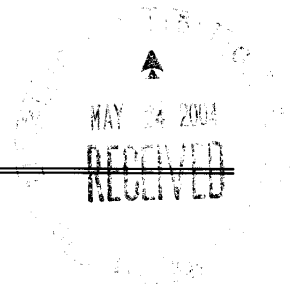


11060

BEFORE THE
SURFACE TRANSPORTATION BOARD



AEP TEXAS NORTH COMPANY)

Complainant,)

v.)

Docket No. 41191 (Sub-No. 1)

THE BURLINGTON NORTHERN AND)
SANTA FE RAILWAY COMPANY)

Defendant.)

OPENING EVIDENCE OF
COMPLAINANT AEP TEXAS NORTH COMPANY

ENTERED
Office of Proceedings

NARRATIVE AND EXHIBITS

MAY 25 2004

Part of
Public Record

PUBLIC VERSION
CONFIDENTIAL MATERIAL REDACTED

AEP TEXAS NORTH COMPANY
1 Riverside Plaza
Columbus, Ohio 43215

By: David Cohen, Senior Counsel
AEP Texas North Company
155 West Nationwide Boulevard
Suite 500
Columbus, Ohio 43215

OF COUNSEL:

Slover & Loftus
1224 Seventeenth St., N.W.
Washington, D.C. 20036

William L. Slover
Kelvin J. Dowd
Christopher A. Mills

Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036

Dated: May 24, 2004

Attorneys and Practitioners

TABLE OF CONTENTS

I.	COUNSEL’S REPLY ARGUMENT AND SUMMARY OF EVIDENCE	I-1
A.	Preliminary Matters	I-2
1.	Movements from the Rawhide Mine	I-2
2.	Other Movements	I-4
B.	The Board’s Recent Findings Regarding Virtually Identical BNSF Coal Movements Confirm That BNSF’s Claimed Variable Costs Are Inflated	I-8
C.	AEP Texas’ Variable Costs Constitute the Best Evidence of Record	I-10
II.	MARKET DOMINANCE	II-A-1
A.	QUANTITATIVE EVIDENCE	II-A-2
1.	Variable Costs	II-A-2
a.	Overview	II-A-2
i.	The Parties’ Different Approaches to Calculating Variable Costs	II-A-2
ii.	BNSF’s Costs for the Oklaunion Movement Are Inconsistent with those Determined by the Board for the Comparable TMPA Coal Movement	II-A-3
iii.	BNSF’s Extensive Use of System-Average Costs	II-A-7
iv.	Summary of Reply Variable Cost and R/VC Ratios	II-A-9
v.	Summary of Cost Differences	II-A-10
b.	Traffic and Operating Characteristics	II-A-14
i.	Technical Conference Stipulated Agreements	II-A-14
ii.	Other T&O Characteristics	II-A-16
c.	BNSF’s Flawed Variable Cost Calculations	II-A-26
i.	Return on Road Property and Road Depreciation Expenses	II-A-30
ii.	Car Operating Expenses and Car Capital	II-A-37
iii.	Locomotive Capital	II-A-40
iv.	Switching (Excluding Fuel)	II-A-61
v.	Roadway Maintenance (MOW including Joint Facilities)	II-A-62
vi.	Locomotive Maintenance	II-A-63

NARRATIVE

TABLE OF CONTENTS

I.	COUNSEL'S REPLY ARGUMENT AND SUMMARY OF EVIDENCE	I-1
A.	Preliminary Matters	I-2
1.	Movements from the Rawhide Mine	I-2
2.	Other Movements	I-4
B.	The Board's Recent Findings Regarding Virtually Identical BNSF Coal Movements Confirm That BNSF's Claimed Variable Costs Are Inflated	I-8
C.	AEP Texas' Variable Costs Constitute the Best Evidence of Record	I-10
II.	MARKET DOMINANCE	II-A-1
A.	QUANTITATIVE EVIDENCE	II-A-2
1.	Variable Costs	II-A-2
a.	Overview	II-A-2
i.	The Parties' Different Approaches to Calculating Variable Costs	II-A-2
ii.	BNSF's Costs for the Oklaunion Movement Are Inconsistent with those Determined by the Board for the Comparable TMPA Coal Movement	II-A-3
iii.	BNSF's Extensive Use of System-Average Costs	II-A-7
iv.	Summary of Reply Variable Cost and R/VC Ratios	II-A-9
v.	Summary of Cost Differences	II-A-10
b.	Traffic and Operating Characteristics	II-A-14
i.	Technical Conference Stipulated Agreements	II-A-14
ii.	Other T&O Characteristics	II-A-16
c.	BNSF's Flawed Variable Cost Calculations	II-A-26
i.	Return on Road Property and Road Depreciation Expenses	II-A-30
ii.	Car Operating Expenses and Car Capital	II-A-37
iii.	Locomotive Capital	II-A-40
iv.	Switching (Excluding Fuel)	II-A-61
v.	Roadway Maintenance (MOW including Joint Facilities)	II-A-62
vi.	Locomotive Maintenance	II-A-63

**I. Counsel's Reply Argument
and Summary of Evidence**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

AEP TEXAS NORTH COMPANY	)	
	)	
Complainant,	)	
	)	
v.	)	Docket No. 41191 (Sub-No. 1)
	)	
THE BURLINGTON NORTHERN AND	)	
SANTA FE RAILWAY COMPANY	)	
	)	
Defendant.	)	

PART I

COUNSEL’S REPLY ARGUMENT AND SUMMARY OF EVIDENCE

On March 1, 2004, Complainant AEP Texas North Company (“AEP Texas”) and Defendant The Burlington Northern and Santa Fe Railway Company (“BNSF”) filed Opening Evidence in this proceeding. In accordance with the procedural schedule established by the Board for this case, AEP Texas’ Opening Evidence related both to market dominance and stand-alone costs, while BNSF submitted Opening Evidence only on market dominance issues.

BNSF’s Opening Evidence was further limited to quantitative market dominance, *i.e.* the variable cost of BNSF service from the Powder River Basin (“PRB”) to the Oklaunion Station. BNSF did not submit any evidence with respect to the existence of effective transportation competition for the Oklaunion coal movement.

Accordingly, AEP Texas' evidence demonstrating the absence of such competition is the only evidence of record, and the issue of qualitative market dominance must be resolved in AEP Texas' favor.

Herein, AEP Texas responds to BNSF's Opening Evidence respecting the variable costs of its Oklaunion coal transportation service.

A. Preliminary Matters

1. Movements from the Rawhide Mine

When AEP Texas filed its Opening Evidence, coal movements from the Rawhide Mine to Oklaunion were subject to the Board's 1996 rate prescription order in Docket No. 41191, *West Texas Utilities Co. v. Burlington Northern R. Co.*, 1 S.T.B. 538 (1996) ("*West Texas Utilities*"), as subsequently modified by a decision in the same docket served May 29, 2003. Previously, however, on September 2, 2003, AEP Texas had petitioned the Board to vacate the modified Rawhide rate prescription to enable AEP Texas to seek a new maximum rate determination based on current cost evidence. To ensure a complete record once the Rawhide prescription was vacated, AEP Texas' Opening Evidence presentation included variable and stand-alone costs for movements from the Rawhide Mine. BNSF did not cost the Rawhide movements in its Opening Evidence.

By Decision served March 19, 2004 in Docket No. 41191, the Board granted AEP Texas' petition and vacated the Rawhide rate prescription.¹ Shortly thereafter, AEP Texas requested BNSF to exercise its restored ratemaking initiative by disclosing or establishing a common carrier rate to apply to unit train shipments of coal from the Rawhide Mine to the Oklaunion station. In response, BNSF stated that the rate of \$18.83 per ton, which had been in effect for Rawhide shipments since January 1, 2004, pursuant to the modified rate prescription in Docket No. 41191, "will continue to apply" following vacation of the prescription.² This is the same rate that has applied to shipments from all other PRB mine origins covered by the Complaint in this proceeding since January 1, 2004. On April 19, 2004, AEP Texas filed a Second Supplement to its Verified Complaint clarifying its specific challenge to the reasonableness of the \$18.83 per ton common carrier rate presently in effect on BNSF shipments from the Rawhide Mine to Oklaunion. BNSF did not oppose the Second Supplement within the prescribed 20-day reply period.

Since the issue is now formally joined as to the reasonableness of BNSF's rates from all PRB origins, including Rawhide, the Board should proceed to evaluate AEP

¹ On the same date the Board served a decision in this docket denying BNSF's motion to dismiss AEP Texas' Complaint. The Board's two March 19, 2004 decisions effectively moot BNSF's argument that AEP Texas should be precluded from presenting a new SAC analysis for any of the movements in issue. *See* BNSF Opening Narrative ("BNSF Op.") at I-14 to 17.

² *See* AEP Texas' Second Supplement to Verified Complaint, a copy of which is included with this filing as Exhibit I-5.

Texas' evidence on BNSF's variable service costs for the Rawhide movement along with the costs for the movements from the other PRB origins. On Reply, AEP Texas includes revised costs for movements from Rawhide Mine as well as revised costs for movements from the other mines addressed in its Opening Evidence.³

2. Other Movements

Oklahoma coal traffic actually moved from eleven different PRB origins during the relevant time period; *i.e.* the second quarter of 2000 through the first quarter of 2004 (the most recent period for which relevant data are available). AEP Texas presented variable cost evidence for all time periods (quarters) in which traffic moved from each origin. It also presented variable costs at the 2Q03 level for movements from the origins covered by the BNSF common carrier pricing authority under scrutiny in this proceeding from which no traffic actually moved during the period studied. These costs were based on actual mileages from these mines and transportation and operating ("T&O") characteristics for movements from other, nearby mines from which traffic did move.⁴

BNSF's Opening variable cost presentation was far more limited. BNSF submitted cost evidence only for periods beginning with the third quarter of 2001 and

³ AEP Texas' September 2, 2003 Petition to Vacate Rate Prescription provided BNSF with more than ample notice of AEP Texas' intent to present cost evidence with respect to Rawhide shipments in this proceeding.

⁴ See Tables II-A-1 through II-A-4 on pp. II-A-6 to 9 of AEP Texas' Opening Narrative ("AEP Texas Op.") and accompanying Exhibits II-A-26 through 80. The Opening T&O characteristics for movements from the six mines from which no traffic moved during the study period are set forth in Exhibit II-A-2.

ending with the second quarter of 2003, and only for movements from origins (other than Rawhide) at which AEP Texas loaded at least 10% of Oklaunion's coal shipments in any quarter.

BNSF's ostensible reason for failing to submit cost evidence for 2Q00 through 2Q02 is its claim that AEP Texas is barred by 49 U.S.C. § 11705(c) from collecting reparations on shipments that moved under the challenged rates before August 11, 2001. *See* BNSF Op. at I-17. For the reasons set forth at pp. I-36 to 38 of AEP Texas' Opening Narrative ("AEP Texas Op."), the Board either should deem AEP Texas to have perfected its challenge to the rates at issue in this action on November 7, 2000, when the Board formally reopened Docket No. 41191 to consider the reasonableness of rates from origins other than Rawhide, or toll the two-year statute of limitations to permit reparations for Oklaunion movements beginning in 2Q00, based on recognized principles of equity under the unique circumstances presented by this case.

BNSF also failed to present variable cost evidence for periods subsequent to 2Q03 because that was "the last quarter for which variable cost data were provided in discovery" (BNSF Op. at II-2). However, AEP Texas developed data for subsequent periods based on its own records (*e.g.*, freight bills), applying the indices described on Opening (modified on Reply to reflect the parties' Technical Conference stipulation on indexing), which enable variable costs for subsequent periods to be calculated accurately. Moreover, BNSF has train movement data that should be sufficient to verify the T&O

characteristics and other movement parameters used to develop AEP Texas' variable costs for 3Q03 through 1Q04.⁵

There is no precedent for BNSF's arbitrary refusal to cost movements from origins that represented less than 10% of the total Oklaunion traffic in any quarter. BNSF applied this arbitrary threshold "to ensure that there were sufficient data from which to develop reliable variable cost evidence from a specific mine origin" (BNSF Op. at II-1). However, the Board has never applied any such threshold, and BNSF has presented no evidence indicating that the T&O characteristics for movements representing less than 10% of the total movements in any quarter are not typical of such movements.

Finally, BNSF cites *TMPA* as justification for its refusal to present cost data for mines from which AEP Texas originated no coal during its (or AEP Texas') study period.⁶ However, the Board's refusal in *TMPA* to make variable-cost findings for PRB coal origins from which no shipments moved (at 38) is subject to a pending petition for reconsideration, which was filed on April 14, 2003. Moreover, unlike the circumstances presented in *TMPA*, shipments to Oklaunion have occurred from eleven different mine

⁵ In Docket No. 42058, *Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company*, the defendants similarly presented opening variable cost evidence only for periods for which data were provided in discovery. However, on reply, they updated the variable costs to include subsequent periods covered by the complainant's opening evidence. See the defendants' Joint Variable Cost Reply Evidence in No. 42058 (Public Version) filed May 27, 2003, at II-2.

⁶ Docket No. 42056, *Texas Municipal Power Authority v. The Burlington Northern and Santa Fe Railway Company*, Decision served March 24, 2003 ("*TMPA*").

origins during the relevant time periods, several of which are in very close physical proximity to the mines from which coal has not yet moved. The T&O characteristics (other than origin and destination loop track miles and total line-haul miles, which are actual) are not likely to differ to any significant degree from those for mines from which coal did move to Oklahoma, given the standardized and repetitive nature of BNSF's PRB unit-train operations. Thus, it is entirely appropriate to use the non-mileage T&O characteristics of actual movements from nearby mines as surrogates in developing variable costs for movements from these mines.

Strong public policy considerations also favor extending the Board's rate prescription in this proceeding to shipments from all of the PRB origins to which the BNSF rates under challenge apply. Large-volume coal shippers such as AEP Texas routinely change sources among the various PRB mines in response to capacity constraints and other factors, and BNSF's own ratemaking practice respects this need for flexibility (which benefits carriers as well as shippers) by establishing a single rate applicable to all origins. Limiting the Board's ruling in this case to only some of the movements covered by the challenged rates unnecessarily would result in piecemeal regulatory action as AEP Texas' coal sources inevitably shift.

B. The Board's Recent Findings Regarding Virtually Identical BNSF Coal Movements Confirm That BNSF's Claimed Variable Costs Are Inflated

BNSF's Opening Evidence relies almost entirely on system-average costs in developing variable costs for the Oklaunion coal movements.⁷ This is contrary to the Board's preferred approach to costing unit-train coal movements, and grossly inflates the actual variable costs for the subject service. That BNSF's cost claims bear little resemblance to reality is easily seen by comparing the carrier's costs to those found by the Board barely a year ago in *TMPA*, which examined a nearly-identical BNSF unit-train coal movement in railroad-supplied cars from the same PRB mine origins over a routing identical to that used by the AEP Texas coal trains.

As shown at pp. II-A-4 to 6, *infra*, the variable costs calculated by BNSF on Opening for the Oklaunion movement in 3Q01 are some 24% higher than those determined by the Board in *TMPA* for the same quarter, on a comparable mills per revenue ton-mile basis. In contrast, AEP Texas' Opening variable cost calculations (modified to reflect the parties' stipulated agreements on various T&O characteristics and other cost factors resulting from the Technical Conference in this proceeding) correlate very closely to the Board's *TMPA* cost findings. See Table II-A-19 on page II-A-6, *infra*. The lack of any correlation between BNSF's variable cost calculations in this case and the

⁷ As noted *infra*, BNSF only departs from a system average approach in two areas where it claims that movement-specific costs are *higher* than system average.

Board's variable cost findings with respect to the nearly-identical *TMPA* coal movement should inform the Board's resolution of the differences between the parties' cost calculations in this proceeding.⁸

It is also noteworthy that in *West Texas Utilities*, which involved a complaint brought by AEP Texas' predecessor challenging BNSF's rates for the very same PRB-to-Oklaunion coal movement, the Board determined the carrier's variable service cost to be \$7.60 per ton for movements from the Rawhide Mine at the 4Q95 level. *Id.* 1 S.T.B. at 679. As determined by AEP Texas on Opening in this proceeding, the variable cost for movements from the Buckskin Mine (which is next door to Rawhide) to Oklaunion at the 3Q01 level (modified to reflect the parties' agreements resulting from the Technical Conference) is \$6.83 per ton. *See* Table II-A-19, *infra*. This 10% decline is consistent with BNSF's overall cost reductions since 1995.

For example, BNSF increased its primary efficiency measure of gross ton-miles per employee from 16.4 million in 1995 to 25 million in 2003. *See* Burlington Northern Santa Fe Corporation Annual Report to shareholders ("BNSF Annual Report") for 2001 at 9 and BNSF Annual Report for 2003 at 5. At the same time, BNSF's adjusted operating expense per 1,000 gross ton-miles declined 14% between 1995 and 2000, and

⁸ The calculation of stand-alone costs is a very different matter. The route, configuration, traffic group and myriad other features of the stand-alone railroad hypothesized by AEP Texas bear little resemblance to those presented in *TMPA*. Likewise, AEP Texas' treatment of stand-alone cost issues reflects the further evolution of the Board's SAC principles subsequent to *TMPA*.

BNSF reduced its total employment by 13% during that same time period. *See* BNSF Annual Report for 2000 at 5. BNSF's locomotive investments between 1996 and 2001 improved the gross ton-miles per gallon of diesel fuel by 8%, and boosted its overall horsepower by 46% between 1995 and 2000. *See* BNSF Annual Report for 2001 at 8 and BNSF Annual Report for 2000 at 5.

C. AEP Texas' Variable Costs Constitute the Best Evidence of Record

As AEP demonstrates in Part II-A, *infra*,⁹ AEP Texas' Opening variable cost calculations (as modified to reflect the parties' agreements at and after the March 29, 2004 Technical Conference with Board staff) are consistent with Board precedent in rail rate cases, because they reflect movement-specific adjustments to BNSF's URCS costs of the kind that have been accepted as more representative of actual costs for transporting high-volume unit coal trains over the heavy density rail lines emanating from the PRB than system-average costs. *See, e.g., West Texas Utilities*, 1 S.T.B. at 721-22; Docket No. 42022, *FMC Wyoming Corp. v. Union Pacific Railroad Company*, Decision served May 12, 2000 at 48; *TMPA*, Decision served February 9, 2001 at 3, 8; Docket No. 42058,

⁹ Part II-A of this Reply filing is sponsored primarily by AEP Texas Witness Joseph Plaistow of L.E. Peabody & Associates, Inc.; AEP Texas' reply evidence on BNSF's special fuel study is also sponsored by Witness Thomas E. Johnson. The qualifications of Mr. Plaistow, who is a former Director of Costs and Economic Analysis in the Finance Department of the Burlington Northern Railroad (one of BNSF's predecessors), are set forth at pp. IV-3 to 5 of AEP Texas' Opening Narrative. Mr. Johnson's qualifications are set forth in Part IV, *infra*.

Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company, Decision served September 11, 2002 at 7.

BNSF's variable cost calculations, on the other hand, are based almost entirely on system-average URCS costs, manipulated solely to reflect the T&O characteristics of the Oklaunion coal movement. BNSF offers only two adjustments to system-average costs – for locomotive ownership costs and fuel consumption (the latter during a single quarter in 2003). *See* BNSF Op. at I-18.¹⁰ Coincidentally, these two adjustments produce unit costs higher than system averages. Part II of BNSF's Opening Evidence contains its discussion of variable costs related to the Oklaunion movement, but does not explain in any detail why the carrier relied on system-average costs to such a great extent when a plethora of relevant, movement-specific data was available. Whether this dearth of explanation reflects an absence of any valid justification for reliance on system-average costs (as AEP Texas submits is the case), or presages some sort of sandbagging tactic by which BNSF hopes to wait for later evidentiary rounds to reveal its position in more detail, the carrier's variable cost submission is hopelessly flawed and should be rejected by the Board.

¹⁰ BNSF's entire discussion of variable costs in Part I of its Opening Narrative consists of two paragraphs on page I-18.

In Part II-A of AEP Texas' Reply Evidence, *infra*, AEP Texas explains why its Opening development of movement-specific adjustments for cost items such as road property return and depreciation, maintenance-of-way, locomotive maintenance and crew wages was consistent with Board practice and precedent, and proper given the data made available from BNSF's records produced in discovery. AEP Texas also explains why BNSF's proposed adjustments for locomotive ownership costs and fuel consumption are invalid (Part II-A-1-c-iii, *infra*), and the reasons for the parties' different results in each of the major cost categories that contribute most to the overall differences in their variable-cost computations.¹¹ Finally, AEP Texas restates its Opening variable cost calculations to reflect the parties' Technical Conference agreements on various T&O characteristics and other cost items, and to correct minor errors in its initial development of locomotive depreciation expense and 2000 and 2001 fuel indexing.

AEP Texas' Reply restatement of BNSF's variable cost of transporting PRB coal to Oklaunion from the various individual mine origins involved for each time period from 2Q00 through 1Q04 is set forth in Reply Tables II-A-26 through II-A-29 at pp. II-A-104 to 107, *infra*. As indicated in Table II-A-20 on page II-A-10, *infra*, the average BNSF variable cost at the 2Q03 level is \$7.08 per ton and the average revenue to variable

¹¹ The major areas of difference are summarized in Table II-A-22 on page II-A-29, *infra*.

cost ("R/VC") ratio is 252 percent. The R/VC ratios for all movements are substantially greater than the 180 percent jurisdictional threshold ratio.

Respectfully submitted,

AEP TEXAS NORTH COMPANY

By: David Cohen, Senior Counsel
AEP Texas North Company
155 West Nationwide Boulevard
Suite 500
Columbus, Ohio 432215

OF COUNSEL:

Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036
(202) 347-7170

William L Slover
Kelvin J. Dowd
Christopher A. Mills
Slover & Loftus
1224 Seventeenth Street, N. W.
Washington, D.C. 20036



Dated: May 24, 2004

Attorneys and Practitioners

**II-A. Quantitative Market
Dominance**

<

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

AEP TEXAS NORTH COMPANY,	)	
	)	
Complainant,	)	
	)	
v.	)	Docket No. 41191 (Sub-No. 1)
	)	
THE BURLINGTON NORTHERN AND	)	
SANTA FE RAILWAY COMPANY,	)	
	)	
Defendant.	)	

**Part II
MARKET DOMINANCE**

On March 1, 2004, BNSF submitted Opening Evidence in this proceeding with respect to quantitative market dominance issues, *i.e.*, the variable costs of its transportation service between the origin mines in the Wyoming Powder River Basin ("PRB") and AEP Texas' Oklaunion Generating Station near Vernon, TX. BNSF did not submit any evidence on qualitative market dominance issues. AEP Texas' Opening evidence showing that BNSF faces no effective competition for the transportation of PRB coal to Oklaunion therefore stands as the only evidence of record.

Therefore, AEP Texas is submitting Reply evidenc herein only with respect to Part II-A (Quantitative Market Dominance) of the Board's outline for the presentation of evidence in SAC rate cases. This evidence responds to BNSF's Opening Evidence on variable cost issues.

II. A. MARKET DOMINANCE-QUANTITATIVE EVIDENCE

1. Variable Costs

a. Overview

i. The Parties' Different Approaches to Calculating Variable Costs

On Opening, AEP Texas presented evidence showing BNSF's variable costs of transporting coal from various PRB mines to the Oklaunion Generating Station, calculated in accordance with Board-approved methodologies for western unit-train coal rate cases (including movement-specific cost adjustments where information was available), during periods beginning with the second quarter of 2000 ("2Q00") and ending with the first quarter of 2004 ("1Q04"). AEP Texas costed the traffic that actually moved during the study period, except that for 2Q03 AEP Texas costed movements from all 17 BNSF-served PRB origin mines from which BNSF holds itself out to provide common carrier unit-train coal transportation service. (During 2Q03 traffic actually moved from five mines, { }) AEP Texas' Opening variable costs ranged from \$5.71 to \$7.42 per ton depending on the origin and time period involved.¹

¹ On Reply, AEP Texas has made a few adjustments to its Opening variable costs. The net effect of these adjustments is to increase BNSF's variable costs for the Oklaunion movement by -47 to +41 cents per ton, depending on the origin and quarter involved.

BNSF, on the other hand, calculated variable costs only for 3Q01 through 2Q03. Further, BNSF did not cost traffic from a mine for any quarter during which that mine originated less than 10 percent of the traffic moving to Oklaunion (with the exception that BNSF costed 2Q03 Eagle Butte originations in { even though only { such trains were delivered to Oklaunion). In addition, BNSF did not cost any traffic from Rawhide Mine even when the volume met BNSF's arbitrary 10 percent cutoff point.

