload 3/</u>	<u>Overpayment Per Carload 4/</u>	<u>Annual Carloads 5/</u>	<u>Total Annual Overpayment (Nominal \$) 6/</u>	<u>Total Annual Overpayment (Real \$) 7/</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	\$5,917.66	\$1,598.44	\$3,996.10	\$1,921.56	85	\$163,333	\$138,535
2	5,917.66	1,598.44	3,996.10	1,921.56	110	211,372	152,061
3	5,917.66	1,598.44	3,996.10	1,921.56	110	211,372	128,975
4	5,917.66	1,598.44	3,996.10	1,921.56	110	211,372	109,393
5	5,917.66	1,598.44	3,996.10	1,921.56	110	211,372	92,785
6/ Maximum Value of the Case 8/							\$621,750

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 250%

4/ Column (2) - Column (4)

5/ The historical annual volume from Heyden, NJ to Duart, NC is 60 carloads. Beginning January 1, 2008, carloads previously moving from Heyden, NJ to Washington, WV will move from Heyden, NJ to Duart, NC. This increases the annual volume from Heyden, NJ to Duart, NC by 25 carloads in Year 1 (6 months) and 50 carloads in Years 2 through 5.

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 its Part 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 2.50)**

Origin Heyden, NJ
Destination Washington, WV
SICC 2818967

<u>Year</u>	<u>July 2007 Rate Per Carload 1/</u>	<u>3Q07 Variable Cost Per Carload 2/</u>	<u>Maximum Rate Per Carload 3/</u>	<u>Overpayment Per Carload 4/</u>	<u>Annual Carloads 5/</u>	<u>Total Annual Overpayment (Nominal \$) 6/</u>	<u>Total Annual Overpayment (Real \$) 7/</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	\$5,604.86	\$1,594.46	\$3,986.15	\$1,618.71	25	\$40,468	\$36,068
2	5,604.86	1,594.46	3,986.15	1,618.71	0	0	0
3	5,604.86	1,594.46	3,986.15	1,618.71	0	0	0
4	5,604.86	1,594.46	3,986.15	1,618.71	0	0	0
5	5,604.86	1,594.46	3,986.15	1,618.71	0	0	0
6/ Maximum Value of the Case 8/							\$36,068

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 250%

4/ Column (2) - Column (1)

5/ The historical annual volume from Heyden, NJ to Washington, WV is 50 carloads. Beginning January 1, 2008, carloads previously moving from Heyden, NJ to Washington, WV will move from Heyden, NJ to Duart, NC. This decreases the annual volume from Heyden, NJ to Washington, WV by 25 carloads in Year 1 (6 months) and eliminates all carloads in Years 2 through 5.

6/ Column (5) x Column (6)

7/ $\{ \text{Column (7)} + [(1 + 12.2\%)^{\text{Column (1)}}] \}$. 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 2.50)**

Origin Heyden, NJ
Destination Washington, WV
STCC 2818967

<u>Year</u>	<u>July 2007 Rate Per Carload 1/</u>	<u>3Q07 Variable Cost Per Carload 2/</u>	<u>Maximum Rate Per Carload 3/</u>	<u>Overpayment Per Carload 4/</u>	<u>Annual Carloads 5/</u>	<u>Total Annual Overpayment (Nominal \$) 6/</u>	<u>Total Annual Overpayment (Real \$) 7/</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	\$5,604.86	\$1,594.46	\$3,986.15	\$1,618.71	25	\$40,468	\$34,324
2	5,604.86	1,594.46	3,986.15	1,618.71	0	0	0
3	5,604.86	1,594.46	3,986.15	1,618.71	0	0	0
4	5,604.86	1,594.46	3,986.15	1,618.71	0	0	0
5	5,604.86	1,594.46	3,986.15	1,618.71	0	0	0
6/ Maximum Value of the Case 8/							\$34,324

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_(11X-4), page 3 of 3. Variable cost is assumed to be constant over the five (5) year analysis period.

3/ Column (3) x 250%

4/ Column (2) - Column (4)

5/ The historical annual volume from Heyden, NJ to Washington, WV is 50 carloads. Beginning January 1, 2008, carloads previously moving from Heyden, NJ to Washington, WV will move from Heyden, NJ to Duart, NC. This decreases the annual volume from Heyden, NJ to Washington, WV by 25 carloads in Year 1 (6 months) and eliminates all carloads in Years 2 through 5.

6/ Column (5) x Column (6)

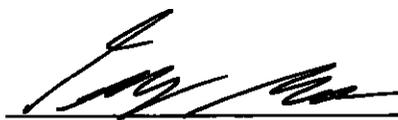
7/ {Column (7) + [(1 + 17.9%)^ Column (1)]}. The 17.9% is the 2005 Railroad Industry Pre-tax Average Cost of Capital as determined by using the STB's after-tax cost of capital as determined in its Part No. 558 (Sub-No. 9), Railroad Cost of Capital - 2005, served September 20, 2006.

8/ Sum of Column (8), Lines 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