BNSF presented far higher variable costs in its Opening Evidence than AEP Texas did, due largely to its extensive reliance on system-average costs rather than the movement-specific costs which AEP Texas used wherever possible. BNSF's Opening variable costs for the Oklaunion movement ranged from \$8.98 to \$10.45 per ton, depending on the origin and time period involved. *See* BNSF Op. at II-18. BNSF claims that "the R/VC ratios for the issue traffic range from 162% to 178%," and thus that the challenged rates are "below the jurisdictional threshold for the Board to entertain AEP Texas' rate reasonableness challenge." *Id.* at II-3.

ii. BNSF's Costs for the Oklaunion Movement Are Grossly Inflated when Compared with those Determined by the Board for the Comparable TMPA Coal Movement

Before turning to the specific elements of the parties' Opening cost determinations, the Board should be aware that BNSF's asserted variable costs for the Oklaunion movement are far higher than the costs previously determined by the Board for

BNSF unit train coal movements in carrier-supplied cars from PRB mine origins to destinations in Texas via the same BNSF “Front Range” route used by the AEP Texas trains.

The BNSF coal movement from PRB mine origins to Texas Municipal Power Agency’s Gibbons Creek Generating Station at Iola, TX, the subject of the Board’s 2003 decision in *TMPA*,² provides a good basis for a variable cost comparison with the AEP Texas movement in issue here because it involved the same railroad, the same kind of train, the same kind of (carrier-supplied) equipment, and the same route, although the *TMPA* trains also move several hundred miles beyond Oklahoma.

AEP Texas converted the variable costs presented by the parties on Opening in this case (as modified to reflect the parties’ agreement at and following the March 29, 2004 Technical Conference with respect to certain transportation and operating (“T&O”) characteristics and other cost components) and the variable costs determined by the Board in *TMPA* to a mills per revenue ton-mile basis at the 3Q01 level. Variable costs for 3Q01 were determined by the Board in *TMPA* and by both parties in their Opening Evidence herein for the AEP Texas movement, which is why AEP Texas selected that quarter for its comparison.

² Docket No. 42056, *Texas Municipal Power Agency v. The Burlington Northern and Santa Fe Railway Company* (“*TMPA*”), Decision served March 24, 2003.

In carrying out this analysis, AEP Texas has compared BNSF's modified Opening 3Q01 variable costs from Buckskin Mine and AEP Texas' Reply 3Q01 variable costs from Buckskin Mine with the Board's *TMPA* 3Q01 variable costs for the movement from Cordero Mine.

The results of the variable cost comparison for the *TMPA* coal movement and the AEP Texas Oklaunion coal movement (as calculated by BNSF) are displayed in Table II-A-19 below.³

³ Tables II-A-1 through II-A-18 were presented in Part II-A of AEP Texas' Opening Evidence Narrative.

TABLE II-A-19
Variable Costs PRB Mines to Texas - 3Q01
BNSF's Modified Opening - Movement to Oklaunion, TX
v. AEP Texas' Reply - Movement to Oklaunion, TX
v. STB's *TMPA* - Movement to Gibbons Creek, TX

	<u>PRB Movement</u> (1)	<u>Variable Cost</u> <u>Per Ton</u> (2)	<u>Variable Cost</u> <u>Mills Per Ton-Mile</u> (4)
1.	STB <i>TMPA</i> Decision - Cordero Mine to Gibbons Creek ¹	\$9.63	6.8
2.	AEP Texas Reply - Buckskin Mine to Oklaunion ²	\$6.83	6.2
3.	BNSF's Modified Opening - Buckskin Mine to Oklaunion ³	\$9.33	8.4
4.	% Overstatement by BNSF v. <i>TMPA</i> due to use of system averages	---	24%

¹ *TMPA* from STB Decision served March 24, 2003, page 49. Mills per Ton-Mile reflect the Board's 1,413.80 loaded miles from Cordero (*see TMPA*, page 42).

² AEP Texas' Reply costs reflect the agreed T&O characteristics, cost categories, and indices resulting from the Technical Conference. *See* discussion, *infra* and AEP Texas Reply Table II-A-26. Mills per Ton-Mile reflect the agreed Loaded Miles of 1,109.0 from Buckskin.

³ BNSF's Modified Opening costs reflect the agreed T&O characteristics, cost categories, and indices resulting from the Technical Conference in this proceeding and follow-up discussions between the parties. *See* AEP Texas Reply electronic workpaper file "BNSF AEP OPEN PRG WITH AGREED T&).123." Mills per Ton-Mile reflect the agreed Loaded Miles of 1,109.0 from Buckskin.

Table II-A-19 shows that BNSF's 3Q01 Buckskin system average variable costs overstate the service-specific cost levels found by the Board in *TMPA* by 24%. This

comparison demonstrates that BNSF's extensive use of system average variable costs in this proceeding grossly inflates the actual variable costs applicable to the efficient, high-volume Oklaunion movement.

Table II-A-19 also provides a general gauge of the reasonableness of AEP Texas' variable cost calculations. AEP Texas' modified 3Q01 costs for the same Buckskin to Oklaunion movement produces 6.2 mills per ton mile, which is close to the comparable costs determined by the Board in *TMPA*.⁴

iii. **BNSF's Extensive Use of System-Average Costs**

BNSF's variable costs are so much higher than AEP Texas' because BNSF used system average costs for every cost component except locomotive capital costs and fuel costs (the latter for { trains during 2Q03). See BNSF Op. at II-2. It is telling that BNSF used movement-specific adjustments in lieu of system-average data only where doing so increased the costs above the system average level. In other PRB rate cases, the Board has accepted movement-specific adjustments for several other cost factors, and has generally found that movement-specific costs for western unit-train coal movements are lower than system average costs. See, e.g., *TMPA*, Decision served

⁴ AEP Texas' mills per ton-mile costs are slightly lower than the Board's *TMPA* 6.8 mills per ton mile costs principally because the Board rejected the shipper's line-specific maintenance-of-way ("MOW") costs in *TMPA* on the ground that the shipper had not shown that its SFGT MOW results are comparable to actual MOW for the lines involved. *Id.* at 54-56. In this proceeding, AEP Texas has used line-specific MOW costs based on the SFGT formula and has demonstrated, in accordance with the Board's *TMPA* ruling, that its MOW costs closely approximate actual MOW costs for the line segments in issue.

February 9, 2001, at 3 (“TMPA correctly notes that adjustments to a defendant carrier’s system-average costs are appropriate to reflect the economies and efficiencies that are associated with high-volume, repetitive movements such as the unit-train service at issue here.”).

More generally with respect to the use of system-average costs, in Ex Parte No. 431 (Sub-No. 1), *Adoption of the Uniform Railroad Costing System As A General Purpose Costing System For All Regulatory Costing Purposes*, 5 I.C.C. 2d 894, 898 (1989) (“*Adoption of URCS*”), the ICC established the principles for the post-Rail Form A era by stating that URCS was:

not intended to foreclose the use of demonstrably superior cost estimating procedures in those situations where the Commission has traditionally accepted alternative evidence. For example, in situations where engineering analysis has produced demonstrably better maintenance costs for specified movements in the rate reasonableness phase of a maximum rate case, the Commission has preferred the engineering analysis over the RFA-produced estimates. The Commission intends, in such situations, to continue to rely on whichever estimating process produces the best evidence of record.

The *Adoption of URCS* proceeding embraced cost functions as the basis for determining system average unit costs, but it encouraged movement-specific adjustments replacing the general purpose system average costs whenever a party could show the superiority of such movement- or line-specific costs. *Id.* at 894 and 904. Both shippers and railroads (including BNSF’s predecessors) supported the use of movement-specific costs when a

party is able to demonstrate the superiority of such costs,⁵ and the Board consistently has permitted (and in fact prefers) adjustments to a defendant carrier's system average costs to reflect the economies of scale that are associated with unit-train coal movements over high-density lines.

iv. Summary of Reply Variable Cost and R/VC Ratios

In this Reply, AEP Texas has restated the variable costs for the Oklahoma coal movement to reflect the parties' stipulations on various T&O characteristics and other cost items at and following the Technical Conference with Board staff on March 29, 2004. In addition, AEP Texas has adjusted its cost calculations to correct minor errors in (1) the calculation of locomotive depreciation costs and (2) the calculation of the fuel indices in 2000 and 2001, and to reflect certain additional information provided by BNSF in its Opening Evidence.

The restated and correct average variable cost per ton and revenue-to-variable cost ratio at 2Q03 wage and price levels and at the rates established in BNSF's common carrier pricing authorities and letters (*see* AEP Texas Op. at II-A-2) are as follows:

⁵ Comments of Association of American Railroads, March 20, 1989, page 33, in Ex Parte No. 431 (Sub-No. 1).

TABLE II-A-20
Average Variable Cost and R/VC Ratio
PRB Mines to Oklaunion Station - 2Q03

1.	Rate	\$17.80 per ton ^{1/}
2.	Variable Cost ^{2/}	\$7.08 per ton
3.	R/VC Ratio	252%

^{1/} 2Q03 rate from Rawhide Mine was \$13.68; rate from all other origins was \$18.04.

^{2/} See Tables II-A-26 through II-A-29, *infra*. Average calculations are included in reply electronic workpaper file "VC Summary Reply.123."

v. Summary of Cost Differences

BNSF made numerous methodological and empirical errors that led BNSF to significantly overstate the actual variable costs of providing unit train coal service to the Oklaunion Station.⁶ The analysis that follows details the methodological errors that riddle BNSF's determination of variable costs and demonstrates the propriety of AEP Texas' cost calculations.

⁶ BNSF calculated variable costs for movements from various origins for 3Q01 through 2Q03. In this Reply AEP specifically discusses BNSF's 1Q03 costs for the movement from Eagle Butte Mine. However, the errors and overstatements described by AEP Texas apply more generally to BNSF's methodology, regardless of the time period or specific movement to which the methodology was applied.

AEP Texas' Opening calculation of variable costs for the Oklahoma coal movements was based on the Board's 2000 BNSF Uniform Railroad Costing System ("URCS") formula for 2Q00 through 4Q00 costs; the Board's 2001 URCS for 2001 costs; and the Board's 2002 URCS for 1Q02 through 1Q04 costs. Variable cost restatements for 2003 and 1Q04 costs in this Reply now use the BNSF 2003 URCS developed using Board-approved procedures.⁷ Base year URCS costs were indexed to each quarter's wage and price levels, and adjusted to reflect the actual characteristics of the AEP Texas coal movements using data provided by AEP Texas, data reported by BNSF to the Board, and information provided by BNSF during discovery.

As is explained in detail in the following sections of this Reply, the variable cost calculations for the Oklahoma coal movement presented by BNSF through its witnesses Fisher and Newland are overstated and erroneous for numerous reasons. The principal flaws in BNSF's approach are as follows:

1. BNSF used system average costs, not movement-specific costs, for all but two cost items;⁸

⁷ AEP Texas developed BNSF's 2003 URCS using standard Board procedures and publicly available documents, including cost and operating statistics from BNSF's Annual Report Form R-1, the waybill sample, Annual Report of Cars Loaded and Terminated (Form CS-54), and the Report of Freight Commodity Statistics (Form QCS).

⁸ The cost components for which BNSF used system average costs are as follows:

1. GTM (with the exceptions noted above for locomotive capital and fuel costs) (*see* BNSF Op. at II-13 and 14);
2. LUM (with the exceptions noted above for locomotive capital and fuel costs) (*see* BNSF Op. at II-16);

(continued...)

-
2. BNSF's road property investment return and depreciation costs are overstated because BNSF made no adjustment for the service-specific, line segment-specific gross investment and depreciation data by valuation section provided by BNSF in discovery;
 3. BNSF's locomotive maintenance variable costs are overstated because they do not reflect the actual maintenance costs that may be derived from BNSF's leases and other related agreements produced in discovery;
 4. BNSF's locomotive capital costs are overstated because BNSF did not use current lease payment rates and overstated spare margins;
 5. BNSF's locomotive fuel costs are overstated because BNSF estimated fuel consumption using the results of an event recorder fuel study for a few trains in a single quarter bearing no demonstrated relationship to actual fuel consumption;
 6. BNSF's Roadway Maintenance Costs are overstated because it used URCS system average maintenance-of-way costs, not those calculated using actual maintenance of way data provided by BNSF in discovery;

⁸ (...continued)

3. Maintenance of Way Costs (*see* BNSF Op. at II-13 and 14);
4. Return on Road Property (*see* BNSF Op. at II-13 and 14);
5. Road Property Depreciation (*see* BNSF Op. at II-13 and 4);
6. Joint Facility Expenses (*see* BNSF Op. at II-13);
7. Locomotive Maintenance (*see* BNSF Op. at II-13, 14 and 16);
8. Loop Track Loading (*see* BNSF Op. at II-8);
9. Loop Track Unloading (*see* BNSF Op. at II-9);
10. Switching by Road Locomotives (*see* BNSF Op. at II-12);
11. Switching by Yard Locomotives (*see* BNSF Op. at II-12);
12. Crew Wages (*see* BNSF Op. at II-10);
13. Helper LUM (*see* BNSF Op. at II-12);
14. Helper Crew Wages (*see* BNSF Op. at II-12);
15. Car Capital (*see* BNSF Op. at II-6);
16. Car Maintenance (*see* BNSF Op. at II-6); and
17. EOTD (*see* BNSF Op. at II-11).

7. BNSF's helper service costs are overstated because BNSF did not use the actual helper service frequencies, crew wages and costs incurred to provide the AEP Texas Oklaunion service;
8. BNSF's variable crew wage costs are overstated because BNSF did not use the actual crew wages and additives that may be derived from the service-specific crew wage data provided by BNSF in discovery;
9. BNSF's switching costs are inflated because it determined the number of switching minutes using system average industry switching minutes which assumes two days for loading and two days for unloading, not actual unit train loading and unloading which is both much shorter in duration and actually is a line-haul function;
10. BNSF failed to use the URCS linking factor as the ICC contemplated "for the purpose of jurisdictional threshold determinations"⁹; and
11. BNSF erred by using an URCS formula that was not developed in accordance with the Board's rules and procedures. BNSF substituted Account 90 for Account 76 in the development of the URCS it used, but BNSF did not present any evidence that its Account 76 projects are of short duration.

Exhibit II-A-82¹⁰ compares the rates, variable costs and R/VC ratios included in AEP Texas' Reply and BNSF's Opening (restated to incorporate the stipulated agreements reached as a result of the March 29, 2004 Technical Conference) for 2Q00 through 1Q04. The balance of this Reply demonstrates why BNSF's proffered variable cost calculations are not credible and should be rejected.

⁹ See *Adoption of URCS*, 5 I.C.C. 2d at 899.

¹⁰ Exhibits II-A-1 through II-A-81 were included in AEP Texas' Opening Evidence.

b. Traffic and Operating Characteristics

i. Technical Conference Stipulated Agreements

As a preliminary matter, AEP Texas and BNSF participated in a Technical Conference with Board staff on March 29, 2004. As a result of the Technical Conference and follow-up discussions between the parties, AEP Texas and BNSF have reached stipulated agreements¹¹ on the following T&O characteristics of the PRB-to-Oklahoma movements:

1. Tons per Car;
2. Tare per Car;
3. Cars per Train;
4. Loaded Miles;
5. Empty Miles;
6. Round Trip Miles;
7. Origin Loop Track Miles - Loaded;
8. Origin Loop Track Miles - Empty;
9. Destination Loop Track Miles - Loaded;
10. Destination Loop Track Miles - Empty;
11. Freight Car Cycle Hours; and
12. Locomotives per Train.

The parties' stipulated agreements also cover the cost components for (1) Carload Handling - Other and (2) Loss and Damage, as well as the indices for all cost components.

The parties' agreement with respect to the 12 T&O characteristics described above means that they have also agreed on (13) Gross Ton-Miles per car, (14) Train-miles

¹¹ See joint letters from AEP Texas and BNSF to the Board dated March 30, April 12, May 5 and May 12, 2004, included in AEP Texas' Reply Workpapers at pp. 015-023.

per car, (15) Locomotive unit-miles per car, and (16) Round Trip Miles Including Loop Track, since each of these four items is derived from the preceding 12.

Exhibit II-A-84 shows the restated T&O characteristics including those characteristics newly agreed to by the parties as a result of the Technical Conference, along with AEP Texas' T&O characteristics for 2Q00 through 1Q04 for all 17 mine origins listed in the BNSF pricing authorities and letters. Exhibit II-A-84 identifies the T&O characteristics regarding which the parties reached a stipulated agreement.

The stipulated agreements cover the time period costed by BNSF, that is, 3Q01 through 2Q03. For the agreed T&O characteristics and cost factors for the other time periods costed by AEP Texas (that is, 2Q00 through 2Q01 and 3Q03 through 1Q04), AEP Texas determined the values for the T&O and other cost factors using the same procedures used to determine the values for the 3Q01 through 1Q04 time period. Those procedures are as follows:

1. Tons per Car, Tare per Car, and Cars per Train were based on freight bills;
2. Loaded Miles, Empty Miles, Round Trip Miles, Origin Loop Track Miles - Loaded and Origin Loop Track Miles - Empty do not change based on the time period;
3. Freight Car Cycle Hours and Locomotives per Train were determined from BNSF's unadjusted train movement records;¹²
4. Loss and Damage was developed based on actual reported loss and damage payments to AEP Texas as reported during the period from 2000 through 2003, inclusive; and

¹² See AEP Texas Reply electronic workpaper files "Reply cycle time 00.xls," "Reply cycle time 01.xls," "Reply cycle time 02.xls," "Reply cycle time 03.xls," and "AEPTEX Locos per Train.123."

5. Indices were developed using the same procedures used to develop the indices for the time periods included in the parties' stipulated agreements.¹³

AEP Texas applied these same procedures to time periods and traffic moved from mines that did not meet BNSF's threshold of 10% of the coal originated in that quarter. BNSF applied an arbitrary "ten-percent threshold to ensure that there were sufficient data from which to develop reliable variable cost evidence" (BNSF Op. at II-1). However, BNSF violated its own arbitrary 10% threshold when it determined the T&O characteristics for the { trains that moved from Eagle Butte Mine in 2Q03. BNSF originated only { tons in { from Eagle Butte in 2Q03, whereas { were originated from all BNSF-served PRB mines during 2Q03. Thus, the { tons represented only { of the total Oklaunion tonnage that moved in that quarter. In any event, BNSF has failed to justify its arbitrary 10% cut-off or to show that movements representing a lower percentage of any quarter's tonnage are somehow unrepresentative. The use of such an arbitrary cut-off also is inconsistent with established Board costing practices.

ii. Other T&O Characteristics

AEP Texas and BNSF do not agree on the remaining four T&O characteristics. This section discusses each of these four characteristics.

¹³ The parties agreed to use the ICC's 1E3-80 indexing procedures supplemented by Ex Parte No. 411, *Complaints Filed Under Section 229 of the Staggers Rail Act of 1980*. See AEP Texas Reply electronic workpaper files "BN00 Index Reply.123," "BN01 Index Reply.123," "BN02 Index Reply.123," and "BN03 Index Reply.123."

In discovery, BNSF provided AEP Texas with traffic and operating data from 2Q00 through 2Q03.¹⁴ Both parties used that discovery data in their Opening Evidence, except that BNSF did not use the 2Q00 through 2Q01 data. Exhibit II-A-84 compares the T&O characteristics that AEP Texas is submitting on Reply and that BNSF submitted in its Opening Evidence (as modified by the stipulated agreements reached as a result of the Technical Conference) for each quarter and origin mine. After reviewing BNSF's Opening Evidence, AEP Texas has slightly modified some of its Opening T&O characteristics that were not covered by the stipulated agreements. These modifications are discussed below where they occur.

The restated traffic and operating characteristics associated with the AEP Texas coal movements to Oklaunion are discussed below under the headings (a) Locomotive Cycle Hours and (b) Yard and Road Switching Minutes.

(a). Locomotive Cycle Hours

Both parties determined cycle times based on actual cycle time measurements from the train movement files provided by BNSF in discovery.¹⁵ Both parties added together four cycle time components: (1) loaded transit, (2) empty transit, (3) time at the mine, and (4) time at the power plant. Loaded and empty transit times include dwell times at

¹⁴ See AEP Texas Op. electronic workpaper files "cycle time 00.xls," "cycle time 01.xls," "cycle time 02.xls," and "cycle time 03.xls."

¹⁵ See AEP Texas Op. electronic files "cycle time 00.xls," "cycle time 01.xls," "cycle time 02.xls" and "cycle time 03.xls" for the years 2000, 2001, 2002 and 2003, respectively.

terminals through which each train passed on its way between the mine and the Oklaunion Station.

Exhibit II-A-84, Line 13 compares AEP Texas' Reply locomotive cycle hours with BNSF's Opening locomotive cycle hours for each quarter and origin mine. AEP Texas' Opening cycle times generally were somewhat higher than those used by BNSF.¹⁶ On Opening, both parties adjusted the cycle hours to remove excessive terminal dwell times. AEP Texas' cut-off for excessive dwell time was 24 hours, which was substantially greater than the cutoff used by BNSF at any terminal. This resulted in Opening locomotive cycle hours that were higher than BNSF's since AEP Texas adjusted fewer actual cycle time records. Upon review of BNSF's Opening cut-off times, AEP Texas believes that BNSF's cut-off times, determined from the train movement files themselves, are superior to AEP Texas' selection of 24 hours (a number that has been used in past maximum rate proceedings).

In past proceedings, both railroads and shippers have generally capped terminal dwell times at reasonable levels. The reason for developing a dwell time cap is clearest where a locomotive enters a terminal, is removed from the train, and is replaced by another locomotive. The locomotive that had been removed from the train might sit at the terminal for several days and then be placed into service for a different shipper. AEP

¹⁶ In its Reply restatement, AEP Texas has corrected certain errors it inadvertently made in its Opening Evidence while measuring the unloading times at the Oklaunion Station. Regarding the mines and quarters for which BNSF determined costs on Opening, AEP Texas' corrections involved 3Q01 traffic originating at Buckskin (trains C0BKMOKO 47A, 69A, 70A, 71A, and 72A) and 4Q01 traffic originating at Buckskin (train EOKOBKM 89A). See Reply electronic workpaper file "Reply cycle time 01.xls."

Texas should not be charged for the time that locomotives sit at a terminal waiting to be placed in another shipper's service. BNSF based the dwell time cap on the time that the average locomotive dwells in that terminal when the locomotive remains in AEP Texas service. Based on that reasoning, BNSF cut off dwell times at Alliance at { hours, dwell times at Guernsey at { hours, and dwell times at all other terminals at { hours.¹⁷ On Reply AEP Texas adopts BNSF's Opening dwell time cut-off values.

Table II-A-21 below compares AEP Texas' restated Reply locomotive cycle hours with BNSF's Opening locomotive cycle hours for 3Q01 through 1Q04 from Line 13 of Exhibit II-A-84. The table includes the four origins costed by BNSF, that is, Buckskin, Black Thunder, Jacobs Ranch, and Eagle Butte. BNSF only developed costs for the 3Q01 through 2Q03 portion of the table.

¹⁷ See BNSF Op. electronic workpaper file "AEP Cycle Summary.xls."

TABLE II-A-21
Comparison of Locomotive Cycle Hours-AEP
Texas Restated Reply and BNSF Opening (Hours) ¹

Quarter (1)	Origin							
	<u>Buckskin</u>		<u>Black Thunder</u>		<u>Jacobs Ranch</u>		<u>Eagle Butte</u>	
	<u>AEP Texas</u>	<u>BNSF</u>	<u>AEP Texas</u>	<u>BNSF</u>	<u>AEP Texas</u>	<u>BNSF</u>	<u>AEP Texas</u>	<u>BNSF</u>
(1)	(2)	(3)	(5)	(6)	(5)	(6)	(8)	(9)
3Q01	{							
4Q01	{							
1Q02	{							
2Q02	{							
3Q02	{							
4Q02	{							
1Q03	{							
2Q03 - 117	{							
2Q03 - 128	{							
3Q03 - 128	{							
4Q03 - 128	{							
1Q04 - 128	{							

N/A= Not Applicable

¹ Source: AEP Texas Op. Exhibit II-A-23 and BNSF Op. electronic workpaper file "AEP Cycle Summary.xls."

At least four conclusions may be drawn from Table II-A-21:

1. The parties are very close regarding estimates of locomotive cycle hours;¹⁸
2. BNSF did not cost 3Q01 and 4Q01 movements from Black Thunder even though tonnage was actually shipped from that mine in those quarters;

¹⁸ Minor differences occur because the parties used different procedures for placing trains into specific quarters. AEP Texas placed trains into quarters using the actual train movement file, while BNSF used the waybill date.

3. BNSF did not cost 3Q01 movements from Jacobs Ranch even though tonnage was actually shipped from that mine in that quarter; and
4. The excessive locomotive cycle time for 2Q03 Eagle Butte traffic {
was aberrant. Later shipments from Eagle Butte experienced
{ cycle times, as did 4Q03 shipments from Buckskin and Black
Thunder.¹⁹

AEP Texas' updated Reply cycle time calculations should be adopted as the best evidence of record since they are far more complete.

(b). Yard and Road Switching Minutes

AEP Texas developed three switch minute unit costs, each tailored to specific switching cost factors, to facilitate the most accurate determination of switching costs. Exhibit II-A-84, Lines 15, 16, and 17 compares the switch engine minutes (“SEMs”) used by AEP Texas in its Reply restatement with BNSF’s Opening switching minutes for each origin mine and for each quarter 2Q00 through 1Q04. Line 15 of Exhibit II-A-84 compares the Switching - Yard Locomotives on Yard Track minutes; Line 16 compares the Switching - Road Locomotives on Non-Yard Track minutes; and Line 17 compares the Switching - Road Locomotives on Yard Track minutes.

While neither party conducted a special switching study to measure switching frequency and SEM requirements of the AEP Texas trains, at pages II-A-27 to 28 and 48 of its Opening Narrative AEP Texas pointed out that the BNSF-provided Train

¹⁹ The excessive Eagle Butte 2Q03 cycle time was based on { } trains. Cycle time estimates for 4Q03 { } trains were based on { } trains. See AEP Texas Reply electronic workpaper file “Reply cycle time 03.xls.”

Activity Reports ("TARs") and Train Dispatch Reports ("TDRs") for AEP Texas trains showed no switching by road haul locomotives or switching by yard locomotives (*see* AEP Texas Op. Workpapers Vol. 8, p. 03946 through Vol. 12, p. 06402 and Op. electronic workpaper files "AEP-Tex Train Dispatch Summary.123," "AEP Tex Random Sample Procedures.wpd," "AEP Tex Random Sample Procedures2.wpd," Train Sample Strata.123," and "AEP-Tex Train Sample Rv.123"). TARs and TDRs are documents that BNSF prepares in the normal course of business.

At page II-A-48 of its Opening Narrative, AEP Texas noted that the TDRs for sample trains showed that { of the cars required switching in handling the trains from the PRB origins to Oklaunion. However, to be conservative, in this Reply AEP Texas has developed SEM using the same procedure used by the Board in *TMPA*, that is, using system average Intra- and Inter-terminal SEMs. AEP Texas' Reply procedure is described in more detail, *infra*.

BNSF, on the other hand, did not base its SEMs on any empirical data. Instead, BNSF used system-average road train-to-industry switching SEMs. However, BNSF developed the system average SEMs using procedures that have not been approved by the Board. At page II-12 of its Opening Narrative, BNSF states that it used "BNSF system-average switching costs adjusted to reflect unit coal train service." In fact, AEP Texas shows *infra* that BNSF's procedure for developing SEMs is totally divorced from

the reality of unit train operations. BNSF then “allocated the system-average switch engine minutes based on BNSF’s system-wide mix of road and yard switching.”²⁰

BNSF first determined system average industry (that is, road train-to-industry) SEM requirements for originating or terminating a loaded car. This type of switching takes place when a car is spotted at an industry for loading. BNSF applied a spot to pull ratio of 2.0 to allow for the loaded car being pulled after it has been loaded at the industry. The BNSF procedure is appropriate for general freight traffic, but not for coal unit-train traffic. BNSF’s procedure would be appropriate, for example, where an equipped, damage free boxcar is spotted for loading at an appliance factory. After the boxcar(s) (usually a railroad would spot a sufficient number of boxcars for the industry to load its weekly or daily shipping requirements) is loaded it is pulled from the industry. The reverse procedure takes place when the boxcar reaches its destination. The railroad spots the boxcar at the destination industry for unloading; the destination industry unloads the car; the industry notifies the railroad that the empty car is available for pickup; and the railroad would return to pickup the empty boxcar.

BNSF calculated switching costs for the AEP Texas coal unit trains as though those trains involved the kind of spotting and pulling operations described above. BNSF then paid lip service to unit-train operations by applying the Ex Parte No. 270 (Sub-No. 4) unit train adjustment of 25% of system average. *See* BNSF.OP.WP.II.A-

²⁰ *See* BNSF Op. electronic workpaper file “BNSF-02-SWITCH SPLIT.123.”

0022. In other words, for the year 2002, BNSF (1) multiplied the system average SEM requirements for road train to industry switching of 4.90147 minutes by the spot to pull ratio of 2.0; (2) multiplied the result by 2.0 again to allow for both originating and terminating the load; (3) multiplied that result by 25% (to allegedly allow for unit train efficiencies); and then (4) produced a result of { minutes per car or { minutes per train for the loading and unloading operations for the Black Thunder-to-Oklahoma traffic in 2Q02. (BNSF used substantially greater SEMs for the { in 2Q03.)

BNSF's calculations are wholly unsupportable. The only switching that actually occurs with respect to the AEP Texas trains is the switching out of bad-order cars and the switching in of spare or repaired cars. BNSF cannot explain the "logic" of calculating road train-to-industry SEMs (which have nothing to do with bad order switching) and then dividing those road train-to-industry SEMs into Switching - Yard Locomotives on Yard Track Minutes and Switching - Road Locomotives on Yard Track Minutes (both of which are bad order switching categories in the costing of coal unit trains).

Long ago the ICC determined that unit train loading and unloading on loop tracks is not a switching operation, but rather an extension of the line haul service. For example, in *San Antonio* (which also involved a PRB unit-train coal movement by one of BNSF's predecessors) the ICC stated:

Since the loading or unloading on the loop track is provided by the road locomotives in pull through service rather than being handled by switch engines, it appears that complainant's cost for this service based on the additional miles involved would more closely reflect the actual costs incurred by the railroads for the subject unit trains.

Id.; 1 I.C.C.2d at 572. In *Incentive Rate on Coal-Hayden, CO to Kings Mill, TX*, 359 I.C.C. 749, 811 (1979), which also involved a Western unit-train coal movement, the ICC stated that "Respondents' method of using road train to industry switching costs makes no allowance for the economies of a pull-through operation associated with the subject movement." Consistent with these decisions, AEP Texas' Reply procedure costs the loop track movement of Oklaunion coal trains as an extension of the line-haul movement.

AEP Texas determined SEMs using the Board's calculations underlying the *TMPA* decision, which involved a movement over the same route as the Oklaunion movement and continues beyond Oklaunion to Iola, TX.²¹ The *TMPA* decision itself did not state the number of switch engine minutes for the *TMPA* movement. Therefore, AEP Texas used the cost information in the decision to determine the number of switch engine minutes that the Board used. Knowing the URCS unit costs and the Board's Switching Expense - Yard Locomotives of \$0.28 per ton and Switching Expense - Road

²¹ The loaded movement from Cordero to Iola, TX is 1,407.8 miles (*see TMPA* at 43), while the loaded movement from Cordero to Oklaunion, TX is 1,081.5 miles (*see* AEP Texas Reply Exhibit II-A-84, page 15).

Locomotives of \$1.18 per ton,²² AEP Texas derived the SEMs used by the Board. These calculations are displayed in Exhibit II-A-85. The SEMs derived in Exhibit II-A-85 were used as inputs in deriving the switching costs for the AEP Texas movement, discussed *infra*. Using *TMPA*'s SEMs is conservative in view of the longer distance that the *TMPA* trains travel and the fact that bad orders and, thus, bad order switching increase with increasing mileage traveled.

c. BNSF's Flawed Variable Cost Calculations

In this section, AEP Texas contrasts its Reply development of variable costs with Mr. Fisher's and Ms. Newland's development of variable costs in BNSF's Opening Evidence. AEP Texas also discusses the difference between the standard 2002 and 2003 BNSF URCS formula that AEP Texas used and the altered one used by BNSF's cost witnesses, which affects, *inter alia*, the overhead ratios.

As noted *supra*, BNSF calculated variable costs only for 3Q01 through 2Q03 coal movements originated from Buckskin, Jacobs Ranch, Black Thunder and Eagle Butte Mines, whereas AEP Texas calculated variable costs for 2Q00 through 1Q04 coal originated from those four mines and also from the other thirteen mines referenced in the applicable BNSF common carrier pricing authorities and letters.

The results of AEP Texas' Reply and BNSF's Modified Opening variable cost calculations are compared in Exhibit II-A-82. In this Exhibit, both parties' costs

²² See *TMPA* at 47-52.

reflect the agreed T&O characteristics, the two agreed cost components, and the agreed indices. AEP Texas' Reply costs for the periods 1Q03 and later reflect the newly available 2003 BNSF URCS.²³ Exhibit II-A-83 identifies the multiple factors giving rise to the differences in the parties' variable cost results.²⁴ For simplicity, the following analyses of the differences cited for specific cost categories refer to those reflected in Exhibit II-A-83, page 10, for aluminum shipper cars originating in 1Q03 from the Eagle Butte Mine. However, the electronic workpaper files covering other mines and time periods show that the comparisons made and the conclusions drawn from Exhibit II-A-83, page 10 apply with equal force to other traffic and time periods and to movements in steel cars.

Since the parties agreed on many T&O characteristics, two cost components, and the indices as a result of the Technical Conference in this proceeding, AEP Texas has restated BNSF's Opening variable costs to reflect the stipulated agreements. The restatement of BNSF's costs was carried out using BNSF's

²³ See AEP Texas Reply electronic workpaper file "Log of Changes.123" for a more complete listing of the changes in AEP Texas' costs between Opening, Modified Opening and Reply.

²⁴ AEP Texas prepared these cost comparisons only for the movements costed by BNSF during the period 3Q01 through 2Q03.

spreadsheet.²⁵ Exhibit II-A-83 and Table II-A-22 below thus reflect differences remaining subsequent to the Technical Conference agreements.

The parties' cost component estimates differ by the largest magnitude for the cost categories listed in Table II-A-22 below. Table II-A-22 also shows the magnitude of the difference for each cost category and its share of the total variable cost difference between AEP Texas and BNSF.

²⁵ BNSF Op. electronic file "BNSF AEP OPEN PRG.123" with modified T&O characteristics, cost components, and indices saved as "BNSF AEP OPEN PRG WITH AGREED T&O.123."

TABLE II-A-22
Comparison of Variable Costs-AEP Texas Modified Opening and Reply with
BNSF Modified Opening Eagle Butte to Oklaunion Station - 1Q03 Aluminum Cars
Cost Component Differences of Largest Magnitude (\$/Carload)¹

<u>Cost Component</u> (1)	<u>AEP Modified</u> <u>Texas Opening²</u> (2)	<u>AEP</u> <u>Reply³</u> (3)	<u>BNSF Modified</u> <u>Opening²</u> (4)	<u>AEP</u> <u>Texas</u> <u>v. BNSF³</u> (5)	<u>%</u> <u>of Total³</u> (6)
1. Road Property Capital	\$75.86	\$74.81	\$223.42	\$148.61	43.3%
2. Car Operating Expenses	34.85	33.42	98.59	65.18	18.2%
3. Loco Capital	65.69	86.60	147.16	60.56	16.9%
4. Switching (Excl fuel)	0.12	1.01	28.01	27.00	7.5%
5. M of W	52.19	49.39	75.29	25.90	7.2%
6. Loco Repair	54.23	51.51	71.25	19.74	5.5%
7. Crew	134.00	133.68	150.61	16.93	4.7%
8. Car Capital	62.68	53.05	57.00	3.95	1.1%
9. Fuel	175.51	173.43	175.86	2.43	0.7%
10. Loop Track	2.15	2.10	0.00	(2.10)	(0.6%)
11. Fuel Overheads	64.90	68.75	64.88	(3.87)	(1.1%)
12. Helpers	14.13	4.34	0.00	(4.34)	(1.2%)
13. Joint Facilities	8.28	8.26	0.00	(8.26)	(2.3%)
14. Other	<u>49.20</u>	<u>46.65</u>	<u>53.69</u>	<u>7.04</u>	<u>2.0%</u>
15. Total	\$793.79	\$787.00	\$1,145.77	\$358.77	100.0%

Totals may not match due to rounding.

¹ AEP Texas' Modified Opening and Reply and BNSF's Modified Opening costs reflect the agreed T&O characteristics, cost categories, and indices.

² AEP Texas Reply electronic workpaper file "Difs VC Modified Open 1q03 Eagle Butte.123."

³ Source: Exhibit II-A-83, Page 10 of 13 and Reply electronic workpaper file "Difs VC Modified Open 1q03 Eagle Butte.123."

In certain instances in this Reply, AEP Texas is adopting BNSF's calculations or modifying AEP Texas' Opening variable cost calculations to reflect

information obtained for the first time from BNSF's Opening Evidence.²⁶ In the discussion of individual cost components below, AEP Texas identifies the changes adopted in this Reply and quantifies the impact of the changes on each cost component. Table II-A-24, which follows the discussion of the cost components, compares AEP Texas' Reply costs with BNSF's Modified Opening costs for the 1Q03 movement from the Eagle Butte origin covered in Table II-A-22.

Discussion of each party's development of individual cost components is grouped in order of cost component differences of largest magnitude, as follows:

1. Return on Road Property and Road Depreciation Expenses
2. Car Operating Expenses and Car Capital
3. Locomotive Capital
4. Switching
5. MOW (including Joint Facilities)
6. Locomotive Maintenance
7. Crew wages
8. Fuel (including Overheads)
9. Other (Including Helper Service Costs)

**i. Return on Road Property and
Road Depreciation Expenses**

BNSF has improperly overstated its variable costs by using system average road property return and depreciation data despite the presence of reliable and accurate

²⁶ While examining the differences between the parties' costs, AEP Texas discovered an inadvertent error in its calculation of locomotive depreciation costs. While those costs were calculated correctly, the cost summary excluded those calculations. AEP Texas also discovered an inadvertent error in its calculation of the fuel indices for the years 2000 and 2001. These errors have been corrected in AEP Texas' Reply restatement.

movement specific data. More particularly, Exhibit II-A-83, page 10 of 13, Line 6(d) compares AEP Texas' Reply road depreciation cost calculation with BNSF's comparable calculations. Line 6(e) makes that same comparison for return on road property costs. Column (16) of that Exhibit shows that the total difference between the parties is \$33.00 per car for road depreciation and \$115.61 per car for return on road, or a total of \$148.61 per car or \$1.35 per ton (*i.e.*, \$148.61/109.9 tons per car).

At the jurisdictional threshold level, \$1.35 per ton equates to \$2.43 per ton (that is, \$1.35 times 1.8). On an annual basis, \$2.43 per ton for the { tons of PRB coal that BNSF moved to Oklahoma in 2003 equates to { million (or { million over a 10-year period) just for this one cost component.

In the time period between *San Antonio* and *West Texas Utilities*, BNSF's predecessors presented road depreciation and return on road expenses on a movement-specific basis in rate cases brought under the Coal Rate Guidelines.²⁷ BNSF claims that it no longer maintains road property investment return and depreciation data on a segment-specific basis. While AEP Texas shows below that BNSF's claims regarding its road

²⁷ See p. 15 of Exhibit II-A-25 of Complainant's Reply Evidence, Public Version, filed October 8, 2003 in STB Docket No. 42071, *Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company* ("Otter Tail"), included in AEP Texas Reply Workpapers at p. 024. This workpaper shows that BNSF's own *West Texas Utilities* cost calculations for service-specific return on road property and road depreciation produced answers significantly below system average costs.

property data base are not valid, the fact that BNSF has adopted such a tactic is cause for larger concern.

Table II-A-22 shows that differences in this cost category are more significant than the cost differences for any other category and contribute 43.3% of the total cost difference between the parties. Column (5) through Column (15) of Exhibit II-A-83 detail the factors causing or contributing to these differences. In the case of road depreciation and return on road, the causal factor for almost the entire difference is AEP Texas' use of a line segment-specific special study of return on and recovery of road property investment, compared with the system average costs used by BNSF (*see* BNSF Op. at II-13 to 14).

(a). Procedural Differences Between the Parties

AEP Texas included all URCS road investments in its road depreciation and return on road costs for the Oklahoma coal movements. AEP Texas Op. Exhibit II-A-18 explains that the URCS road investments are divided into two categories: (1) those road property investments that receive a line-specific adjustment (that is, "Adjusted Road Property Ownership Costs"); and (2) those investments that remain in BNSF's costs as calculated by AEP Texas on a system average basis.²⁸

²⁸ The property investment accounts that are assigned on a specific basis are determined by the accounts flowing into the URCS unit costs for road depreciation (D1L234C10) and road return (D1L251C10). Those accounts are 2 Land, 3 Grading, 4 Other ROW, 5 Tunnels and Subways, 6 Bridges, Trestles & Culverts, 7 Elevated
(continued...)

For the “Adjusted Road Property Ownership Costs” portion, AEP Texas calculated return on road property investment and depreciation expenses attributable to the line segments used for the PRB to Oklaunion coal movements using BNSF’s own recorded line segment-specific gross investment and annual depreciation data by valuation section. This information was produced by BNSF in response to AEP Texas’ discovery requests.²⁹ AEP Texas’ analysis showed that line-segment specific cost per gross-ton-mile for return on road property ranged from { % to { % of BNSF’s 2002 system average unit cost developed in URCS, and that depreciation expenses per gross-ton-mile ranged from { % to { % of 2002 system average, depending on the mine origin. *Id.* The fact that the line-specific road property costs are less than BNSF system average costs is not surprising and is consistent with the Board’s findings in other

²⁸ (...continued)

Structures, 8 Ties, 9 Rails & OTM, 11 Ballast, 13 Fences, Snow Sheds & Signs, 17 Roadway Buildings, 27 Signals & Interlockers and 39 Public Improvements. All other road property accounts are included in URCS, but not on a Gross Ton-Mile basis, so they are included in AEP Texas’ costs on a system average basis. Account 37 Roadway Machines is also included in the URCS unit costs but BNSF’s road investment data base has no money assigned to this account.

²⁹ See AEP Texas Op. at II-A-35 to 37, Exhibit II-A-18, and Op. electronic workpaper files “Rd Inv AEP Texas 2000.123,” “Rd Inv AEP Texas 2001.123,” “Rd Inv AEP Texas 2002.123,” and “Rd Inv AEP Texas 2003.123.”

western coal rate cases involving long-haul movements via BNSF, including *West Texas Utilities*.³⁰

BNSF did not use the AEP Texas/Oklahoma route-specific line segment investment data that was provided by BNSF in discovery. Instead, BNSF used system average costs. BNSF's treatment of road property return on investment and depreciation is inconsistent with the Board's long-standing preference for service-specific costs over system average costs for these items. See *West Texas Utilities*, 1 S.T.B. at 724, and *San Antonio*, 1 I.C.C.2d at 574-75, 584-86. The Board also accepted line-specific road property return and depreciation costs for the same route used by the AEP Texas trains in *TMFA* at 56-57.

BNSF's use of system average costs is particularly egregious in the case of road property return and depreciation for the high-density coal routes emanating from the PRB, because those costs, stated on a per gross ton-mile basis, long have been recognized as being much lower than those for the routes used by general freight traffic. Significant economies of scale are realized on BNSF's coal lines in general, and the lines from the PRB to Oklahoma, TX in particular. While BNSF has made substantial road property investments in coal lines, the carrier also has been able to increase traffic volumes over those lines to such an extent that the cost per unit is much less than it is on the routes used

³⁰ See the calculations on page 15 of Exhibit II-A-25 of Complainant's Reply Evidence, Public Version, filed October 8, 2003 in *Otter Tail*, included in AEP Texas' Reply Workpapers at p. 024.

by other freight or system average traffic. There is no justification for BNSF's failure to reflect these economies of scale.

BNSF uses system average road property investment and depreciation costs because it claims that its road property data cannot be used to develop a reliable line-specific adjustment to system-average road ownership costs. BNSF further claims that it does not maintain data that would support the development of a movement-specific adjustment for maintenance-of-way ("MOW") variable costs.³¹

In Opening Exhibit II-A-18, AEP Texas amplifies its position on road property ownership costs for the Oklahoma movements. In AEP Texas' Opening calculations, system average URCS unit costs for road return and depreciation were adjusted based on the ratio of the line-specific values to system average costs.³²

AEP Texas Op. Exhibit II-A-18 explains that AEP Texas took account of all the data provided by BNSF in discovery and then adjusted its calculations to allow for

³¹ BNSF's general position, as expressed during the discovery phase of this case, is that once AFE's are closed, they are assigned to specific line segments. Once BNSF puts road property investments into service, those investments are placed into a data base called Property In Service Not Unitized ("PISNU"). Funds then reside in the PISNU data base until all expenditures covered by the corresponding AFE have been made and the AFE is closed out. At that time, the funds are unitized or assigned to specific valuation sections in the Fixed Asset Data Base ("FADB"). BNSF assigns those funds either directly to specific line segments or allocates them to line segments on a basis which BNSF believes to be reasonable.

³² The development of the adjustment ratios and unit costs was shown in Op. Exhibits II-A-14 through II-A-17 and Op. electronic workpaper files "Rd Inv AEP Texas 2000.123," "Rd Inv AEP Texas 2001.123," "Rd Inv AEP Texas 2002.123," and "Rd Inv AEP Texas 2003.123."

any difference between the BNSF-provided road property investment and depreciation data and BNSF's R-1 data. The gross investment data provided by BNSF identified the FADB monies that are not assigned directly or allocated to any valuation section.³³ The BNSF workpapers also identified, by account, the PISNU monies not included in the FADB data base but claimed to be in the BNSF R-1 reported gross investment.³⁴

Specific detail was not provided by BNSF to identify which of the non-allocated monies relate, in any way, to the line segments utilized by AEP Texas' coal trains. For example, the unallocated monies may be related to BNSF intermodal yards, or signaling systems in areas far away from AEP Texas' coal route. Therefore, in order to make a proper comparison of the line specific unit costs in the FADB data to the BNSF's system average costs, the system values were adjusted by subtracting the PISNU and unassigned costs. A more accurate adjustment would have been possible had BNSF provided the FADB system totals by account for investment and accumulated depreciation, as requested by AEP Texas. In addition, BNSF did not provide PISNU or unassigned dollars for 2000.

³³ Copies of the electronic files provided by BNSF are included in AEP Texas' Op. electronic workpaper files "fma_unassign_2001.xls" and "unassigned_2002.xls."

³⁴ Copies of the electronic files provided by BNSF are included in AEP Texas' Op. electronic workpaper files "ALL_PISNU_YREND 2001.xls" and "pisnu_2002.xls."

The adjustment to make the values comparable was accomplished in the following steps.³⁵

Step 1 -- the URCS system gross investment was adjusted to exclude the monies related to PISNU and FADB Unassigned monies.

Step 2 -- the revised net investment for the BNSF system (based on the adjustments in Step 1 above) was divided by the URCS system gross ton-miles to develop a revised unit cost per gross ton-mile.

Step 3 -- the line-specific unit cost for net investment was compared with the adjusted system average net investment cost per gross ton-mile to develop an adjustment ratio for Road Return.

As shown in AEP Texas Op. Exhibits II-A-14 through II-A-17, the adjustment ratio ranged from { }, depending upon the particular origin.³⁶

ii. Car Operating Expenses and Car Capital

Variable car maintenance and car ownership costs were covered in AEP Texas' Opening Narrative at pages II-A-44 to 46, at lines 14 and 15 of page 1 and page 12 of each of Exhibits II-A-26 through II-A-69 and II-A-71 through II-A-80, and at lines

³⁵ A detailed description of the adjustment procedure is included at pages 1-7 of Exhibit II-A-18.

³⁶ The detail of the calculations is shown in Op. electronic workpaper files "Rd Inv AEP Texas 2000.123," "Rd Inv AEP Texas 2001.123," "Rd Inv AEP Texas 2002.123," and "Rd Inv AEP Texas 2003.123." A minor error in segment mileposts did not affect the adjustment ratios. Reply electronic workpaper file "Reply Rd Inv AEP Texas 2000.123" includes the required revision to "Rd Inv AEP Texas 2000.123," and similar Reply electronic workpaper files are provided for the years 2001 through 2003. Revisions are detailed in Reply electronic workpaper file "Reply Modifications to Road Return.wpd."

14 and 15 of each page of Exhibit II-A-70. BNSF's variable car maintenance and car ownership costs were presented in BNSF's Opening Narrative at pages II-6 and II-11.

Reply Exhibit II-A-83, page 10 of 13, Line 14 compares AEP Texas' Reply car operating expense costs with BNSF's Modified Opening estimates and Line 15 makes the same comparison for car capital costs. Line 14, Column (16) of that Exhibit shows that the total difference between the parties' car operating expense is \$65.18 per car or \$ 0.59 per ton. AEP Texas' Reply calculation of these costs may be found in Reply electronic workpaper file "Difs VC Reply 03Q1 Eagle Butte.123," tab "RR car opr." The total difference between the parties' car capital costs is \$3.95 per car or \$0.04 per ton. AEP Texas' Reply calculation of car capital costs may also be found in Reply electronic workpaper file "VC AEPTX Reply 2003.123."

At pages II-A-44 to II-A-46 of its Opening Narrative, AEP Texas explained that BNSF refused to provide service-specific data that would have allowed AEP Texas to reflect the efficiencies of unit train operations. Instead, AEP Texas had to use system average costs and try to make service-specific adjustments where possible.

In this Reply, in order to eliminate some of the differences between the parties, AEP has adopted some of BNSF's Opening positions. At page II-5, BNSF indicates that it relied on the car costs associated with plain gondolas. In view of the fact that plain gondolas predominate, AEP Texas' Reply adopts BNSF's use of plain

gondolas.³⁷ AEP Texas has also adopted BNSF's system average car capital costing procedure.

(a). Car Operating Expenses

Table II-A-22 shows that car operating expense differences between AEP Texas and BNSF are the second most significant area of difference and contribute 18.2% of the total cost difference between the parties. Line 14, Column (5) through Column (15) of Exhibit II-A-83 detail the factors causing or contributing to these differences.

The primary causal factor is the difference in the parties' special studies of these costs. AEP Texas Op. Exhibit II-A-22 showed the results of AEP Texas' special study of these costs. AEP Texas adjusted system average costs³⁸ by (1) excluding car maintenance for cars for which BNSF has full service maintenance agreements, and (2) applying the active to calendar day adjustment. The second adjustment was required because in developing its costs, AEP Texas applies the actual freight car cycle times to the URCS car day costs. Because the URCS car day costs are stated on an active car day basis while the actual car cycle times are stated on a calendar day basis, the active to calendar day adjustment must be made to place them on the same basis.

³⁷ For example, in the year 2000, plain gondolas comprised { of the cars used in Oklaunion service. See AEP Texas Op. electronic workpaper file "Car Type Distribution.123" and Reply electronic workpaper file "Reply Car Maintenance.123" which reflects Mr. Fisher's and Ms. Newland's use of plain gondolas.

³⁸ AEP Texas would have preferred to base car repair costs on BNSF's actual car maintenance costs, but BNSF – the only party to this proceeding that possesses the required car repair information – refused to provide that information.

Additional, less significant differences between the parties' costs for this component arise because (1) AEP Texas' Reply uses the newly available 2003 URCS, whereas BNSF's costs use a 2002 URCS indexed to 1Q03, and (2) AEP Texas uses the actual freight car cycle time agreed to by the parties (that is, { days for this example movement), not the BNSF system average freight car cycle time of 8.279 days.³⁹

(b). Car Capital Costs

Table II-A-22 *supra* shows that differences in the parties' car capital cost calculations contribute only 1.1% of the total cost difference between the parties. Line 15, Column (5) through Column (15) of Exhibit II-A-83 detail the factors causing or contributing to these differences. The primary causal factor is AEP Texas' use of the actual freight car cycle time agreed to by the parties (that is, { days), not the BNSF system average freight car cycle time of 8.279 days.

iii. Locomotive Capital

Variable locomotive capital costs were covered in AEP Texas' Opening Narrative at pages II-A-39 to 40, at lines 11 and 12 of page 1 and page 11 of each of Exhibits II-A-26 through II-A-69 and II-A-71 through II-A-80, and at lines 11 and 12 of each page of Exhibit II-A-70. BNSF's locomotive capital costs are presented in BNSF's Opening Narrative at pages II-15 to 16.

³⁹ See AEP Texas Reply electronic workbook file "Reply cycle time 03.xls."

Exhibit II-A-83, page 10 of 13, Line 12(a) compares AEP Texas' Reply locomotive capital depreciation cost calculation with BNSF's Opening estimate and Line 12(b) compares the parties' locomotive capital ROI costs. Column(16) of that Exhibit shows that the total difference between the parties is \$60.56 per car or \$0.55 per ton.

AEP Texas has discovered an inadvertent error in its Opening calculation of the LUM portion of locomotive depreciation.⁴⁰ The amount was calculated correctly, but the amount was not properly included in the total in the spreadsheet. The corrected LUM locomotive depreciation calculation is reflected in AEP Texas' Reply costs.

It also should be noted that on Opening, AEP Texas utilized system average locomotive capital costs because BNSF refused to provide the information required to properly calculate those costs. Request for Production No. 13 of AEP Texas' First Set of Interrogatories and Requests for Production of Documents served August 26, 2003, asked BNSF to provide lease information for "(1) locomotives used by BNSF in AEP Texas service. . . for each year 2000 through present." BNSF responded by providing a list of Equipment Contracts (2000-Present), *i.e.*, contracts dated 2000 and later for locomotives used by BNSF in AEP Texas service.⁴¹ By providing only those contracts dated 2000 and later, BNSF excluded all contracts dated before 2000 on older locomotives which almost

⁴⁰ The calculation of the GTM portion of locomotive depreciation was correct.

⁴¹ See October 29, 2003 letter from BNSF counsel to AEP Texas counsel, included in AEP Texas' Reply Workpapers at p. 048.

certainly would have lower associated capital costs. Since the average age of the locomotives in AEP Texas service is { years and BNSF only included contracts since 2000, BNSF included contracts covering only { of its leased locomotives used in AEP Texas service. AEP Texas' follow-up attempts to acquire the older contracts were unsuccessful.

BNSF did provide the average lease rate over the life of the contract for all of the locomotives requested,⁴² but as AEP Texas shows *infra*, the Board has rejected the average lease rate as overstating the costs actually being incurred during the time period being costed.

Table II-A-22 *supra* shows that locomotive capital cost differences between AEP Texas and BNSF are the third most significant area of difference and contribute 16.9% of the total cost difference between the parties. Column (5) through Column (15) of Exhibit II-A-83 detail the factors causing or contributing to these differences. The factors are (a) BNSF's use of a grossly overstated spare margin and (b) differences in the parties' special studies of locomotive capital costs including the use of average annual life lease rates as opposed to lease rates actually paid. Each of these factors will be discussed in turn following a discussion of the locomotives that properly should be included in the calculation.

⁴² See BNSF Op at II-15 and its electronic worksheet file "AEP Loco Ownership.xls."

(a). **Locomotives Included**

In 2002, BNSF's train movement data shows that { of the locomotives used in the AEP Texas Oklaunion service were SD70MAC's, { were C44-9's, { were SD60's, { were SD75's, { were SD40-2's, and { were other locomotive types (based on the hours each locomotive type was used).⁴³ AEP Texas submits that BNSF should have reflected these usage percentages in its determination of all locomotive cost factors including spare margins, locomotive capital costs, and locomotive maintenance costs. Instead, however, BNSF used a different group of locomotives for each of these determinations. Only for capital costs did BNSF adopt locomotive usage percentages. In determining locomotive spare margins, on the other hand, BNSF adopted *only* the spare margin requirements for SD70MACs (and BNSF determined those spare margins incorrectly as will be demonstrated below). In determining locomotive maintenance costs, BNSF adopted all the locomotive types used on BNSF, that is, system average locomotives.

It is absurd to use three *different* groups of locomotives to determine the three major cost components associated with providing locomotives for the AEP Texas Oklaunion service. BNSF used expensive, { -year-old locomotives with very little accumulated depreciation to determine capital costs, and then used a { year old "pool" of locomotives (that is, system average locomotives) to determine maintenance costs. Of

⁴³ See AEP Texas Reply electronic workpaper file "2002 trn mvmnt hrs.xls."

course, new locomotives (like new automobiles) require less maintenance than old locomotives or old automobiles.

(b). Locomotive Spare Margin

AEP Texas calculated locomotive spare margins of { for 2000, { for 2001, { for 2002 and { for 2003, as shown in Op. Exhibit II-A-19. Details concerning the calculation of the spare margins are provided in AEP Texas Reply electronic workpaper files "2000 Reply Loco Maint AEPTEX.123," "2001 Reply Loco Maint AEPTEX.123," "2002 Reply Loco Maint AEPTEX.123" and "2003 Reply Loco Maint AEPTEX.123." BNSF calculated much higher locomotive spare margins of { for 2001, { for 2002, and { for 2003 as shown in BNSF Op. Exhibit II-A-2.

The spare margin for the actual locomotives used in Oklaunion service in 2003 was { },⁴⁴ whereas BNSF claims the spare margin should be { }. The following explains AEP Texas' development of the { spare margin and demonstrates that the { spare margin mathematically determined by BNSF is a fiction and not grounded in the reality of accepted determinations of variable costs for BNSF's PRB coal transportation service.

⁴⁴ See AEP Texas Reply electronic workpaper file "2003 Reply Loco Maint AEPTEX.123."

**(i). AEP Texas' Development of
its { Spare Margins**

Through the use of the locomotive contracts provided to AEP Texas in discovery, AEP Texas developed a separate spare margin for SD70 MAC locomotives, GP60M locomotives, C44-9W locomotives, C40-8W locomotives, and SD75M locomotives.⁴⁵ AEP Texas used a 10% spare margin for all BNSF locomotives used to provide AEP Texas service that are not covered by specific maintenance contracts. Weighting the spare margin requirement for each locomotive contract based on the hours of usage for units included under that contract in AEP Texas service, AEP Texas developed composite spare margins for 2000 through 2003.⁴⁶

Both AEP Texas' method and its results are consistent with the Board's ruling at page 61 of the *TMPA* decision that a 5% spare margin is appropriate for the BNSF SD70MACs used to provide the service at issue in that case, based on a 95% availability guarantee in the locomotive contract between BNSF and EMD. AEP Texas has used this same basis to calculate the spare margin requirement for the SD70MACs

⁴⁵ A summary of the maintenance provisions of these agreements as they pertain to calculation of the spare margin is provided in AEP Texas Reply Exhibit II-A-86. This exhibit summarizes each contract's guarantees as they pertain to reduction of the required spare margin.

⁴⁶ See AEP Texas Op. Exhibit II-A-19 and Op. electronic workpaper files "2000 Loco Maint AEP TEX.123," "2001 Loco Maint AEP TEX.123," "2002 BNSF Discovery file Loco Maint AEP TEX.123," "2003 Loco Maint AEP TEX.123," and "MAC payments 00-03.xls" which replicates an electronic file produced by BNSF in discovery.

used in AEP Texas service in the instant proceeding, as well as the contractual guaranteed availability percentages for the other types of locomotives used in the AEP Texas service.

**(ii). Comparison of BNSF's and AEP Texas'
Spare Margin Calculations**

BNSF based its spare margin estimates not on the actual locomotives used in Oklaunion service, but upon all of the SD70MAC locomotives (only) in the Alliance Pool. BNSF totally ignored the C44-9's, SD40-2's, SD60's, SD75's, SD45-2's, SD40-2's, and other locomotive types that also were actually used in the 2002 Oklaunion service.⁴⁷ The spare margin difference also arises because BNSF failed to properly reflect the terms of its locomotive maintenance contracts, in which the suppliers guarantee {

availability for the locomotives covered by the contracts in 2002. AEP Texas, on the other hand, reflected a { spare margin for the { SD70 MAC locomotives, { spare margin for the { Dash 9 44CW locomotives, a { spare margin for the { SD75 locomotives, a { spare margin for the { Dash 8 40 CW locomotives covered by these maintenance contracts, and a 10% spare margin for all other locomotives used by BNSF to provide the Oklaunion service but not covered by these contracts.⁴⁸ Weighting the spare margin requirement for each

⁴⁷ See AEP Texas Reply electronic workpaper file "2002 trn movmnt hrs.xls," tab "Summary Hrs 02."

⁴⁸ As described *infra* in the text, this spare margin percentage was used in several ICC rate case decisions in the 1980's involving one of BNSF's predecessors. Using a 10 percent spare margin is a conservative approach because the actual spare margin
(continued...)

locomotive type based on its hours of usage in Oklahoma service, AEP Texas has used a { composite spare margin in developing locomotive costs for 2002 Oklahoma movements.⁴⁹ This is consistent with the Board's ruling in *TMPA* (at 62) that a 5% spare margin requirement is appropriate for the SD70MACs used in the TMPA coal service. AEP Texas has used this same basis for determining the spare margin requirement for the SD70MACs used in the AEP Texas Oklahoma service.

In summary, AEP Texas' spare margins are based upon the actual locomotive types used in Oklahoma service and recognize the proportion of locomotive hours included under each of the applicable maintenance agreements for those units used in AEP Texas service. In contrast, BNSF based its spare margin not upon the actual locomotives used in AEP Texas service, but upon *all* the locomotives of one specific type (*i.e.*, SD70MACs) assigned to Alliance and its resulting redefined "spare margin." BNSF thus effectively ignored the terms of its locomotive maintenance contracts, in which the contractors guarantee { availability for the covered locomotives, as well as the different types of locomotives actually used in AEP Texas service.

⁴⁸ (...continued)
requirement on "other" locomotives is probably less than 10% even though the suppliers {

⁴⁹ See Reply electronic workpaper files "2002 Reply Loco Maint AEPTEX.123" and "VC AEPTX Reply 2002.123."

**(iii). BNSF Failed to Reflect
Locomotive Maintenance Contracts**

AEP Texas' Reply electronic workpaper file "BNSF Locomotive
Maintenance Contracts Covering Locomotives Used in AEP Texas Service Defining
Spare Margin Requirements"⁵⁰ summarizes the clauses relevant to the determination of

⁵⁰ AEP Texas' Reply electronic workpaper file "BNSF Spare Margin Agreements.123," Tabs "2000," "2001," "2002 " and "2003 " identify the maintenance agreements in effect during 2000, 2001, 2002 and 2003, respectively. They include:

1. Fourth Amendment to Amended and Restated Maintenance Agreement dated January 12, 1998, covering { } (the "Fourth Amendment") - AEP Texas Op. Workpapers Vol. 6, pp. 02860-02868.
2. Fifth Amendment to Amended and Restated Maintenance Agreement dated October 29, 1999, covering { } (the "Fifth Amendment") - Op. Workpapers Vol. 6, pp. 02869-02882.
3. BNSF/GE Maintenance Agreement dated April 30, 1996, covering { } - Op. Workpapers Vol. 6, pp. 02761-02791.
4. BNSF/GE Maintenance Agreement dated September 16, 1998, covering { } - Op. Workpapers Vol. 6, pp. 02567-02616.
5. BNSF/GE Maintenance Agreement dated September 9, 2002, covering { } - Op. Workpapers Vol. 6, pp. 02721-02760.
6. BNSF/GE Maintenance Agreement dated April 11, 1994, covering { } - Op. Workpapers Vol. 6, pp. 02649-02683.
7. BNSF/EMD Maintenance Agreement dated March 13, 1995, covering { } - Op. Workpapers Vol. 6, pp. 02827-02859.
8. BNSF/GE Maintenance Agreement dated February 28, 1992, covering { } - Op. Workpapers Vol. 6, pp. 02792-02825.

(continued...)

locomotive spare margins from each of the locomotive agreements which apply to SD70MAC locomotives, SD40 locomotives, and Dash 9-44CW locomotives in 2000 through 2003. The following { } guarantees are typical under these agreements and amendments: {

} Each of these guarantees is addressed below.⁵¹

The maintenance contracts {

⁵⁰ (...continued)

9. BNSF/GE Maintenance Agreement dated June 19, 1996 covering { } - Op. Workpapers Vol. 6, pp 02685-02719.
10. BNSF/GE Maintenance Agreement dated February 1, 1994, covering { } - Op. Workpaper, Vol. 6, pp 02617-02647.
11. BNSF/ALSTOM Maintenance Agreement dated March 1, 2003, covering { } - Op. Workpapers Vol. 6, pp. 02537-02566.

⁵¹ AEP Texas Reply Workpapers, pp. 076-077 show that the locomotive manufacturers { }.

} These facts,
gleaned from both AEP Texas and BNSF data sources, provide persuasive evidence that
the locomotives used in AEP Texas service routinely meet or exceed the availability
factors specified in the agreements.

⁵² See AEP Texas Op. Workpapers Vol. 6, p. 02867.

⁵³ AEP Texas records this type of information in conjunction with recording force majeure incidents and tracking trains in the normal course of business, which helps it determine whether it is receiving adequate supplies of coal at Oklaunion Station.

These same facts also show that actual availability {

} has been achieved even as defined by the
more restrictive Fourth and Fifth Amendments.

The {

}⁵⁴ Because locomotives are maintained at least every 92 days⁵⁵ and
,} bad order locomotives are unlikely to occur with
any frequency. This also contributes to increased reliability and availability.

In the case of {

⁵⁴ Reply Exhibit II-A-86 shows that the Fourth Amendment {
} See AEP Texas Op. Workpapers Vol. 6, pp. 02863 and 02872.

⁵⁵ See, e.g., Op. Workpapers Vol. 6, p. 02868.

}

**(iv). BNSF Has Incorrectly Defined
the Spare Margin**

The spare margin difference also arises because BNSF has not correctly defined spare margin. BNSF's development of its spare margin of { } in 2002 is discussed on pages II-15 to 16 of its Opening Narrative and BNSF.OP.WP.II.A-0012 and 0014, and the calculations are described in BNSF Op. electronic workpaper file "Spare Margin.xls."

The ICC defined spare margin as "the number of diesel units a railroad keeps in reserve to cover diesel units that have power failures or require maintenance." *See Georgia Power*, I.C.C. Docket No. 40581, decided November 3, 1993 (Slip Op. at page 29. BNSF's calculation would re-define spare margin as the ratio of time in which a locomotive is not directly utilized in train service to the hours the unit is in direct train service. BNSF has developed its locomotive spare margin using the concepts of "Utilization", "Non-Utilized," and "Availability."

BNSF and its predecessors have been urging this re-defined "spare margin" on the ICC and the Board for decades and it has never been accepted.⁵⁶ In the first *San Antonio* proceeding, BN used a spare margin of 15% and that was rejected. In *Minnesota Power*, 362 I.C.C. 625, 661 (1980), the ICC rejected BN's use of a 30% spare margin stating:

. . .there is no demonstration of record to support defendant's use of a 30 percent spare margin. Defendant's discussion of the need for spare motive power deemed necessary to meet scheduling requirements is not persuasive. Therefore, we have accepted complainants' spare margin estimate of 10 percent.

The ICC again rejected BN's 30% spare margin in *CLECO*,⁵⁷ stating:

The restatement adheres to the traditional use of the actual number of locomotives used increased by a 10 percent spare factor to represent the bad-order ratio for both road locomotives and cabooses. BN's statistical data and operating testimony supporting a 30 percent spare margin lack sufficient probative value to warrant acceptance on this record in the

⁵⁶ See Complainant's Rebuttal Evidence, Rebuttal Verified Statement of Thomas D. Crowley, in ICC Docket No. 38783, *Omaha Public Power District v. Burlington Northern Railroad Co.* ("OPPD") dated March 25, 1985, included in AEP Texas' Reply Workpapers at pp. 066-074.

⁵⁷ ICC Docket No. 37667S, *Central Louisiana Electric Company v. Burlington Northern Railroad Company and Missouri Pacific Railroad Company*, served February 25, 1983. In several other rate cases decided in the 1980's the ICC also rejected BN-proposed locomotive spare margins in the 25-30 percent range and accepted a 10 percent spare margin. These include Docket No. 37029, *Annual Volume Rates on Coal - Rawhide Jct., Wyoming to Sergeant Bluff, Iowa* (August 24, 1981); *OPPD*, 3 I.C.C. 2d 123, 152 (1986); and *Arkansas Power & Light* which is discussed in the text.

absence of a study reflecting both normalized repair and maintenance experience and demand factors.

In Docket No. 36719, *Arkansas Power & Light Company v. Burlington Northern Railroad Company, et al.*, served May 13, 1987 ("*Arkansas Power & Light*"), the ICC adopted the then-standard 10% locomotive spare margin in lieu of the 30 percent spare margin proposed by BN. The ICC's statements in this regard (*id.* at 4-5) are instructive:

However, BN challenges the 10 percent figure, arguing that a spare margin of approximately 30 percent is a more accurate estimate for the APL movements based upon studies from its Alliance Pool. As in Omaha, supra, we conclude that BN's studies are not sufficiently reliable to depart from the 10 percent figure applied by APL.

One issue in this context concerns whether the spare margin should include all locomotives that are not in active service. . . ." There is a problem with including all non-cycle hours from the Alliance pool, as BN has done, and attributing that figure to the APL movements. The non-cycle factor appropriate to coal pool locomotives may reflect not only the traffic patterns of the various coal movements which draw power from the pool, but also the overall level of line congestion influenced by non-coal movements. For example, a decline in non-coal movements may have the effect of decreasing coal train running times. Whether such decrease would translate into a reduction in pool locomotive units would depend upon the ability of the mine or utility to handle the train at the origin or destination terminal upon arrival. However, the record does not disclose whether trains involved in the APL movements that arrive at a terminal ahead of schedule are handled immediately or must await scheduled loading/unloading times. . . .

In sum, applying to an individual movement the average cycle experience for a pool serving numerous coal movements may result in significant distortion. For example, when an individual movement experiences an increase in cycle times, with no such increase occurring generally, the likelihood is that the relatively fixed number of non-cycle hours identifiable with that movement would constitute a smaller than average proportion of total cycle hours. Hence, in the absence of compelling reasons otherwise, the pool non-cycle factor would be inappropriately high for such a movement. Here, we cannot test the BN study's reliability as applied to the pool as a whole or to the subject movement.

The ICC's ruling in *Arkansas Power & Light* applies equally to the results of BNSF's SD70MAC Alliance Pool locomotive spare margin study in this proceeding. We saw above that BNSF's SD70MAC Alliance Pool locomotive spare margin study made no allowance whatsoever for other locomotive types in the pool or for the availability guarantees that BNSF has negotiated with its locomotive suppliers. We see below that BNSF's Alliance Pool locomotive spare margin study did not, in fact, measure spare margin at all.

BNSF's locomotive spare margin study⁵⁸ has other shortcomings in addition to those cited by the ICC in *Arkansas Power & Light*:

- The data universe used to compute the spare margin ratio includes all locomotives of a specific type assigned to one maintenance location. After developing all of the locomotive capital factors based solely on the specific locomotives in AEP Texas' trains, BNSF uses the characteristics of all units

⁵⁸ See BNSF.OP.WP.II-A-0012 and 0014 and BNSF Op. electronic workpaper file "Spare Margin.xls."

of a specific type to calculate its spare margin, regardless of whether or not they were used in AEP Texas service.

- If the shop time results in an availability percent for the locomotives that is less than the level included in the maintenance agreements with EMD, GE and the other contractors, some adjustment needs to be made that recognizes { }.
- The maintenance agreements contain { }.
- Some of the agreements include { }
- According to the data included in BNSF Op. electronic workpaper file "Spare Margin.xls," the hours classified as { } This results in an availability percent during 2002 for these locomotives of { }. BNSF would have { } This is not reflected in BNSF's locomotive capital calculations.
- The difference between { } would appear to be hours that BNSF locomotives are off-line in run through service on other railroads. The reciprocal of BNSF locomotives' being off-line is locomotives provided by other railroads to BNSF in run through service. If there is an imbalance of horsepower hours in BNSF's favor, then the other railroad makes a payment to BNSF. The series of multiplications used in BNSF's spare margin calculation procedure account for a portion of this time, but not all. All of the hours off-line in run through service should be { } because their

inability to be utilized by BNSF is offset by the provision of substitute locomotives by the other railroad and/or payments to BNSF.

- The { } category includes elements that by their identification show that {

}.

- In addition to the procedural shortcomings identified above, BNSF's calculation of its spare margin includes data errors. The {

}⁵⁹

In summary, the BNSF spare margin study is flawed in many ways and should be rejected. BNSF provided no information that would support its procedure. AEP Texas utilized the methodology adopted by the Board in *TMPA* to derive its { } spare margins for 2000 through 2003 for the locomotives actually used to provide AEP Texas/Oklahoma service. The Board should adopt AEP Texas' spare margin calculations as the better evidence of record.

⁵⁹ See BNSF.OP.WP.II.A-0014.

(c). Special Study of Locomotive Capital Costs

Two issues relate to the locomotive lease cost included by BNSF in its calculation of locomotive capital costs. First, BNSF has based the average lease cost on only those locomotives in the Alliance Pool identified as having actually moved AEP Texas trains. Second, the annual lease cost was calculated at the annual average of the lease payments made over the life of the lease.

AEP Texas showed earlier that BNSF erred by using only the owned and leased locomotives of types that actually moved AEP Texas trains as opposed to all the owned and leased locomotives of those types included in the Alliance Pool. A corollary dysfunction of using specific locomotives rather than specific locomotive types is shown in the computation of locomotive capital costs. The computation of locomotive capital cost is impacted by the relative proportion of locomotives leased versus owned. BNSF's computation resulted in a disproportionate share of the total locomotives being classified as owned whereas the proportion of leased/owned locomotives of the same types in the Alliance Pool could be drastically different.

BNSF also used the wrong lease costs for leased locomotives. In *WPL* the Board rejected the railroad's calculation of lease costs "based on the average lease rate over the life of the lease agreement" (*id.*, Docket No. 42051, Decision served September 13, 2001 at 57). In the instant proceeding, BNSF has also based its lease costs on the average lease rate over the life of the lease agreement, the exact procedure rejected by the

Board in *WPL*. In *WPL* the Board held that the lease rates should be those in effect for the time period being costed, not the average over the life of the lease because that average “would likely produce a different lease cost from that actually incurred” during the time period being costed. *Id.* at 58.

BNSF asserts that its treatment is consistent with how it accounts for leases, that this makes BNSF’s treatment consistent with URCS, and that the Board therefore should overturn its *WPL* ruling. However, BNSF did not use URCS for the determination of this cost component. BNSF eliminated the URCS measurement of this cost and substituted its own “Special Study” estimate of the cost.

BNSF further rationalizes its use of the average annual lease cost over the life of the lease by citing that locomotive leases sometimes provide for uneven annual lease payments over their lives. However, leases with uneven payments {

}.⁶⁰ Most leases {

}. Those leases that have {

} are in part the result of tax advantages available to the lessor. The lessor has passed a portion of these tax advantages through to the railroad (lessee) {

} in the form of lower rental payments. However, as the tax advantages

⁶⁰ See Reply Workpapers pp. 030-043 and Reply electronic workpaper file “loco lease yr payment comparisons.xls.”

to the lessor are used up, the payments by the railroad {

} . The tax benefits accrue to the lessor while the railroad benefits from lower lease payments and, therefore, lower cash outlays.

The Board should select AEP Texas' locomotive capital costs as the best evidence of record because (1) BNSF used an invalid spare margin, and (2) BNSF erred by using a lease cost averaged over the life of the lease agreement rather than the lease cost actually being incurred during the time period being costed.

(d). Other BNSF Errors

In addition to the differences between AEP Texas and BNSF's calculations of locomotive capital costs discussed above, BNSF also inappropriately excluded a large number of locomotives from its calculations.

Both AEP Texas and BNSF calculated the locomotive hours for individual locomotive units in AEP Texas trains using BNSF's train movement data. AEP Texas included { } different locomotives in its calculation of locomotive hours in 2002 for Oklaunion trains.⁶¹ BNSF based its locomotive capital inputs on { } different locomotives.⁶²

⁶¹ See AEP Texas Op. electronic workpaper file "Individual Loco unit hrs-loco maint.xls," tab "2002."

⁶² See AEP Texas Reply electronic workpaper file "Reply loco calcs numb and age.xls."

All locomotives included in BNSF's train movement data were used by AEP Texas to calculate the average locomotives per train. The capital factors applied to the average locomotives per train have to be based on the same universe of locomotives. There is no legitimate reason for BNSF to omit the hours of certain locomotives from the locomotive capital calculations.

iv. Switching (Excluding Fuel)

Switching costs were addressed in AEP Texas' Opening Narrative at page II-A-48, at pp. 1-6 of each of Exhibits II- A-26 through II-A-69 and II-A-71 through II-A-80, and at lines 3, 4, and 5 of each page of Exhibit II-A-70. BNSF discussed switching at page II-12 of its Opening Narrative and the workpapers described in footnote 24 on that page.

Reply Exhibit II-A-83, page 10, Lines 3, 4, and 5 compare AEP Texas' Opening switching costs for the three switching cost categories with BNSF's Opening estimates. Column (16) of that Exhibit shows that the total difference between the parties is \$27.00 per car or \$0.25 per ton for the 1Q03 Eagle Butte movement.

Table II-A-22 shows that switching cost differences between AEP Texas and BNSF contribute 7.5% of the total cost difference between the parties. Column (5) through Column (15) of Exhibit II-A-83, Lines 3, 4, and 5, detail the factors causing or contributing to this difference.

Both parties broke Switching by Road Locos (SEM)-Yard into three categories: (1) Road Sw-Yd by AEP Texas Crews excluding crew wages and locomotive investment (each of which is included in costs directly on a special study basis); (2) Road Sw-Yd by Road Switch Crews including wages and locomotive investment; and (3) Road Sw-Yd by Other Road Crews including system average crew wages and locomotive investment. A minor unit cost difference arises because BNSF used too few years of normalization in its development of the Switch Engine Minute unit cost.⁶³

In Part II-A-1-b-ii-(c), *supra*, AEP Texas showed that BNSF's SEM's are dramatically overstated because BNSF treated loading and unloading movements on the origin and destination loop tracks as if they were switching. Because of this mistake and because of BNSF's normalization error, the Board should adopt AEP Texas' switching costs as the best evidence of record.

v. Roadway Maintenance (MOW including Joint Facilities)

In its Opening Evidence, AEP Texas developed variable maintenance-of-way ("MOW") costs for BNSF's Oklaunion coal movement using the SFGT formula and verified the accuracy of the SFGT results relative to actual MOW costs based on actual maintenance of way data provided by BNSF in discovery. *See* AEP Texas Op. at II-A-31 to 35 and Exhibits II-A-4 through II-A13.

⁶³ BNSF used a two-year normalization for many operations expenses that call for three or five-year normalizations in the development of the Switch Engine Minute unit costs. *See* BNSF Op. electronic workpaper file "BNSF-02-SWITCH SPLIT.123."

In contrast, BNSF's Opening Evidence used system-average MOW costs. Table II-A-22, *supra* and Exhibit II-A-83, page 10, line 6c show that MOW cost differences account for \$25.90 per carload or 7.2% of the total difference in variable costs between the parties for the 1Q03 Eagle Butte movement. In determining MOW costs, BNSF completely ignored the data it provided to AEP Texas in discovery that enables a comparison of MOW costs using the SFGT formula with actual MOW costs. The Board should adopt AEP Texas' development of MOW costs as demonstrably superior to BNSF's system-average costs and thus as the better evidence of record.

vi. Locomotive Maintenance

AEP Texas' development of locomotive maintenance costs was described at pp. II-A-37 to 38 of its Opening Narrative, Exhibit II-A-19, and at pages 7 and 11 of Exhibits II-A-26 through II-A-69 and Exhibits II-A-71 through II-A-80. The only reference in BNSF's Opening Narrative to its calculation of locomotive maintenance costs is the following statement at page II-16: "All other locomotive unit-mile costs are included at system-average levels."

Exhibit II-A-83, page 10 of 13, Lines 6(f) and 11(e) compares AEP Texas' Reply locomotive maintenance cost calculation with BNSF's Modified Opening estimate for the 1Q03 Eagle Butte movement. Column (16) of that Exhibit shows that the total difference between the parties is \$19.74 per car or \$0.18 per ton.

Table II-A-22, line 6 (*supra*) shows the locomotive maintenance cost difference between AEP Texas and BNSF. Columns (5) through (15) of Exhibit II-A-83 detail the factors causing or contributing to the difference. The major factor is AEP Texas' use of BNSF-provided locomotive maintenance agreements for the equipment in the locomotive pool used in AEP Texas' coal service.

AEP Texas relied on the maintenance costs included in contracts that BNSF has with vendors providing locomotive repair services because those contracts determine the locomotive maintenance costs incurred by BNSF. AEP Texas' calculation of locomotive maintenance costs is based on the full service contract maintenance rates for the locomotives used in AEP Texas Oklahoma service. *See* AEP Texas Op. Workpapers Vol. 6, pp. 02537-02888. Use of this methodology was made necessary by BNSF's refusal or inability to produce actual locomotive maintenance data, which AEP Texas requested in discovery.⁶⁴

In *TMPA*, the Board stated:

TMPA developed locomotive maintenance costs based on BNSF's contract with General Motors' Electro-Motive Division (EMD), the manufacturer of the SD70MAC locomotives. BNSF believes that many repair costs are not covered by the contract (such as costs incurred due to wrecks, derailments, vandalism, abuse, or running out of fuel). . . . As pointed out by BNSF, other, non-routine maintenance costs

⁶⁴ *See* BNSF's responses to Request for Production Nos. 15 and 16 of AEP Texas' First Discovery Requests, copies of which are included in AEP Texas' Reply Workpapers at pp. 047-052.

are incurred and must be accounted for in developing variable costs.

Id. at 58. In *TMPA* the Board rejected the use of a special study regarding BNSF's locomotive maintenance costs – and defaulted to system average – because it believed that *TMPA* had not properly accounted for “non-routine costs” such as costs incurred due to “wrecks, derailments, vandalism, abuse, or running out of fuel.” *Id.* AEP Texas' determination of locomotive maintenance costs in the instant proceeding addresses the Board's *TMPA* concerns by identifying the maintenance costs that reflect “costs incurred due to wrecks, derailments, vandalism, abuse, or running out of fuel” and treating those costs on a system average basis.⁶⁵ “Routine” locomotive maintenance costs remain specific to the locomotive maintenance agreements that BNSF has with its maintenance contractors.

It is also important to note that AEP Texas' locomotive maintenance adjustment ratios include at a system average level the hours in AEP Texas service by locomotives not covered under a maintenance agreement. Using this method, AEP Texas has captured movement-specific costs where the underlying records will allow such a

⁶⁵ The URCS accounts adjusted by the special study ratio are Diesel Road Locomotive Repairs (D3L101), Loco Machine Repairs (D3L135), and Loco Damages Billed to Others (credit) (D3L145). Other repairs which are not part of normal maintenance are charged to accounts such as Clearing Wrecks, Locomotive Equipment Damaged and Other Locomotive Casualties and are included in the residual “other” GTM and “other” LUM costs, which are not adjusted by the special study locomotive maintenance ratio and are included at system average cost levels.

determination to be made. AEP Texas has utilized system-average costs for those kinds of items where the Board has specifically found the use of a movement-specific special study to be inadequate. As such, AEP Texas' locomotive maintenance costs are superior to the general system-average costs submitted by BNSF.

BNSF's system-average locomotive maintenance costs reflect the maintenance costs of all locomotives in its system, many of which are never used in coal service. These locomotive maintenance costs have no relationship to the maintenance costs of the pool of locomotives that are used in service to the Oklaunion plant. The AC locomotives that are used in Oklaunion service are much newer than system average. The average age of the locomotives used in 2002 Oklaunion service is only { } years,⁶⁶ compared with 12 years for BNSF's system-average locomotives.⁶⁷ Newer locomotives need repairs less frequently than older locomotives. In addition, BNSF's non-coal locomotive fleet includes many DC locomotives, which are included in BNSF's system-average locomotive maintenance costs. DC locomotives have more moving parts (principally traction motor wires and brushes) that require significantly more maintenance than AC locomotives such as the SD70MAC. This is one of the principal reasons why railroads such as BNSF have been replacing DC locomotives with AC locomotives.

⁶⁶ See AEP Texas Reply electronic workpaper file "Reply loco calcs numb and age.xls."

⁶⁷ See AEP Texas Reply electronic workpaper file "BNSF System Avg Loco Age.123."

Board precedents recognize that newer locomotives need repairs less frequently than older locomotives. *See San Antonio*, 362 I.C.C. at 163; *see also Increased Rates on Coal, BN, Montana to Superior, Wisconsin*, 362 I.C.C. 625, 665 (1980) (noting in its discussion of locomotive maintenance costs that “[a]ccording to BN, DE made a fundamental mistake by comparing new coal locomotives to significantly older system average locomotives”). The simple system-average approach used by BNSF, on the other hand, ignores all the differences in “routine” maintenance costs between the locomotives used to provide service to AEP Texas and the balance of the locomotives used by BNSF in its system-wide operations.

As AEP Texas pointed out on Opening (at II-A-30), locomotives used in Oklaunion coal service experience a much higher level of utilization than the BNSF system average. This high level of dedicated road utilization confirms that these locomotives experience far less maintenance per gross ton-mile and locomotive unit-mile than the system average.

In summary, AEP Texas’ service-specific locomotive maintenance costs are demonstrably superior to BNSF’s system-average locomotive maintenance costs, which are not service-specific. The Board should adopt AEP Texas’ costs as the better evidence of record because AEP Texas’ costs better represent the locomotive maintenance costs BNSF actually incurs in providing the AEP Texas Oklaunion service.

vii. Crew Wages

Crew wage expenses associated with the movement of unit coal trains to Oklaunion were addressed in AEP Texas' Opening Narrative at pages II-A-40 to 42 and Exhibit II-A-20. BNSF addressed crew wages at page II-10 of its Opening Narrative, stating simply that it "used URCS system-average crew costs to estimate variable costs for the AEP Texas movement."

Exhibit II-A-83, page 10, Line 9 compares AEP Texas' Reply Crew Wages cost calculation with BNSF's Modified Opening estimate. Column (16) of that Exhibit shows that the total difference between the parties is \$16.93 per car or \$0.15 per ton.

AEP Texas' crew wage costs were based on a special study that analyzed the payroll records for all train and engine service employees that worked on at least one AEP Texas train during the requisite study period.⁶⁸ As noted at page II-A-40 of AEP Texas' Opening Narrative, the crew wage costs per train were calculated based on actual wage payments for the year 2002 and the first six months of 2003, including all constructive allowances paid by BNSF to the crews identified as operating the Oklaunion trains. The methodology used to calculate these Oklaunion-specific wages, described in greater detail *infra*, has repeatedly been accepted by the STB.⁶⁹ It is demonstrably superior to the URCS system-average crew wages developed by BNSF, in that it

⁶⁸ AEP Texas requested data for the period 2000 to the present in discovery.

⁶⁹ See, e.g., *TPMA* at 59-60 and *West Texas Utilities*, 1 S.T.B. at 725-726.

identifies and applies those expenses attributable to only the PRB-to-Oklaunion operations.

A comparison of the parties' crew wage expenses per train, by mine and quarter, is shown in Table II-A-23 below:

TABLE II-A-23					
Comparison of BNSF and AEP Texas Opening Evidence					
Crew Wages per Train, by Quarter and Mine					
<u>AEP Texas Coal Trains From the PRB to Oklaunion, TX</u>					
<u>Quarter</u>	<u>Mine</u>	<u>AEP</u>	<u>BNSF</u>	<u>Difference</u>	<u>Percent</u>
(1)	(2)	Texas	(4)	(5)	(6)
3Q01	Buckskin	\$15,259	\$17,178	\$1,919	13%
4Q01	Buckskin	15,259	16,995	1,736	11%
	Jacobs Ranch	14,180	16,552	2,372	17%
1Q02	Jacobs Ranch	14,950	16,722	1,772	12%
2Q02	Black Thunder	14,975	16,753	1,778	12%
3Q02	Black Thunder	14,771	16,873	2,102	14%
	Jacobs Ranch	14,961	16,887	1,926	13%
4Q02	Black Thunder	15,999	16,916	917	6%
	Jacobs Ranch	15,442	16,882	1,440	9%
1Q03	Eagle Butte	16,683	17,652	969	6%
2Q03	Eagle Butte	16,924	17,699	775	5%

As Table II-A-23 indicates, BNSF's use of URCS system-average crew wages overstates the crew wage expense associated with the Oklaunion trains by as much

as 17%. The use of special study crew wages is more accurate, representing only the crew wage expenses specifically related to the Oklaunion trains, while the system-average calculation allocates crew wage payments for the average of all of BNSF's trains, ignoring the characteristics and expenses related to the crews that handle Oklaunion unit coal trains.

Utilizing system-average crew wage expenses ignores location-specific expenses and circumstance-specific constructive allowances. It averages wages for less-efficient way freight and non-unit train through freight operations, and includes wages paid to loading crews and road switch crews, regardless of whether BNSF incurs those expenses in providing the service at issue here.

(a). Constructive Allowances

BNSF's URCS system-average wage calculations include location-specific constructive allowance wage payments for districts or stations not located on the Oklaunion route. BNSF pays several constructive allowances that are location- or region-specific, for example:

1. { }
2. { }
3. { }
4. { }
5. { }

6. { }

7. { }

Similarly, BNSF URCS system-average wages include constructive allowance payments for service that is completely unrelated to Oklahoma train operations, such as:

1. { }

2. { .}

3. { }

(b). Way Freights and Through Freights

System-average wages include payments to crews handling way freight and manifest trains, operations that are inherently less efficient than unit coal train operations. Way freight operations require frequent stops, and manifest train operations, by their very nature, require more handling and are thereby more likely to incur overtime. Including wages for these operations offsets the economies of unit train operations.

(c). Loading Crews and Road Switch Crews

Although some unit coal train operations utilize loading crews at the mine, review of data made available on-site at several BNSF facilities indicates that { }.

Similarly, although some coal

unit train operations may use road switch crews at the plant, { }.

BNSF's URCS system average crew wages include {

} . Once again, utilization of system average unit costs has overstated the wages incurred for the Oklaunion trains.

The use of system average costs is not appropriate when more specific data is available. The STB has repeatedly favored the use of special study costs developed utilizing cost and operating parameters specific to the subject movement. BNSF provided such data in discovery in this proceeding, enabling the computation of movement-specific train crew wages. AEP Texas used that data in developing movement-specific crew wage costs for the BNSF line segments traversed by the Oklaunion trains. The crew wage costs per train were calculated based on actual wage payments for the year 2002 and the first six months of 2003, including all constructive allowances paid by BNSF to the crews identified as operating the Oklaunion trains.⁷⁰

⁷⁰ As noted on Opening, AEP Texas' Request for Production No. 19 requested crew wage data for each AEP Texas train "for each year of partial year 2000 to the present." BNSF refused to provide 2000 payroll data, claiming the request was unduly burdensome. The payroll data BNSF provided for 2001 is a small segment of a larger BNSF file, and it is insufficient to calculate the average wages per train (crew district on-station and off-station are missing, and the individual wage components do not add up to the amount shown in the total column). Finally, although AEP Texas requested data "for each AEP Texas train," BNSF did not provide complete wage data for AEP Texas trains originating at Rawhide Mine in the AEP train wages file. Although some payroll data for trains originating at Rawhide was available in the "full wages" file (used to develop the non-train related mark-up percent), this data was incomplete. The data could not be used to develop the Rawhide movement crew wages because entire segments were missing.

AEP Texas identified wage payment components directly related to the operation of the Oklaunion trains (that is, “train-related” components) and wage payment components not directly related to the operation of Oklaunion trains but, rather, related to the operation of train service to all customers generally (that is, “non-train-related” wage components). The ratio of non-train-related wages to train-related wages is generally called the markup ratio. AEP Texas used this markup ratio to apply non-train-related wage payments to the Oklaunion movements.⁷¹

The average wages per train, by occupation, were developed using the payroll data provided by BNSF in discovery on BNSF/AEPTX/TAPE 127 and BNSF/AEPTX/TAPE 128.⁷² The train-related wage payments were identified and summarized by origin mine, train number, crew district, and quarter for each train crew member (engineer, conductor, and brakeman). Wages for incomplete trains (*i.e.*, those missing data for crew districts) were excluded and the train count adjusted accordingly. The total train-specific wages (including train-related constructive allowance payments) were aggregated and the average wage, per train, by quarter and occupation code was calculated. The occupation specific mark-up percents discussed above were then applied. The total crew wages are summarized in AEP Texas Op. electronic workpaper file

⁷¹ See *WPL* at 56-57.

⁷² This payroll data was included in AEP Texas’ Op. electronic workpaper files “Open-Road Crew Wages, 2003.xls,” “Open-Markups, 2002 total data.xls” and “Open-Markups, 2003 total data.xls.”

“Reply-Wages Summary.xls”, where URCS Special Study, Variability and Overhead factors are applied. The same process was used to develop the average helper crew wages related to the Oklaunion coal service.

The Board should adopt AEP Texas’ development of actual crew wage costs as demonstrably superior to BNSF’s system-average costs and as the better evidence of record.

viii. Fuel (Including Overheads)

Variable locomotive fuel costs were covered in AEP Texas’ Opening Narrative at pp. II-A-38 to 39, at lines 3, 4, 5, 6, 7, 10, and 11 of page 1 and pages 7, 8, 10, and 11 of each of Exhibits II-A-26 through II-A-69 and II-A-71 through II-A-80, and at lines 3, 4, 5, 6, 7, 10, and 11 of each page of Exhibit II-A-70. BNSF estimated fuel costs based in part on a special fuel study using locomotive event recorder data conducted by former BNSF employee Warren H. Wasserburger.⁷³ See BNSF Op. at II-14 and Exhibit II.A-3. BNSF’s special study estimated fuel consumption for a total of 15 Oklaunion trains operating during 4Q03. The 4Q03 fuel study trains were all longer and

⁷³ Locomotive event recorders do not directly measure actual fuel consumption. Rather, event recorders record the time a locomotive spends in each of the eight throttle positions or notches (as well as in idle and dynamic brake mode), and that time is multiplied by a number on a fuel consumption table for the type of locomotive involved. Fuel consumption tables are provided by the manufacturers of the locomotives, as well as from other sources, and represent an estimate of the quantity of fuel that should be burned per hour in each throttle position.

heavier than the Oklaunion trains moving before 2Q03, so BNSF applied its fuel study results only to { } similar trains that moved in 2Q03.

For the Eagle Butte 1Q03 Oklaunion movement, AEP Texas' Reply Exhibit II-A-83, page 10 of 13, Lines 3, 4, 5, 6, 7, and 11 compares AEP Texas' Reply locomotive fuel costs calculation with BNSF's Modified Opening estimate. Column (16) of that Exhibit shows that the parties differ on the fuel cost component of loop track costs and switching costs, but they agree on the fuel cost portions of GTM and LUM costs. BNSF excluded, and thus understated, loop track costs and overstated switching costs including the fuel portions of those costs.

On balance, BNSF overstated fuel costs by \$2.43 per car even though it did not apply its event recorder fuel study to 1Q03. For 2Q03, the quarter in which BNSF did apply its event recorder fuel study, BNSF overstated fuel costs by \$10.11 per car. The bulk of that difference sources to BNSF's event recorder fuel study, inasmuch as AEP Texas' Opening Evidence used BNSF's system-average locomotive fuel consumption data to calculate variable costs because BNSF did not provide any service-specific fuel consumption data during discovery. AEP Texas submits that the oft-touted efficiencies inherent in unit train coal service should yield movement-specific fuel consumption below system average if a proper special study were performed. That fact has been borne out in past coal rate cases, *see, e.g., Bituminous Coal – Hiawatha, UT to Moapa, NV*, 10

I.C.C. 2d 259 (1994) (“*Nevada Power*”) and *Arizona Public Service Company et al. v. the Atchison, Topeka & Santa Fe Railway Company*, 2 S.T.B. 367 (1997) (“*Arizona*”).

BNSF’s fuel study was based on event recorder data from { } Black Thunder and { } Eagle Butte trains that moved to Oklaunion in 4Q03. See BNSF Op. Workpaper BNSF.OP.WP.II.A-0029. Even though BNSF used { } to estimate fuel consumption, BNSF applied its fuel consumption estimates only to Eagle Butte movements. Based on the results of its study, BNSF proposed an upward fuel cost adjustment of { } in system-average fuel costs.

AEP Texas and the STB are unable to ascertain whether BNSF’s fuel study in this proceeding was properly conducted, due to BNSF’s refusal to provide it with the computer program used to process the raw event recorder data – or even printouts of the data until just before the due date for reply evidence. Based in the information that BNSF did provide, however, it appears the study methodology and results are flawed in several respects.

**(a). Unavailability of Underlying Data Needed to Verify
The Results of BNSF’s Event Recorder Fuel Study**

As an initial matter, AEP Texas is unable to assess the validity of BNSF’s fuel study because BNSF did not provided it with either (1) access to the Quantum

computer program⁷⁴ that is required to process the raw event recorder data, or, until a few days before the due date for this filing, (2) copies of printouts of the Quantum event recorder data files used to develop fuel consumption data for individual locomotives. The Board cannot accept the results of one party's study when that party has refused to provide the other party (or the Board) with the tools necessary to analyze and assess the validity of the study results.

Shortly after receiving BNSF's Opening Evidence, AEP Texas requested BNSF to provide it with a copy of the Quantum computer software used to read and process data from the event recorders on the study train locomotives, as well as copies of the event recorder data files downloaded from the event recorders. *See* AEP Texas Reply Workpapers, pp. 091-092. BNSF responded by refusing to provide AEP Texas with a copy of the software on the grounds that it is proprietary and that AEP Texas could obtain a license for the software from its manufacturer, Quantum Engineering, Inc.⁷⁵ *See* Reply Workpapers, p. 094. Instead, BNSF provided a CD containing copies of the event

⁷⁴ BNSF uses Quantum Engineering, Inc.'s Quantum Desktop Playback ("Quantum") software to analyze locomotive event recorder data. The Quantum software includes an analysis package which estimates locomotive fuel consumption using time in each throttle position and fuel consumption tables provided by the locomotive manufacturer.

⁷⁵ Because BNSF performed its own fuel study using the Quantum software, BNSF is obligated to provide AEP Texas with access to all workpapers (including the software) it used to conduct the fuel study in this case and that AEP Texas should not be forced to spend thousands of dollars to obtain a license for a product that BNSF should have provided as part of its workpapers.

recorder data files downloaded by BNSF personnel from the locomotives on the fuel study trains, which contained the data used to generate the fuel consumption summaries included in BNSF's Reply workpapers. *Id.*

However, the event recorder data files cannot be read or printed without access to the Quantum software itself. Accordingly, by letter dated April 8, 2004 (*id.* pp. 103-104), AEP Texas requested BNSF to provide printouts of the event recorder data files, access to which is essential to conducting a meaningful analysis of the fuel study results.⁷⁶ In response, BNSF refused to provide any such printouts on grounds of burden, but indicated that AEP Texas' consultants would be provided access to the Quantum software at the offices of Quantum's counsel in Washington, D.C. *See* April 20, 2004 letter from BNSF counsel to AEP Texas counsel, included in Reply Workpapers at p. 105.

⁷⁶ An example of a Quantum printout of an event recorder data file retrieved from a locomotive is provided in Reply Workpapers p. 106. These printouts show various data from the event recorders including time and location on the horizontal axis and, on the vertical axis, speed, throttle position, tractive effort, brake psi, *etc.* The summary fuel consumption reports for the study locomotives provided by BNSF are derived from this underlying data. Without this data, it is impossible to verify whether the start/end points for the fuel consumption study are correct, or how the locomotive was behaving, *i.e.*, whether its throttle position and tractive effort were consistent with those of other locomotives on the train and whether there were anomalies that warranted exclusion of the fuel consumption results from the study. BNSF itself apparently discarded the results for half of the 30 Oklahoma trains originally included in its special study as a result of such anomalies, and adjusted the fuel consumption shown in the printouts for some of the remaining 15 trains included in the study based on other anomalies. *See* BNSF Op. Exhibit II.A-3, p. 5. Without access to either the Quantum software or the printouts of the event recorder data files downloaded from the study locomotives, it is impossible to verify the extent to which such anomalies occurred or whether BNSF's adjustments were proper.

However, when AEP Texas counsel contacted Quantum's counsel to make arrangements to use the software, Quantum's counsel stated his understanding that AEP Texas had to purchase a license from Quantum before the software would be made available. This was inconsistent with the representations in the April 20, 2004 letter from BNSF counsel. AEP Texas counsel has followed-up with BNSF counsel, but to date has not been able to obtain access to the Quantum software.

Finally, late on May 19, 2004, BNSF provided 843 pages of printouts of event recorder data files for four of the fifteen fuel study trains. *Id.* p. 106A. Late on May 20, 2004 – or only four days before the due date for reply evidence – BNSF provided an additional 1,314 pages of printouts of event recorder data files for the remaining 11 study trains. *Id.* p. 106B. AEP Texas' experts obviously have not had a meaningful opportunity to analyze this substantial quantity of data (nearly 2,000 pages). AEP Texas therefore reserves the right to address BNSF's fuel study further on Rebuttal.

The law is clear that a party to a maximum rate-reasonableness proceeding or other complex litigation may not rely on evidence when the means necessary to evaluate that evidence are not made available to the trier of fact and to the other party. *TMPA* at 68; *see also United States Air Tour Association v. FAA*, 298 F.3d 1997, 1008 (D.C. Cir. 2002); *Novartis Corp. v. Ben Venue Laboratories, Inc.*, 271 F.3d 1043, 1054

(Fed. Cir. 2001); *United States v. Russo*, 480 F.2d 1228, 1241 (6th Cir. 1973).⁷⁷ In other rate cases involving BNSF subsequent to *TMPA*, including *Public Service Co. of Colorado* (Docket No. 42057) and *Otter Tail* (Docket No. 42071), BNSF complied with these requirements, *e.g.*, by making models used to assess the capacity of the stand-alone railroads and its inputs/outputs available to the complainants for review when it filed the evidence containing the models' results, as well as to the Board. BNSF's failure to make the model that it used in this proceeding to analyze event recorder data underlying its fuel study (and all of its outputs) available to either AEP Texas or the Board precludes any reliance on the results of that study.⁷⁸

⁷⁷ In *Russo*, the court stated (*quoting* the Manual for Complex Multidistrict Litigation): "It is essential that the underlying data used on the analyses, programs and programming method and all relevant computer inputs and outputs be made available to the opposing party far in advance of trial. This procedure is required in the interest of fairness and should facilitate the introduction of admissible computer evidence. Such procedure provides the adverse party and the court with an opportunity to test and examine the inputs, the program and all outputs prior to trial." *Id.* at 1241.

⁷⁸ In its responses to AEP Texas' first request for workpapers related to the fuel study, BNSF stated: "As in previous cases in which BNSF conducted a movement-specific fuel study using event recorder software, BNSF did not provide the Board with a copy of the Quantum software." Reply Workpapers, p. 094. However, in each of the two cases in which such studies were conducted (*TMPA* and *Public Service Co. of Colorado*), both parties had access to the Quantum software in advance of the filing of opening evidence. In this case, BNSF alone conducted a fuel study based on event recorder data but did not provide AEP Texas with access to the software necessary to analyze the data.

**(b). BNSF's Event Recorder Study
Methodology is Flawed**

Because BNSF's event recorder-based fuel study methodology seeks to estimate fuel consumption using time spent in the various throttle positions and fuel consumption rate tables, the methodology can produce widely varying results and BNSF has not shown that its study mimics reality. Based on the limited data BNSF did provide concerning its fuel study, it appears that BNSF's methodology and the inputs used resulted in a significant departure from reality. In particular:

1. BNSF applied fuel consumption tables in its fuel study that are higher than the fuel consumption tables BNSF uses in its normal course of business.
2. BNSF's fuel study trains deviated from standard BNSF operating procedures designed specifically to conserve fuel.
3. BNSF did not utilize the actual miles traveled by the locomotives on the fuel study trains.
4. BNSF's study contained numerous other methodological flaws and data anomalies, including the fabrication of study data.

Many of the flaws and inconsistencies contained in BNSF's fuel study are similar to the flaws contained in the special fuel study presented by the Norfolk Southern ("NS") in Docket No. 42072, *Carolina Power & Light Company v. Norfolk Southern Railway Company* ("CP&L"). Like BNSF in the instant case, in *CP&L* NS performed a solo, uncoordinated fuel study which purportedly showed substantially higher than average fuel consumption for trains carrying the issue traffic. The Board rejected NS' study because it contained serious data anomalies, did not account for the actual

locomotive miles traveled by the study trains, and was based on train operations outside the norm for the issue traffic. *Id.*, Decision served December 23, 2003 at 127. The BNSF fuel study presented in this case exhibits many of the same flaws and inconsistencies as those presented in *CP&L*, and likewise should be rejected.

(i). Fuel Consumption Tables

Since the event recorder methodology seeks to estimate fuel usage by multiplying throttle time by a fuel consumption figure per hour, the results of the study can be easily influenced by the fuel consumption figure that is applied. Several fuel consumption tables, produced by both locomotive manufacturers and other sources such as the federal Energy Information Agency, apply to each locomotive type. In its made-for-litigation fuel study, BNSF has chosen to use a single table to estimate fuel consumption for SD70MAC locomotives, which it claims was produced by the manufacturer.⁷⁹ In contrast, BNSF provided in discovery the SD70MAC fuel

⁷⁹ BNSF Op. Workpaper BNSF.OP.WP.II.A-0028 shows the fuel consumption table used by BNSF in conducting its fuel study. However, BNSF provided no proof that the fuel consumption tables it used were actually produced by locomotive manufacturers. BNSF's workpapers presumptively contain fuel consumption tables for both EMD SD70MAC and {

}. See BNSF Opening Workpaper BNSF.OP.WP.II.A.-0214. Since BNSF relied exclusively on SD70MACs in its fuel study, this Reply analysis will follow course and only analyze SD70MAC fuel consumption tables.

consumption table utilized in its Train Performance Model (“TPM”).⁸⁰ The TPM is a model BNSF presumably uses in the normal course of business, and therefore reflects BNSF’s best estimate of actual SD70MAC fuel consumption rates. A comparison between the fuel consumption table used in conducting BNSF’s special fuel study and its TPM fuel consumption table shows that the former {

}⁸¹ Undoubtedly, the use of other fuel consumption tables would produce similarly varied results, which reinforces the difficulties inherent in using event recorders for this purpose.

**(ii). Differences Between Study
and Normal Train Movements**

Fuel consumption, and its associated expense, is a primary concern of BNSF. One need look no further than BNSF’s quarterly analyst reports where it devotes several pages to a discussion of fuel consumption, fuel expense and its impact on corporate earnings. Moreover, BNSF devotes a section of its train handling rule book to fuel conservation. Section 106 of BNSF’s “Air Brake and Train Handling Rules” details the operating procedures train crews are expected to follow to reduce fuel consumption.

⁸⁰ See BNSF Op. electronic workpaper files “VehPar.data” and “TPM file layouts.doc.”

⁸¹ See AEP Texas Reply electronic workpaper file “Fuel Table Comparison.xls.”

These procedures include {

}⁸²

One rule in the BNSF's train handling rule book, Rule 106.1.3, deals specifically with {

⁸² A complete copy of BNSF Rule 106 is contained in AEP Texas Reply Workpapers, pp. 118 to 123.

⁸³ See AEP Texas Reply Workpapers, p. 119.

.}

As stated above, with one exception on one portion of its trip, all the trains in BNSF's fuel study { } Given Rule 106.1.3's { }, BNSF should not be operating more than two SD70MAC locomotives per train over { }.⁸⁴ Stated differently, on the empty segment between { }, BNSF should be isolating and idling { }

A review of BNSF's workpapers shows that for the majority of the fuel study trains BNSF did not isolate and idle an appropriate number of locomotives to comply with its standard fuel conservation procedures, and, consequently, overstated the fuel consumption on the study trains. BNSF included in its workpapers hand written notes prepared by Mr. Wasserburger indicating a few instances where he adjusted study

⁸⁴ BNSF may argue on Rebuttal that the 9,000 HP limit applies to the SD70MAC's "Rail Horsepower" or "Useable Horsepower," and not its 4,000 "Nominal Horsepower." The Board should not be swayed by such an argument. BNSF's TPM model indicates that the SD70MAC's "Rail Horsepower" is 3,394 HP. *See* AEP Texas Reply workpapers, p. 110. Even if Rail or Useable Horsepower is used to determined compliance with Rule 106.1.3, the horsepower produced by three SD70MACs is still above the 9,000 horsepower limit (3 locomotives x 3,394 Rail Horsepower = 10,182 Total Rail Horsepower).

train fuel consumption statistics for locomotives BNSF presumably isolated and idled on the empty portion of the route. However, in all but { } instances for the 15 study trains, BNSF isolated and idled { } locomotives.⁸⁵ It can be assumed then that if Mr. Wasserburger did not make an adjustment to a locomotive's fuel consumption, then the locomotive was in full use, and working online. Comparing the number of idled locomotives to total locomotives on the study trains shows that { } percent of the time BNSF was operating too many locomotives to comply with Rule 106.1.3, and should have isolated { }.⁸⁶ The result of operating { } percent of the fuel study trains inconsistently with BNSF's standard operating procedures was to overstate fuel consumption in BNSF's made-for-litigation fuel study.

(iii). Exclusion of Actual Locomotive Miles

⁸⁵ The { } In the first case, {

}. In the second case, {

}. Because BNSF { } in this instance, and failed to provide the event recorder data files needed to assess the fuel consumption results for the study trains, there is no way of knowing whether both locomotives were actually isolated.

⁸⁶ See AEP Texas Reply electronic file "Tx_North_Fuel_Stdy_15_Trains (isolated).123." In one especially egregious example, {

}.

One of the primary reasons the Board rejected NS' fuel study in *CP&L* was NS' failure to produce the actual miles traveled by the study locomotives. The Board stated: "For example, analysis of NS's data demonstrates that it was not always possible to determine the miles traveled by the locomotives, an *essential input in the calculations* submitted by NS." (*Id.* at 127; emphasis added). BNSF's fuel study in this case exhibits the same fatal flaw, and, therefore, as in *CP&L*, its fuel study results must be rejected.

As shown in its Opening workpapers, BNSF developed its fuel consumption per LUM by dividing total round-trip train fuel consumption by total train LUMs.⁸⁷ BNSF developed the LUMs by multiplying the average number of locomotives operating over each fuel study line segment on each train by what BNSF claims are the line segment miles.⁸⁸ The problem lies in the fact that BNSF assumed that each train traveled the exact same number of miles when on the same line segment. BNSF made no allowances from deviation from the customary route, from miles traveled while in yards, or miles traveled while switching cars if required. For example, each train that traveled between Oklaunion and Alliance was assumed to travel { } miles, while each train moving between Oklaunion and Guernsey was assumed to travel { } miles. In no

⁸⁷ See BNSF Opening electronic file "Tx_North_Fuel_Stdy_15_Trains.123," worksheet "4", Column (K).

⁸⁸ BNSF does not provide a source for its line segment miles in its workpapers.

instance did BNSF use actual miles traveled by the study locomotives.⁸⁹ Instead, BNSF divided hypothetical fuel consumption figures as produced by dubious event recorder data by assumed locomotive unit miles to develop its fuel consumption estimates. Without taking actual train miles traveled into consideration, BNSF's fuel study cannot be accepted at face value.

(iv). Other Study Deficiencies

BNSF's fuel study contains several additional errors. First, BNSF imputed fuel consumption data { } to other study locomotives. BNSF's Exhibit II.A-3 states at pp. 4-5: "In a few cases where event recorder data from a particular locomotive were unavailable for the entire round-trip movement, Mr. Wasserburger determined the fuel consumption for the locomotive using data from one of the other locomotives powering the train." In other words, where BNSF did not have, or wished to ignore, event recorder data for a locomotive, BNSF developed fuel consumption for the locomotive by imputing the fuel consumption from another locomotive moving on the train. Contrary to BNSF's claim that the imputation of one locomotive's data to another occurred in a "few cases," {

⁸⁹ It is curious that BNSF chose not to use actual train movement miles in an event recorder-based fuel study since distance traveled is one of the factors that even event recorders must record. *See* 49 CFR 229.5 (copy included in Reply Workpapers, p.125).

}.⁹⁰ As a matter of sound

modeling, BNSF should have eliminated those trains from its study for which it did not have event recorder data instead of imputing data.

Second, BNSF determined the time each locomotive entered and exited each of the five fuel study line segments, and, therefore, the amount of time each locomotive spent within each segment. Because the AEP Texas trains operate as a unit, and in the real world do not always stop at the beginning and end of each segment, the elapsed time each of the consist's locomotives spends in a particular segment must be equal.⁹¹ If the elapsed locomotive times within each segment are significantly different from each other, then the entry and/or exit times for at least one of the locomotives must be incorrect. Incorrect elapsed segment times would have serious ramifications for a study that tries to estimate actual fuel usage with event recorder data. Utilizing the incorrect time interval leads to incorrect fuel segment consumption statistics, and to distorted study results. An examination of BNSF's fuel study workpapers shows that the elapsed locomotive times within the fuel study route segments {

}.

⁹⁰ See Reply electronic workpaper file "Tx_North_Fuel_Stdy_15_Trains (isolated).123."

⁹¹ The only way the time could be unequal is if a locomotive were removed from the train while en route.

To compare elapsed locomotive segment times for each train included in BNSF fuel study, AEP Texas utilized the fuel consumption reports included in BNSF's Opening workpapers. Each fuel consumption report includes BNSF's determination of the time and date a locomotive entered a segment and the time and date it exited. AEP Texas first determined from these reports the elapsed time each locomotive spent in a segment. It then compared the elapsed locomotive segment times on a segment by segment for each train in BNSF's study. The results of this comparison show {

}”

⁹² AEP Texas' comparison is contained in AEP Texas Reply electronic workpaper file "Segment Times.xls."

⁹³ See BNSF Op. Workpaper BNSF.OP.WP.II-A-0151. Note that neither the starting segment times nor the ending segment times for the two locomotives are the same. Because not all event recorder clocks are synchronized to the same hour, there can be shifts in relative time between event recorder readings between two different locomotives. However, the absolute times recorded must be the same.

Third, BNSF's workpapers show that BNSF made several mathematical errors in its analysis that lead to overstated fuel consumption estimates per LUM. For example, in developing the total gallons consumed on train { }, BNSF { }.

It is obvious that BNSF's fuel study is unusable for determining the locomotive fuel cost for the AEP Texas Oklahoma coal service. For this reason, on Reply AEP Texas continues to utilize URCS system-average fuel consumption as a surrogate for actual fuel consumption by the AEP Texas trains.

ix. Loop Track

AEP Texas addressed loop track costs at pages II-A-48 to 49 of its Opening Narrative. BNSF addressed Loop Track cost calculations at pages II-8 to 9 of its Opening Narrative, stating that it "used BNSF URCS system-average" costs.

⁹⁴ See BNSF Op. electronic workpaper file "Tx_North_Fuel_Stdy_15_Trains.123," worksheet "4," cell J33.

⁹⁵ See BNSF Op. electronic workpaper file "Tx_North_Fuel_Stdy_15_Trains.123," worksheet "4," cell B224, "Part Seg Miles Amarillo to Colo Springs to Alliance."

Exhibit II-A-83, page 10 of 13, Line 7 compares AEP Texas' Reply Loop Track cost calculation with BNSF's Modified Opening estimates. Column (16) of that exhibit shows that the total difference between the parties is \$2.10 per car or \$0.02 per ton. BNSF showed \$0.00 for this cost item because it included this cost as switching expense.

AEP Texas costed loop track expenses as extensions of the line-haul according to standard procedure in coal unit train maximum rate proceedings. BNSF erred by costing loop track loading and unloading operations as if they were switching. It is well-settled that unit train loading and unloading on loop tracks is not a switching operation. Rather, it is an extension of the line haul service. *See* the decisions on page II-A-25, *supra*. The Board should adopt AEP Texas' development of loop track costs as demonstrably superior to BNSF's system average costs and as the better evidence of record.

x. Other Costs (including Helper Service Costs)

AEP Texas covered the other cost components at pages II-A-42 to 47 of its Opening Narrative and in Exhibit II-A-21. BNSF used system averages for all other cost components except fuel expense in one quarter. For several cost factors (Carload Handling - Other and Loss and Damage), AEP Texas and BNSF reached stipulated agreements following the Technical Conference on March 29, 2004. The parties differ only to a minute degree on Carload Originated or Terminated - Clerical.

There are three other areas in which AEP Texas' variable cost calculations differ from those submitted on behalf of BNSF:

- (a) Car Inspection
- (b) End-of-Train-Device; and
- (c) Helper Service Cost.

Each of these cost items is discussed below.

(a). Car Inspection

At page II-A-43 of its Opening Narrative, AEP Texas discussed its development of car inspection costs in a special study described in Op. Exhibit II-A-21.⁹⁶ Because AEP Texas' car inspection costs are service-specific while BNSF's are system-average, AEP Texas' costs should be accepted as the better evidence of record.

(b). End-of-Train Device

AEP Texas addressed End-of-Train-Device ("EOTD") costs at pages II-A-27 and II-A-43 of its Opening Narrative. Reply Exhibit II-A-83, page 10 of 13, line 16, compares AEP Texas' service-specific and BNSF's system-average OTD Ownership costs. Column (16) of that Exhibit shows that BNSF's use of system-average EOTD costs (*see* BNSF Op. at II-11) overstates EOTD costs properly attributable to the

⁹⁶ AEP Texas determined helper service frequencies in Opening electronic workpaper files "Train Routing Summary.123" and AEP TX Train Activity Summary.123."

Oklahoma coal movement by \$0.09 per car. AEP Texas' costs should be accepted as the better evidence of record.

(c). Helper Service Cost

Helper service costs were addressed in AEP Texas' Opening Narrative at pages II-A-46 to 47, at page 10 of each of Exhibits II- A-26 through II-A-69 and Exhibits II-A-71 through II-A-80, and on line 10 of each page of Exhibit II-A-70.⁹⁷ BNSF covered the subject at page II-12 of its Opening Narrative, stating that it used "system-average train mile and locomotive unit mile variable costs" and thus included helper service on a system average basis.

Exhibit II-A-83, page 10, Line 10 compares AEP Texas' helper service cost with BNSF's Opening estimate. Column (16) of that Exhibit shows that the total difference between the parties is \$4.34 per car or \$0.04 per ton. BNSF showed \$0.00 for this cost item because it used system-average costs and thus included this cost in the Locomotive Unit Mile and Train Mile-Other costs.

As a result of the Technical Conference, the parties were able to agree on the number of locomotives per train, which now includes a fourth road locomotive over what used to be the Denver Helper District. Because helpers were discontinued in 2Q02

⁹⁷ AEP Texas inadvertently neglected to include in its Opening workpapers the memo documenting the random sampling procedure used to sample train inspection records for the period June 16, 2000 through September 30, 2003. This memo is included in AEP Texas' Reply Workpapers, pp. 085-089.

over the Denver Helper District, AEP Texas has reduced its helper service costs from 2Q02 forward.

At page II-9 of its Opening Narrative, BNSF states: “In Second Quarter 2002, BNSF added a fourth road locomotive to the train consist for a longer portion of the Oklaunion movements. Among other things, the additional unit eliminated the need for the AEP Texas train to be helped at Denver.” Although BNSF discontinued the use of the Denver helper, BNSF continued to include a system-average allocation of Denver helper LUM costs and crew costs even though BNSF had already accounted for the fourth locomotive in its locomotives-per-train T&O characteristic. Therefore, BNSF double counted these costs.

Unlike BNSF’s system-average helper service costs, AEP Texas has used movement-specific helper service costs including the actual frequency of using helper service where and when helper districts are encountered. AEP Texas has reflected these frequency factors in Exhibit II-A-83, page 10 of 13, Column (6) Service Units and Column (12) Special Study for Helper Service LUM and Wage expense, respectively. These factors are discussed below.

The use of helper service in the railroad industry has declined in recent years as the use of distributed power (“DP”) has increased. Documents produced by BNSF in discovery in this case indicate that BNSF uses DP locomotives on Oklaunion trains and extensively on other PRB coal trains, in a configuration where two or more

locomotives are positioned at the front of the train and one or more locomotives are positioned at the rear of the train.⁹⁸ Where the requirement to use helpers is marginal, such as on the southbound Logan grade on BNSF's Orin Subdivision in the PRB, DP locomotives make helpers unnecessary. We now see that BNSF has also reduced helpers on Oklaunion (and other) coal trains south of Denver by adding an additional rear (DP) locomotive unit to the consist to eliminate both the associated Helper LUM costs and crew wage costs, as well as delays for adding and removing helpers.

When helper service is provided, BNSF incurs locomotive and crew wage costs. Several of AEP Texas' T&O characteristics for the Oklaunion movement, including number of locomotives per train, helps per crew shift, and round trip miles are based upon AEP Texas Op. Workpapers Vol. 6, pp. 02518-02521, which is a copy of a document BNSF provided to AEP Texas in discovery. However, BNSF has overstated the frequency with which it uses the helper services available at each location. AEP Texas' Opening helper service costs reflected the frequency of use of helper services as determined from BNSF's Train Activity Reports.⁹⁹ AEP Texas' analysis of BNSF's Train Activity Reports shows BNSF's frequency of use of helper service is { } for Belle Ayr helpers and { } for Crawford helpers. For purposes of AEP Texas' Reply

⁹⁸ See AEP Texas Reply electronic workpaper file "DPPower.pdf."

⁹⁹ See AEP Texas Op. Workpapers Vol. 8, p. 03946 to Vol. 10, p. 04871 and Op. electronic workpaper files "AEP TX Train Activity Summary.123," weighted in "Train Routing Summary.123."

restatement of variable costs, helpers are weighted on quarterly train routing data rather than the annual routing data used on Opening.

Differences in the crew wage calculation also contribute a small amount of the difference between the parties' helper service costs. AEP Texas' calculation of helper wages is shown in Op. electronic workpaper files "Open-Avg Helper Wages-2002.xls" and "Open-Avg Helper Wages-2003.xls." AEP Texas' development of helper service wage costs was discussed in the Crew Wages section (Part II-A-1-c-vii, *supra*). The Board should adopt AEP Texas' movement-specific helper service costs as the better evidence of record compared with BNSF's use of system-average helper service costs.

xi. Indices

As a result of discussions following the March 29, 2004 Technical Conference, the parties agreed on all index factors.

xii. BNSF's Misapplication of the URCS Formula

BNSF misapplied the URCS formula in two ways:

- (a) Unauthorized substitution of Account 90 for Account 76
- (b) Unauthorized elimination of the URCS Linking Factor

Each of these BNSF errors is discussed below.

(a). Unauthorized Substitution of Account 90 for Account 76

AEP Texas' Opening variable cost evidence relied upon the Board's BNSF URCS developed in accordance with the methodology prescribed by the ICC in its

various URCS rulings and reaffirmed by the Board in the *FMC* and *WPL* decisions. This adherence extended to AEP Texas' development of the general overhead ratio for return on investment. Consistent with Board policy and precedent, AEP Texas included monies recorded in Road Property Account 76 (Interest During Construction), and excluded monies recorded in Account 90 (Construction Work in Progress).

In its Opening Evidence, BNSF based its cost analysis on an URCS formula that BNSF had adjusted to include costs recorded in Account 90 and exclude costs recorded in Account 76, the opposite of the approach historically used by the Board and its predecessor. BNSF relied upon the *TMPA* decision in making its Account 76/Account 90 adjustment. However, BNSF failed to provide any evidence whatsoever to meet the criterion set out at page 40 of the *TMPA* decision:

In *FMC* and *WPL*, we stated that a full return on Account 90 investment should not be substituted for Account 76 expenses unless it is shown that the construction projects contained in Account 90 are of a relatively short duration, so that the investment would soon be dedicated to public service. . . . [T]he longstanding precedent is that substitution of Account 90 for Account 76 is appropriate in rate cases unless the construction projects included in Account 90 are long-term in nature such that they will not be available for transportation service for an extended period of time. Here, BNSF has provided evidence that its Account 90 expenses involve only short-term construction projects. Thus, we make the substitution.

AEP Texas' Reply Workpapers pp. 026-027 show that it was the clear intention of the Board that URCS use Account 76 unless a party demonstrates that using

Account 90 instead is justified. Those workpapers are copies of the Board's development of its URCS for 2001 and 2002, not BNSF's development of URCS for those years.¹⁰⁰ For each year, the Board clearly states: "Include Accounts 80 and 90 only if justified with explanation under Ex Parte 338 guidelines." BNSF provided no such justification or explanation in its Opening Evidence, which was its obligation under the Board's procedural rules. Accordingly, for purposes of the BNSF URCS used in this proceeding, the Board must treat Accounts 76 and 90 the same way it did in *FMC* and *WPL*.

**(b). Unauthorized Elimination of
the URCS Linking Factor**

In footnote 3 on page II-2 of its Opening Narrative, BNSF blithely states, with no supporting evidence and no articulated justification:

Use of the linking factor is not required. *See* Ex Parte No. 431 (Sub-No. 1), *Adoption of the Uniform Railroad Costing System for All Regulatory Purposes*, 5 I.C.C. 2d 894, 899 n. 15 (Decided Sept. 8, 1989). The linking factor is based on outdated data from the early and mid-1980s."

BNSF errs in interpreting footnote 15 of the *Adoption of URCS* decision, which is included in AEP Texas' Reply Workpapers at p. 028. In that footnote, the ICC first stated that the linking factor (*i.e.*, the bridge mechanism factor of 0.9934) is relatively insignificant:

¹⁰⁰ At BNSF OP. II-13, BNSF disingenuously states, "Variable costs for the AEP Texas traffic were calculated using the Board's 2001 and 2002 UMF." Clearly, BNSF used an URCS adjusted for Account 90, *not* the Board's 2001 and 2002 UMF.

Such minor differences [*i.e.*, 1.0000 v. 0.9934] are unlikely to materially alter the status quo with respect to the amount of traffic potentially subject to our jurisdiction. However, we make the factor available for possible use by shippers or carriers which might wish to use the conversion factor, for example, in submitting evidence or argument relating to traffic which moves at the margin of the jurisdictional threshold.

The instant proceeding involves a determination of the jurisdictional threshold. It is well-settled that this bridge mechanism factor be applied in such circumstances. *See, e.g., West Texas Utilities*, 1 S.T.B. at 718. BNSF cannot overturn this settled issue by unilaterally stating that its use is not required.

d. Summary

As described in this Reply, AEP Texas and BNSF disagree on a number of cost factors that influence BNSF's variable cost of providing service for unit coal trains moving from PRB mine origins to AEP Texas' Oklaunion Station in Texas. Table II-A-22, *supra*, compared AEP Texas' Reply cost evidence with BNSF's Opening cost evidence (modified to reflect the parties' stipulated agreements resulting from the March 29, 2004 Technical Conference) for the cost categories where the parties' differences are the greatest. Table II-A-24 below restates AEP Texas' Reply vs. BNSF Modified Opening cost differences for the movement from Eagle Butte Mine to Oklaunion Station in 1Q03.

TABLE II-A-24
Comparison of Variable Costs
AEP Texas Reply and BNSF Modified Opening
Eagle Butte to Oklaunion Station - Aluminum Cars - 1Q03
Cost Component Differences of Largest Magnitude (\$/Carload)¹

<u>Cost Component</u> (1)	<u>AEP Texas Reply</u> ^{2/} (2)	<u>BNSF Modified Open</u> ^{2/} (3)	<u>Reply v. BNSF</u> (4)	<u>% of Total</u> (5)
1. Road Property Capital	\$74.81	\$223.42	\$148.61	43.3%
2. Car Operating Expenses	33.42	98.59	65.18	18.2%
3. Loco Capital	86.60	147.16	60.56	16.9%
4. Switching (Excl. fuel)	1.01	28.01	27.00	7.5%
5. M of W	49.39	75.29	25.90	7.2%
6. Loco Repair	51.51	71.25	19.74	5.5%
7. Crew	133.68	150.61	16.93	4.7%
8. Car Capital	53.05	57.00	3.95	1.1%
9. Fuel	173.43	175.86	2.43	0.7%
10. Loop Track	2.10	0.00	(2.10)	(0.6%)
11. Fuel Overheads	68.75	64.88	(3.87)	(1.1%)
12. Helpers	4.34	0.00	(4.34)	(1.2%)
13. Joint Facilities	8.26	0.00	(8.26)	(2.3%)
14. Other	<u>46.65</u>	<u>53.69</u>	<u>7.04</u>	<u>2.0%</u>
15. Total	\$787.00	\$1,145.77	\$358.77	100.0%

^{1/} AEP Texas' Reply and BNSF's Modified Opening costs reflect the agreed T&O characteristics, cost components and indices.

^{2/} Source: Exhibit II-A-83, page 10 of 13 and Reply electronic workpaper file "Difs VC Reply 03Q1 Eagle Butte.123," Col. d, lines 71-86.

As shown in Table II-A-24, thirteen items account for 98.0% of the difference between AEP Texas' and BNSF's calculation of variable costs. In the aggregate, BNSF's calculation of variable costs for this sample move produce a result that is 46%, or \$358.77 per carload, higher than the variable costs calculated by AEP Texas. As AEP Texas demonstrates herein, BNSF's costs are grossly and improperly inflated.

2. Rate and Resulting R/VC Calculations

AEP Texas' Modified Opening and Reply variable cost results and their impact on the Jurisdictional Threshold and R/VC ratios for Eagle Butte 1Q03 are shown in Table II-A-25 below. The Modified Opening variable costs shown in Table II-A-25 reflect changes resulting from the parties' stipulated agreements and are supported in AEP Texas Reply electronic workpaper file "VC AEPTEX Modified Open 2003.xls." The Reply variable costs are supported in AEP Texas Reply electronic workpaper file "VC AEPTEX Reply 2003.123."

TABLE II-A-25
Comparison Of AEP Texas' Modified Opening And Reply
Calculation Of
BNSF's Variable Costs And Jurisdictional Threshold For The
Movement Of Coal From Eagle Butte To Oklaunion Station – 1Q03

<u>Time Period</u> (1)	<u>Modified Opening</u> (2)	<u>Reply</u> (3)	<u>Difference</u> ^{1/} (4)
A. Rate per Ton	\$17.25	\$17.25	\$0.00
B. Variable Cost per Ton	\$7.18	\$7.11	(\$0.07)
C. Jurisdictional Threshold per Ton	\$12.92	\$12.80	(\$0.12)
D. Revenue to Variable Cost Ratios	240%	243%	3%

^{1/} Column (3) - Column (2).

Tables II-A-26 through II-A-29 below summarize AEP Texas' Reply restatement of its variable cost per ton for the Oklaunion coal movement, and the resulting revenue-variable cost ratios, for the 2Q00 through 1Q04 time periods for all subject movements.

TABLE II-A-26
Summary of BNSF's Reply Rate, Variable Cost, Jurisdictional Threshold and
Ratio of Revenue to Variable Cost - Campbell Branch Mines - 2Q00 through 1Q04

<u>Origin</u> (1)	<u>Quarter</u> (2)	<u>Rate Per ton ¹</u> (3)	<u>Variable Cost Per Ton ²</u> (4)	<u>Jurisdictional Threshold. ³</u> (5)	<u>Ratio Rate to VC ⁴</u> (6)
A. <u>Buckskin Mine Originations</u>					
1.	2Q00	13.68	6.38	11.48	214%
2.	3Q00 ⁵	15.78	6.39	11.50	247%
3.	4Q00	15.78	6.62	11.92	238%
4.	1Q01	15.78	6.77	12.19	233%
5.	2Q01	15.78	6.78	12.20	233%
6.	3Q01	15.78	6.83	12.29	231%
7.	4Q01	15.78	6.72	12.10	235%
8.	2Q03 ^{5 6}	18.04	7.22	13.00	250%
9.	4Q03	18.04	7.01	12.62	257%
B. <u>Rawhide Mine Origination</u>					
10.	1Q02	15.78	6.46	11.63	244%
11.	2Q02	15.78	6.77	12.19	233%
12.	3Q02 ⁵	13.68	7.08	12.74	193%
13.	4Q02	13.68	7.05	12.69	194%
14.	1Q03	13.68	7.12	12.82	192%
15.	2Q03	13.68	7.12	12.82	192%
C. <u>Eagle Butte Mine Operations</u>					
16.	1Q03	17.25	7.11	12.80	243%
17a.	2Q03 ⁵	18.04	6.75	12.15	267%
17b.	2Q03 ⁵	18.04	6.70	12.06	269%
18.	3Q03	18.04	6.88	12.38	262%
19.	4Q03	18.04	6.88	12.38	262%
20.	1Q04	18.83	6.96	12.53	271%

¹ Source: BNSF's common carrier pricing authorities and related letters.

² Exhibit II-A-82 and Reply electronic workpaper files "VC AEPTEX Reply 2000.123," "VC AEPTEX Reply 2001.123," "VC AEPTEX Reply 2002.123," and "VC AEPTEX Reply 2003.123."

³ 1.8 times Column (4)

⁴ Column (3) divided by Column (4).

⁵ The rate changed during this time period.

⁶ No traffic moved from this mine to Oklaunion during this time period.

TABLE II-A-27
Summary of BNSF's Reply Rate, Variable Cost, Jurisdictional Threshold and
Ratio of Revenue to Variable Cost - Orin Line Mines - 2Q00 through 1Q04

<u>Origin</u>	<u>Quarter</u>	<u>Rate</u> <u>Per ton ¹</u>	<u>Variable</u> <u>Cost</u> <u>Per Ton ²</u>	<u>Jurisdictional</u> <u>Threshold. ³</u>	<u>Ratio</u> <u>Rate to VC ⁴</u>
(1)	(2)	(3)	(4)	(5)	(6)
A. <u>Jacobs Ranch Mine Originations</u>					
1.	2Q00	13.68	5.82	10.48	235%
2.	3Q00	15.78	6.17	11.11	256%
3.	1Q01	15.78	6.59	11.86	239%
4.	2Q01	15.78	6.60	11.88	239%
5.	3Q01	15.78	6.46	11.63	244%
6.	4Q01	15.78	6.53	11.75	242%
7.	1Q02	15.78	6.20	11.16	255%
8.	3Q02 ⁶	17.25	6.59	11.86	262%
9.	4Q02	17.25	7.07	12.73	244%
10.	2Q03 ^{5 6}	18.04	7.32	13.18	246%
B. <u>Black Thunder Mine Originations</u>					
11.	1Q01	15.78	6.27	11.29	252%
12.	3Q01	15.78	6.80	12.24	232%
13.	4Q01	15.78	6.34	11.41	249%
14.	2Q02	15.78	6.57	11.83	240%
15.	3Q02 ⁶	17.25	6.63	11.93	260%
16.	4Q02	17.25	7.08	12.74	244%
17.	2Q03 ⁵	18.04	7.05	12.69	256%
18.	4Q03	18.04	6.91	12.44	261%
19.	1Q04	18.83	7.03	12.65	268%
C. <u>Caballo Rojo Mine Originations</u>					
20.	2Q00	13.68	6.29	11.32	217%
21.	3Q00 ⁶	15.78	6.28	11.30	251%
22.	4Q00	15.78	6.49	11.68	243%
23.	1Q01	15.78	6.64	11.95	238%
24.	2Q01	15.78	6.49	11.68	243%
25.	3Q01	15.78	6.78	12.20	233%
26.	4Q01	15.78	6.79	12.22	232%
27.	2Q03 ⁶	18.04	7.53	13.55	240%

¹ Source: BNSF's common carrier pricing authorities and related letters.

² Exhibit II-A-82 and Reply electronic workpaper files "VC AEPTEX Reply 2000.123," "VC AEPTEX Reply 2001.123," "VC AEPTEX Reply 2002.123," and "VC AEPTEX Reply 2003.123."

³ 1.8 times Column (4)

⁴ Column (3) divided by Column (4).

⁵ The rate changed during this time period.

⁶ No traffic moved from this mine to Oklaunion during this time period.

TABLE II-A-28
Summary of Reply Rate, Variable Cost, Jurisdictional Threshold and
Ratio of Revenue to Variable Cost - Orin Line Mines - 2Q00 through 1Q04

<u>Origin</u>	<u>Quarter</u>	<u>Rate Per ton ¹</u>	<u>Variable Cost Per Ton ²</u>	<u>Jurisdictional Threshold. ³</u>	<u>Ratio Rate to VC ⁴</u>
(1)	(2)	(3)	(4)	(5)	(6)
A. <u>North Antelope Mine Originations</u>					
28.	2Q03 ^{5 6}	18.04	6.85	12.33	263%
29	3Q03	18.04	6.81	12.26	265%
B. <u>Caballo Mine Originations</u>					
30.	2Q02	15.78	7.06	12.71	224%
31.	3Q02	17.25	6.48	11.66	266%
32.	4Q02	17.25	7.36	13.25	234%
33.	2Q03 ⁵	18.04	7.07	12.73	255%
C. <u>Cordero Mine Originations</u>					
34.	2Q03 ⁵	18.04	6.68	12.02	270%
D. <u>North Rochelle Mine Originations</u>					
35.	3Q02	17.25	7.12	11.66	266%
36.	2Q03 ^{5 6}	18.04	6.88	12.38	262%
37.	4Q03	18.04	6.52	11.74	277%
E. <u>Antelope Mine Originations</u>					
38.	2Q03 ^{5 6}	18.04	6.69	12.04	270%
39.	4Q03	18.04	5.79	10.42	312%
40.	1Q04	18.83	6.86	12.35	274%

¹ Source: BNSF's common carrier pricing authorities and related letters.

² Exhibit II-A-82 and Reply electronic workpaper files "VC AEPTEX Reply 2000.123," "VC AEPTEX Reply 2001.123," "VC AEPTEX Reply 2002.123," and "VC AEPTEX Reply 2003.123."

³ 1.8 times Column (4)

⁴ Column (3) divided by Column (4).

⁵ The rate changed during this time period.

⁶ No traffic moved from this mine to Oklaunion during this time period.

TABLE II-A-29
Summary of Reply Rate, Variable Cost, Jurisdictional Threshold and Ratio of
Revenue to Variable Cost Other PRB Mines from Which no Traffic Moved During 2Q03

<u>Origin</u> (1)	<u>Quarter</u> (2)	<u>Rate Per ton</u> ¹ (3)	<u>Variable Cost Per Ton</u> ² (4)	<u>Jurisdictional Threshold.</u> ³ (5)	<u>Ratio Rate to VC</u> ⁴
A. <u>Belle Ayr Mine Originations</u>					
1.	2Q03 ^{5 6}	18.04	7.31	13.16	247%
B. <u>Dry Fork Mine Originations</u>					
2.	2Q03 ^{5 6}	18.04	7.20	12.96	251%
C. <u>Fort Union Mine Originations</u>					
3.	2Q03 ^{5 6}	18.04	7.20	12.96	251%
D. <u>Clovis Point Mine Originations</u>					
4.	2Q03 ^{5 6}	18.04	7.20	12.96	251%
E. <u>Coal Creek Mine Originations</u>					
5.	2Q03 ^{5 6}	18.04	7.32	13.18	246%
F. <u>Rochelle Mine Originations</u>					
6.	2Q03 ^{5 6}	18.04	7.29	13.12	247%

¹ Source: BNSF's common carrier pricing authorities and related letters.

² Exhibit II-A-82 and Reply electronic workpaper files "VC AEPTEX Reply 2000.123," "VC AEPTEX Reply 2001.123," "VC AEPTEX Reply 2002.123," and "VC AEPTEX Reply 2003.123."

³ 1.8 times Column (4)

⁴ Column (3) divided by Column (4).

⁵ The rate changed during this time period.

⁶ No traffic moved from this mine to Oklahoma during this time period.

Tables II-A-26 through II-A-29 show that the common carrier rates at issue in this proceeding exceed the 180% jurisdictional threshold set forth in 49 U.S.C. § 10707(d)(1)(A). The Board's jurisdiction to adjudicate the reasonableness of the rate established in BNSF's Pricing Letters is established, and BNSF's significant overstatements of its variable cost of providing service from the PRB to the Oklahoma Station should be rejected.

**IV. Witness Qualifications
and Verifications**

PART IV

WITNESS QUALIFICATIONS AND VERIFICATIONS

This Part contains the Statement of Qualifications of an additional witness who is responsible for a portion of AEP Texas' Reply Evidence and all Reply witnesses' verifications.

25. Thomas E. Johnson, P.E.

Mr. Johnson is President of T.E. Johnson and Associates, LTD, a consulting firm specializing in railroad incident and operations analysis and matters related to metallurgical engineering/failure analysis. His address is 5301 Birchcrest Drive, Edina, MN 55436. Mr. Johnson is sponsoring (along with AEP Texas Witness Joseph Plaistow) the portion of AEP Texas' Reply Evidence related to locomotive fuel consumption by the locomotives hauling AEP Texas coal trains.

Mr. Johnson has a Bachelor of Science degree in Metallurgical Engineering from the University of Minnesota, and is a registered Professional Engineer in Pennsylvania. From 1981 through 1994 he was employed by GE Transportation Systems in Erie, Pennsylvania, a division of the General Electric Corporation that manufactures and sells locomotives to the railroad industry. Mr. Johnson's positions at GE included Senior Metallurgist, Technical Leader-Component Design, Manager-Product Engineering, and Manager-Component Design and Product Engineering reporting to the Manager, Diesel Engine Operation. During his career at GE Mr. Johnson became thoroughly familiar with the design and operation of diesel-electric locomotives,

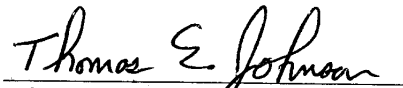
including the AC locomotives now predominantly used in Powder River Basin coal service. In particular, Mr. Johnson is familiar with the design and function of various devices used to monitor or measure locomotive performance, including locomotive event recorders.

Since his departure from GE Mr. Johnson has been an independent Engineering Consultant. One of his consulting specialties is the analysis of data from event recorders in a variety of contexts, including the reconstruction of train movements prior to rail/highway grade crossing accidents, and the use of event recorders as a tool for evaluating various aspects of a locomotive's performance. Mr. Johnson sponsored evidence concerning locomotive fuel consumption studies conducted by the complainants in STB Docket Nos. 42056, *Texas Municipal Power Agency v. The Burlington Northern and Santa Fe Railway Company*, and 42057, *Public Service Company of Colorado d/b/a Xcel Energy v. The Burlington Northern and Santa Fe Railway Company*.

Mr. Johnson has been engaged by AEP Texas North to provide assistance in evaluating a BNSF special study of the fuel consumed by certain BNSF locomotives that transported AEP Texas unit coal trains from Powder River Basin ("PRB") mines in Wyoming to the Oklaunion Generating Station in Texas during the fourth quarter of 2003, as described in Part II of BNSF's Opening Evidence in this proceeding. In this regard Mr. Johnson is personally familiar with the Quantum event recorder computer software used by BNSF in conducting its special fuel study.

VERIFICATION

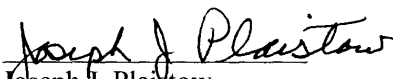
I, Thomas E. Johnson, verify that I have read the Reply Evidence of AEP Texas North Company in this proceeding that I have sponsored, as described in the foregoing Statement of Qualifications, that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.


Thomas E. Johnson

Executed on May 17, 2004

VERIFICATION

I, Joseph J. Plaistow, verify under penalty of perjury that I am the same Joseph J. Plaistow whose Statement of Qualifications appears in Part IV of the Narrative portion of AEP Texas North Company's Opening Evidence in this proceeding; that I have read the portion of AEP Texas North Company's Reply Evidence in this proceeding related to Variable Costs in Part II-A, including the section regarding the BNSF fuel study, which I am co-sponsoring with Thomas E. Johnson; 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.


Joseph J. Plaistow

Executed on May 20, 2004

EXHIBITS

TABLE OF EXHIBITS

EXHIBIT I-

TITLE

- 5 Cover Letter and Second Supplement To The Verified Complaint of AEP Texas North Company

EXHIBIT II-A-

TITLE

- 82 Comparison of Rates, Variable Costs, and Rate-to-Variable Cost Ratios for AEP Texas Coal Movements from PRB Origins to Oklaunion Station As Presented in AEP Texas's Reply and BNSF's Opening (Restated to Incorporate Agreed-upon T&O)
- 83 Variable Cost Differences by Causal Factor – AEP Texas Reply Vs BNSF Modified Open
- 84 Comparison of AEP Texas Reply and BNSF Modified Opening Traffic and Operating Characteristics for Movements from PRB to AEP Texas' Oklaunion Station
- 85 Calculation of AEP Texas Switching Minutes Based on TMPA Decision
- 86 BNSF Locomotive Maintenance Contracts Covering Locomotives Used in AEP Texas Service Defining Spare Margin Requirements

**I. Counsel's Reply Argument
and Summary of Evidence**

SLOVER & LOFTUS

ATTORNEYS AT LAW

1224 SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20036-3003

WILLIAM L. SLOVER
C. MICHAEL LOFTUS
DONALD G. AVERY
JOHN H. LE SEUR
KELVIN J. DOWD
ROBERT D. ROSENBERG
CHRISTOPHER A. MILLS
FRANK J. PERGOLIZZI
ANDREW B. KOLESAR III
PETER A. PFOHL
DANIEL M. JAFFE
KAREN HASSELL HERREN
KENDRA A. ERICSON

TELEPHONE:
(202) 347-7170

FAX:
(202) 347-3619

WRITER'S E-MAIL:

kjd@sloverandloftus.com

April 19, 2004

VIA HAND DELIVERY

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Room 711
Washington, D.C. 20423-0001

Re: STB Docket No. 41191 (Sub-No. 1), AEP Texas North Company
v. The Burlington Northern and Santa Fe Railway Company

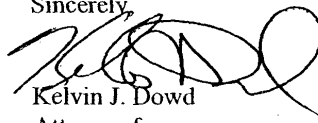
Dear Secretary Williams:

Enclosed for filing in the referenced proceeding, please find an original and 10 copies of the Second Supplement To The Verified Complaint of AEP Texas North Company.

An additional copy of the Second Supplement To The Verified Complaint of AEP Texas North Company also is enclosed. Kindly indicate receipt and filing by time-stamping this extra copy and returning it to the bearer of this letter.

Thank you for your consideration in this matter.

Sincerely,



Kelvin J. Dowd
Attorney for
AEP Texas North Company

KJD:dmb
Enclosure

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

AEP TEXAS NORTH COMPANY	)	
	)	
Complainant,	)	
	)	
v.	)	Docket No. 41191 (Sub-No. 1)
	)	
THE BURLINGTON NORTHERN AND	)	
SANTA FE RAILWAY COMPANY	)	
	)	
Defendant.	)	

**SECOND SUPPLEMENT TO THE VERIFIED
COMPLAINT OF AEP TEXAS NORTH COMPANY**

COMES NOW Complainant, AEP Texas North Company ("AEP Texas"), and files this Second Supplement to the Verified Complaint it filed on August 11, 2003. In support hereof, AEP Texas shows as follows:

1. AEP Texas' August 11, 2003 Complaint challenged the reasonableness of the rates and service terms initially established by Defendant, the Burlington Northern and Santa Fe Railway Company ("BNSF") on July 2, 1996 and December 9, 1996 (as modified on June 16, 2000 and April 23, 2003) for application to coal movements between mines in the Powder River Basin of Wyoming ("PRB"), to AEP Texas' Oklaunion Generating Station.

2. At the time that AEP Texas' Complaint was filed, the rate for BNSF coal service from the Rawhide Mine in the PRB to Oklaunion was governed by a prescription order entered by the Board in *West Texas Utilities Company v. Burlington Northern Railroad Company*, 1 S.T.B. 638 (1996), *aff'd. sub nom. Burlington Northern Railroad Company v. S.T.B.*, 114 F3d 206 (D.C. Cir. 1997) ("*West Texas*"), as subsequently modified by a decision served May 29, 2003 ("*West Texas II*"). By petition filed September 2, 2003, AEP Texas sought vacation of the *West Texas II* rate prescription, toward the end of restoring BNSF's common carrier ratemaking flexibility subject to AEP Texas' right to challenge the reasonableness of any ensuing new Rawhide rate. Later, AEP Texas acknowledged that such a challenge would be incorporated in the instant docket.¹

3. On or about December 10, 2003, BNSF transmitted to AEP Texas a copy of Common Carrier Pricing Authority BNSF 306720. That document established a new, increased rate of \$18.83 per ton for coal shipments from PRB origins other than Rawhide to Oklaunion, effective January 1, 2004. A separate letter from BNSF advised AEP Texas that the Rawhide rate likewise would be increased to \$18.83 per ton, effective the same date.

¹See Reply to Defendant's Motion to Dismiss Supplement to the Verified Complaint of AEP Texas North Company, January 7, 2004 at 3 n.3.

4. On December 22, 2003, AEP Texas filed its first Supplement to the Verified Complaint, clarifying that AEP Texas' objections to the reasonableness of the rates and terms set forth in Common Carrier Pricing Authority BNSF 306720 were encompassed within the original, August 11, 2003 Complaint. At the time that AEP Texas submitted its Supplement, the petition to vacate the Rawhide prescription was still pending before the Board. In its Decision served March 19, 2004 in this docket, the Board accepted AEP Texas' Supplement.

5. On March 1, 2004, AEP Texas filed its Opening Evidence. Therein, AEP Texas presented evidence of variable and stand-alone costs with respect to coal movements from all PRB mines that have supplied coal for Oklahoma and/or are covered by Common Carrier Pricing Authority BNSF 306720. This included evidence specific to shipments from the Rawhide Mine. As AEP Texas explained in its Narrative, this evidence was included in order to ensure that once BNSF's Rawhide rate again was brought for review under the *Coal Rate Guidelines*, it could be incorporated in AEP Texas' ongoing challenge to the other PRB origin rates without disturbing the existing procedural schedule:

Rawhide shipments are taken into account in the determination of traffic and operating characteristics for the AEP Texas trains, because Rawhide was the principal single coal source relied upon by AEP Texas in 2002. [citation omitted]. Additionally, at the Board's suggestion, AEP Texas petitioned on September 2, 2003 to vacate the Rawhide prescription, so

that new maximum rates could be set in this proceeding that reflect current costs, traffic conditions, and modern interpretations of the *Coal Rate Guidelines*. The Board has yet to grant AEP Texas' petition. When it does so, however (as it clearly should for the reasons stated in the petition), the interests of administrative efficiency and adjudicatory economy will be served best if the record in this proceeding already includes the evidence needed to allow the Board to make a proper determination as to a reasonable maximum rate for future shipments from the Rawhide mine. AEP Texas therefore has included evidence respecting both the variable and stand-alone costs of service from Rawhide in this opening presentation.

Opening Evidence of Complainant AEP Texas North Company, Narrative at I-13 to I-14.

6. In a Decision served March 19, 2004 in *West Texas*, the Board granted AEP Texas' petition to vacate the Rawhide rate prescription, effective April 18, 2004. Therein, over BNSF's objection, the Board acknowledged AEP Texas' right and intent to subject the current Rawhide rate to renewed scrutiny and a fresh analysis under the current standards and applications of the *Coal Rate Guidelines*. See Decision at 3.

7. By letter dated April 6, 2004 (copy attached as Exhibit A), AEP Texas requested that BNSF confirm or establish the common carrier rate that would be in effect for unit train coal shipments from Rawhide to Oklaunion from and after April 18, 2004. In response, BNSF stated that the rate of \$18.83 per ton, which had been in effect for

Rawhide shipments since January 1, 2004, "will continue to apply" once the prior prescription was vacated. A copy of BNSF's response is attached as Exhibit B.

8. The common carrier rate established by BNSF for application to shipments from Rawhide is identical to the rate in effect on shipments from all the other PRB mines that supply coal to Oklaunion, which rate already is under challenge in this proceeding as unreasonably high and unlawful under 49 U.S.C. § 10701 (d), and is itself unreasonable and unlawful. Evidence of the maximum reasonable rate under the *Coal Rate Guidelines* for BNSF service from Rawhide already is on the record in this proceeding, and the issue can and will be addressed further in full by both parties in the remaining evidentiary phases. The interests of administrative efficiency and economy plainly are served by continuing to consider AEP Texas' challenge to BNSF's rate from all PRB origins in this single proceeding, particularly where, as here, neither party's procedural or substantive rights would be compromised.

WHEREFORE, AEP Texas hereby supplements its Verified Complaint to include its challenge to the reasonableness of the \$18.83 per ton common carrier rate presently in effect on BNSF shipments from the Rawhide Mine to Oklaunion. This Supplement will not affect the procedural schedule currently governing this case.

Respectfully submitted,

AEP TEXAS NORTH COMPANY
1 Riverside Plaza
Columbus, OH 43215

By: Timothy P. Stanley, Director,
Transportation and Marketing
David Cohen, Senior Counsel
AEP Texas North Company
155 West Nationwide Boulevard
Suite 500
Columbus, Ohio 43215

OF COUNSEL:

Slover & Loftus
1224 Seventeenth Street, N.W..
Washington, D.C. 20036

William L. Slover
Kelvin J. Dowd
Christopher A. Mills
Frank J. Pergolizzi
1224 Seventeenth Street, N.W.
Washington, D.C. 20036
(202) 347-7170
Attorneys for Complainant



Dated: April 19, 2004



EXHIBIT A
PAGE 1 of 2

American Electric Power
155 W. Main Street Blvd.
Suite 500 P.O. Box 16036
Columbus, OH 43216-0036
aep.com

April 6, 2004

VIA OVERNIGHT MAIL

Mr. Larry C. Meyne
Director
Coal Marketing
The Burlington Northern and
Santa Fe Railway Company
P.O. Box 961051
2650 Lou Menk Drive, 2nd Floor
Fort Worth, Texas 76131-2830

Dear Mr. Meyne:

In its decision served March 19, 2004 in docket No. 41191, *West Texas Utilities Company v. The Burlington Northern and Santa Fe Railway Company*, the Surface Transportation Board ("STB") vacated the rate prescription that had been in effect for BNSF coal shipments from the Rawhide Mine to the Oklaunion Generating Station, effective April 18, 2004. According to the STB's ruling, as of April 18 BNSF's common carrier ratemaking initiative will be restored with respect to shipments from the Rawhide Mine.

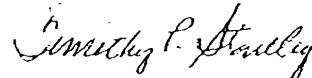
Mr. Larry C. Meyne
April 6, 2004
Page 2

EXHIBIT A
PAGE 2 of 2

AEP Texas North Company intends to resume scheduling shipments from Rawhide later this month. Therefore, pursuant to 49 U.S.C. § 17101 and 49 C.F.R. Part 1300, the purpose of this letter is to request that BNSF disclose or, as appropriate, establish the common carrier rate that will apply to unit train shipments of coal from the Rawhide Mine to the Oklaunion Station from and after April 18, 2004. The transportation and operating characteristics of the service that is the subject of this request are those described in the letter dated December 9, 1996 from Mr. Sami M. Shalah of BNSF to Ms. Marguerite Mills of Central and South West Services Inc., attached as Exhibit A to the August 11, 2003 Verified Complaint in STB Docket No. 41191 (Sub-No. 1), *AEP Texas North Company v. The Burlington Northern and Santa Fe Railway Company*, as modified by BNSF Common Carrier Pricing Authority No. BNSF 306760.

Consistent with the requirements of 49 C.F.R. Part 1300.3, AEP Texas North requests a response to this inquiry not later than ten (10) business days from the date of this letter. Should you have any questions or require any additional information regarding this request, please contact the undersigned immediately.

Very truly yours,



Timothy P. Stanley
Director
Transportation & Marketing

cc: David M. Cohen, Esq.

RATE NOTIFICATION LETTER

VIA OVERNIGHT MAIL

Mr. Timothy P. Stanley
Director
Transportation & Marketing
American Electric Power
155 W. Nationwide Boulevard
Columbus, OH 43215

Re: Rawhide Mine Origin Rates

Dear Mr. Stanley:

In your letter of April 6, 2004, you requested that "BNSF disclose or, as appropriate, establish the common carrier rate that will apply to unit train shipments of coal from the Rawhide Mine to the Oklaunion Station from and after April 18, 2004." The rate that will continue to apply is the rate of \$18.83 per ton established by BNSF pursuant to the rate prescription as of January 1, 2004, as stated in my to you dated December 10, 2003 (copy attached). That rate will remain in effect until modified by BNSF.

You also mention in your letter that the transportation and operating characteristics of your request "are those described in the letter dated December 9, 1996 from Sami M. Shalah to Marguerite Mills . . . as modified by BNSF Common Carrier Pricing Authority No. BNSF 306760." BNSF does not agree that the December 9, 1996 letter governs the movements from Rawhide. I assume that your reference to Common Carrier Pricing Authority No. 306760 was in error and that you intended to refer to Common Carrier Pricing Authority No. 306720. However, Common Carrier Pricing Authority No. 306720 by its own terms specifically excludes application to the Rawhide Mine origin. Nevertheless, BNSF is agreeable to applying the terms and conditions of Common Carrier Pricing Authority No. 306720 to movements from Rawhide as of April 18, 2004.

Sincerely,



Cc: Sami Shalah
Rick Weicher
Mike Roper

BNSF



Larry C. Meyne
Director
Coal Marketing

Burlington Northern Santa Fe
P. O. Box 961051
2650 Lou Menk Drive, 2nd Floor
Fort Worth, TX 76131-2830
Phone (817) 867-6244
Fax (817) 352-7939

Via Overnight Mail

December 10, 2003

Mr. Timothy P. Stanley
Manager Transportation & Marketing
American Electric Power Service Corporation
Fuel Supply Department
155 West Nationwide Boulevard
Columbus, OH 43215

Dear Mr. Stanley:

Pursuant to 49 U.S.C. § 11101(c), The Burlington Northern and Santa Fe Railway Company hereby provides notice that as of January 1, 2004, the common carrier rate for transportation of coal from Rawhide Mine in Wyoming, covered by the STB rate prescription, to West Texas Utilities' Oklaunion power station near Vernon, TX, will increase from the current rate of \$18.04 per ton to \$18.83 per ton.

If you have any questions, please feel free to contact me.

Sincerely,

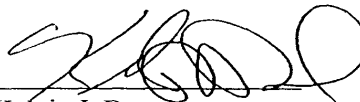
A handwritten signature in cursive script that reads "Larry C. Meyne".

Cc: Sami M. Shalah
Rick Weicher
Mike Roper

CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of April, 2004, I served a copy of the foregoing Second Supplement to the Verified Complaint of AEP Texas North Company by hand upon counsel for Defendant, as follows:

Samuel M. Sipe, Jr., Esq.
Anthony J. LaRocca, Esq.
Brooke L. Gaede, Esq.
Steptoe & Johnson LLP
1330 Connecticut Avenue, N.W.
Washington, D.C. 20036


Kelvin J. Dowd

II-A. Quantitative Market Dominance

3.

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	1. Buckskin to Oklaunion - 2Q00			2. Caballo Rojo to Oklaunion - 2Q00			3. Jacobs Ranch to Oklaunion - 2Q00		
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) (10)
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$5.47	N/A	N/A	N/A	N/A	N/A	\$5.47	N/A	N/A
2. CARLOAD HANDLING - OTHER (CLOT)	0.72	N/A	N/A	0.72	N/A	N/A	0.72	N/A	N/A
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.29	N/A	N/A	0.29	N/A	N/A	0.30	N/A	N/A
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.68	N/A	N/A	0.65	N/A	N/A	0.66	N/A	N/A
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
6. GROSS TON MILE EXPENSES (GTM)	297.72	N/A	N/A	299.66	N/A	N/A	319.33	N/A	N/A
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	2.30	N/A	N/A	1.29	N/A	N/A	1.96	N/A	N/A
8. TRAIN MILE EXP FOR OTHER THAN CREW less Caboose Ownership(TM)	2.79	N/A	N/A	2.76	N/A	N/A	2.87	N/A	N/A
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	116.46	N/A	N/A	115.74	N/A	N/A	111.35	N/A	N/A
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	6.91	N/A	N/A	4.31	N/A	N/A	3.23	N/A	N/A
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	155.25	N/A	N/A	146.57	N/A	N/A	5.35	N/A	N/A
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	0.00	N/A	N/A	0.00	N/A	N/A	150.80	N/A	N/A
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	99.42	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	0.00	N/A	N/A	103.05	N/A	N/A	95.98	N/A	N/A
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.11	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.50	N/A	N/A	0.12	N/A	N/A	0.10	N/A	N/A
17. LOSS AND DAMAGE	7.32	N/A	N/A	0.50	N/A	N/A	0.55	N/A	N/A
18. A. JOINT FACILITY 4/	0.00	N/A	N/A	7.32	N/A	N/A	7.89	N/A	N/A
B. OTHER ORIGIN/DESTINATION CHARGES	\$700.90	N/A	N/A	0.00	N/A	N/A	\$706.54	N/A	N/A
19. TOTAL VARIABLE COST/CARLOAD	109.10	N/A	N/A	\$694.81	N/A	N/A	120.70	N/A	N/A
20. TONS PER CAR	\$6.42	N/A	N/A	109.80	N/A	N/A	\$5.85	N/A	N/A
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	0.9934	N/A	N/A	\$6.33	N/A	N/A	0.9934	N/A	N/A
22. RFA - URCS LINKING FACTOR	\$6.38	N/A	N/A	0.9934	N/A	N/A	\$5.82	N/A	N/A
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$11.48	N/A	N/A	\$6.29	N/A	N/A	\$10.48	N/A	N/A
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$13.68	N/A	N/A	\$11.32	N/A	N/A	\$13.68	N/A	N/A
25. RATE PER TON	214%	N/A	N/A	217%	N/A	N/A	235%	N/A	N/A
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)									

N/A = Not applicable since not costed by BNSF.

1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX Reply 2002.123, and VC AEPTEX Reply 2003.123

2/ BNSF AEP OPEN PRG WITH AGREED T&O .123

3/ AEPTEX used System Average

4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

	4. Buckskin to Oklaunion - 3Q00				5. Caballo Rojo to Oklaunion - 3Q00				6. Jacobs Ranch to Oklaunion - 3Q00			
Item (1)	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) (10)			
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$5.47	N/A	N/A	\$5.47	N/A	N/A	\$5.47	N/A	N/A			
2. CARLOAD HANDLING - OTHER (CLOR)	0.72	N/A	N/A	0.72	N/A	N/A	0.72	N/A	N/A			
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.29	N/A	N/A	0.29	N/A	N/A	0.29	N/A	N/A			
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.67	N/A	N/A	0.65	N/A	N/A	0.67	N/A	N/A			
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
6. GROSS TON MILE EXPENSES (GTM)	303.01	N/A	N/A	303.29	N/A	N/A	297.53	N/A	N/A			
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	2.33	N/A	N/A	1.32	N/A	N/A	1.93	N/A	N/A			
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	2.83	N/A	N/A	2.79	N/A	N/A	2.76	N/A	N/A			
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	118.47	N/A	N/A	117.74	N/A	N/A	111.35	N/A	N/A			
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	4.96	N/A	N/A	3.38	N/A	N/A	3.23	N/A	N/A			
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	6.94	N/A	N/A	5.51	N/A	N/A	5.35	N/A	N/A			
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	152.00	N/A	N/A	146.55	N/A	N/A	148.36	N/A	N/A			
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	99.65	N/A	N/A	98.87	N/A	N/A	94.82	N/A	N/A			
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.11	N/A	N/A	0.11	N/A	N/A	0.10	N/A	N/A			
17. LOSS AND DAMAGE	0.50	N/A	N/A	0.50	N/A	N/A	0.50	N/A	N/A			
18. A. JOINT FACILITY 4/	7.34	N/A	N/A	7.37	N/A	N/A	7.36	N/A	N/A			
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
19. TOTAL VARIABLE COST/CARLOAD	\$705.33	N/A	N/A	\$694.63	N/A	N/A	\$680.50	N/A	N/A			
20. TONS PER CAR	109.60	N/A	N/A	109.90	N/A	N/A	109.50	N/A	N/A			
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.44	N/A	N/A	\$6.32	N/A	N/A	\$6.21	N/A	N/A			
22. RFA - URC'S LINKING FACTOR	0.9934	N/A	N/A	0.9934	N/A	N/A	0.9934	N/A	N/A			
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.39	N/A	N/A	\$6.28	N/A	N/A	\$6.17	N/A	N/A			
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$11.50	N/A	N/A	\$11.30	N/A	N/A	\$11.11	N/A	N/A			
25. RATE PER TON	\$15.78	N/A	N/A	\$15.78	N/A	N/A	\$15.78	N/A	N/A			
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 ÷ LINE 23)	247%	N/A	N/A	251%	N/A	N/A	256%	N/A	N/A			

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2000 - 1Q04**

Item (1)	7. Buckskin to Oklaunion - 4Q00			8. Caballo Rojo to Oklaunion - 4Q00			9. Buckskin to Oklaunion - 1Q01		
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) (10)
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$5.47	N/A	N/A	N/A	N/A	N/A	\$8.15	N/A	N/A
2. CARLOAD HANDLING - OTHER (CLOR)	0.73	N/A	N/A	N/A	N/A	N/A	0.47	N/A	N/A
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.29	N/A	N/A	N/A	N/A	N/A	0.29	N/A	N/A
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.88	N/A	N/A	N/A	N/A	N/A	0.80	N/A	N/A
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	N/A	N/A	N/A	0.00	N/A	N/A
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	N/A	N/A	N/A	0.00	N/A	N/A
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	N/A	N/A	N/A	0.00	N/A	N/A
6. GROSS TON MILE EXPENSES (GTM)	312.96	N/A	N/A	314.65	N/A	N/A	325.16	N/A	N/A
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	2.51	N/A	N/A	1.40	N/A	N/A	2.83	N/A	N/A
8. TRAIN MILE EXP FOR OTHER THAN CREW less Caboose Ownership(TM)	2.84	N/A	N/A	2.80	N/A	N/A	2.82	N/A	N/A
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	118.74	N/A	N/A	117.70	N/A	N/A	120.97	N/A	N/A
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	5.38	N/A	N/A	3.83	N/A	N/A	5.48	N/A	N/A
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	7.05	N/A	N/A	5.73	N/A	N/A	7.18	N/A	N/A
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	159.83	N/A	N/A	148.84	N/A	N/A	175.12	N/A	N/A
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	103.25	N/A	N/A	102.62	N/A	N/A	89.95	N/A	N/A
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.11	N/A	N/A	0.11	N/A	N/A	0.10	N/A	N/A
17. LOSS AND DAMAGE	0.50	N/A	N/A	0.50	N/A	N/A	0.49	N/A	N/A
18. A. JOINT FACILITY 4/	7.32	N/A	N/A	7.34	N/A	N/A	7.57	N/A	N/A
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
19. TOTAL VARIABLE COST/CARLOAD	\$727.74	N/A	N/A	\$712.74	N/A	N/A	\$747.39	N/A	N/A
20. TONS PER CAR	109.20	N/A	N/A	109.10	N/A	N/A	109.70	N/A	N/A
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.66	N/A	N/A	\$6.53	N/A	N/A	\$6.81	N/A	N/A
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	N/A	N/A	0.9934	N/A	N/A
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.62	N/A	N/A	\$6.49	N/A	N/A	\$6.77	N/A	N/A
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$11.92	N/A	N/A	\$11.68	N/A	N/A	\$12.19	N/A	N/A
25. RATE PER TON	\$15.78	N/A	N/A	\$15.78	N/A	N/A	\$15.78	N/A	N/A
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	238%	N/A	N/A	243%	N/A	N/A	233%	N/A	N/A

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX F
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	10. Black Thunder to Oklaunion - 1Q01				11. Jacobs Ranch to Oklaunion - 1Q01				12. Caballo Rojo to Oklaunion - 1Q01			
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) (10)			
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.15	N/A	N/A	\$8.15	N/A	N/A	\$8.15	N/A	N/A			
2. CARLOAD HANDLING - OTHER (CLOR)	0.47	N/A	N/A	0.47	N/A	N/A	0.47	N/A	N/A			
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.29	N/A	N/A	0.29	N/A	N/A	0.29	N/A	N/A			
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.80	N/A	N/A	0.80	N/A	N/A	0.79	N/A	N/A			
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
6. GROSS TON MILE EXPENSES (GTM)	330.99	N/A	N/A	324.83	N/A	N/A	322.48	N/A	N/A			
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	1.63	N/A	N/A	2.34	N/A	N/A	1.61	N/A	N/A			
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	2.73	N/A	N/A	2.80	N/A	N/A	2.80	N/A	N/A			
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	113.88	N/A	N/A	114.08	N/A	N/A	120.63	N/A	N/A			
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	3.21	N/A	N/A	4.00	N/A	N/A	3.21	N/A	N/A			
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	5.21	N/A	N/A	5.92	N/A	N/A	5.22	N/A	N/A			
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	171.18	N/A	N/A	172.03	N/A	N/A	171.30	N/A	N/A			
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	83.61	N/A	N/A	84.55	N/A	N/A	85.86	N/A	N/A			
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.09	N/A	N/A	0.09	N/A	N/A	0.10	N/A	N/A			
17. LOSS AND DAMAGE	0.52	N/A	N/A	0.49	N/A	N/A	0.49	N/A	N/A			
18. A. JOINT FACILITY 4/	7.92	N/A	N/A	7.56	N/A	N/A	7.54	N/A	N/A			
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
19. TOTAL VARIABLE COST/CARLOAD	\$730.69	N/A	N/A	\$728.42	N/A	N/A	\$730.96	N/A	N/A			
20. TONS PER CAR	115.70	N/A	N/A	109.80	N/A	N/A	109.30	N/A	N/A			
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.32	N/A	N/A	\$6.63	N/A	N/A	\$6.69	N/A	N/A			
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	N/A	N/A	0.9934	N/A	N/A			
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.27	N/A	N/A	\$6.59	N/A	N/A	\$6.64	N/A	N/A			
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$11.29	N/A	N/A	\$11.86	N/A	N/A	\$11.95	N/A	N/A			
25. RATE PER TON	\$15.78	N/A	N/A	\$15.78	N/A	N/A	\$15.78	N/A	N/A			
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	252%	N/A	N/A	239%	N/A	N/A	238%	N/A	N/A			

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	13. Buckskin to Oklaunion - 2Q01			14. Jacobs Ranch to Oklaunion - 2Q01			15. Caballo Rojo to Oklaunion - 2Q01		
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) - (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) - (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) - (10)
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.15	N/A	N/A	\$8.15	N/A	N/A	\$8.15	N/A	N/A
2. CARLOAD HANDLING - OTHER (CLOH)	0.47	N/A	N/A	0.47	N/A	N/A	0.47	N/A	N/A
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.29	N/A	N/A	0.29	N/A	N/A	0.29	N/A	N/A
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.80	N/A	N/A	0.79	N/A	N/A	0.79	N/A	N/A
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
6. GROSS TON MILE EXPENSES (GTM)	323.36	N/A	N/A	321.25	N/A	N/A	324.76	N/A	N/A
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	2.78	N/A	N/A	2.28	N/A	N/A	1.60	N/A	N/A
8. TRAIN MILE EXP FOR OTHER THAN CREW less Caboose Ownership(TM)	2.82	N/A	N/A	2.80	N/A	N/A	2.76	N/A	N/A
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	121.57	N/A	N/A	114.06	N/A	N/A	120.62	N/A	N/A
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	5.43	N/A	N/A	3.83	N/A	N/A	3.17	N/A	N/A
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	7.22	N/A	N/A	5.82	N/A	N/A	5.22	N/A	N/A
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	171.84	N/A	N/A	167.54	N/A	N/A	164.92	N/A	N/A
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	93.31	N/A	N/A	92.23	N/A	N/A	87.53	N/A	N/A
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.11	N/A	N/A	0.11	N/A	N/A	0.10	N/A	N/A
17. LOSS AND DAMAGE	0.49	N/A	N/A	0.49	N/A	N/A	0.50	N/A	N/A
18. A. JOINT FACILITY 4/	7.58	N/A	N/A	7.54	N/A	N/A	7.66	N/A	N/A
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
19. TOTAL VARIABLE COST/CARLOAD	\$746.21	N/A	N/A	\$727.63	N/A	N/A	\$728.53	N/A	N/A
20. TONS PER CAR	109.30	N/A	N/A	109.60	N/A	N/A	111.50	N/A	N/A
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.83	N/A	N/A	\$6.64	N/A	N/A	\$6.53	N/A	N/A
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	N/A	N/A	0.9934	N/A	N/A
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.78	N/A	N/A	\$6.60	N/A	N/A	\$6.49	N/A	N/A
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$12.20	N/A	N/A	\$11.88	N/A	N/A	\$11.68	N/A	N/A
25. RATE PER TON	\$15.78	N/A	N/A	\$15.78	N/A	N/A	\$15.78	N/A	N/A
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	233%	N/A	N/A	239%	N/A	N/A	243%	N/A	N/A

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	16. Buckskin - 3Q01			17. Black Thunder - 3Q01			18. Jacobs Ranch to Oklaunion - 3Q01		
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) - (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) - (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) - (10)
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.15	\$8.08	(\$0.07)	\$8.15	N/A	N/A	\$8.15	N/A	N/A
2. CARLOAD HANDLING - OTHER (CLOT)	0.47	0.46	(0.01)	0.47	N/A	N/A	0.47	N/A	N/A
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.29	22.13	21.84	0.29	N/A	N/A	0.29	N/A	N/A
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.79	0.00	(0.79)	0.78	N/A	N/A	0.78	N/A	N/A
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	1.76	1.76	0.00	N/A	N/A	0.00	N/A	N/A
6. GROSS TON MILE EXPENSES (GTM)	323.43	430.19	106.76	329.49	N/A	N/A	312.19	N/A	N/A
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	2.77	0.00	(2.77)	1.57	N/A	N/A	2.27	N/A	N/A
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	2.82	5.14	2.32	2.72	N/A	N/A	2.73	N/A	N/A
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	122.89	146.40	23.51	115.50	N/A	N/A	115.50	N/A	N/A
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	5.37	0.00	(5.37)	3.14	N/A	N/A	3.14	N/A	N/A
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	7.30	0.00	(7.30)	5.28	N/A	N/A	5.28	N/A	N/A
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	170.29	132.18	(38.11)	163.78	N/A	N/A	164.21	N/A	N/A
12. LOCO OWNERSHIP 3/	0.00	114.53	114.53	0.00	N/A	N/A	0.00	N/A	N/A
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	90.70	146.96	56.25	88.71	N/A	N/A	91.74	N/A	N/A
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.10	0.00	(0.10)	0.10	N/A	N/A	0.11	N/A	N/A
17. LOSS AND DAMAGE	0.49	0.49	0.00	0.48	N/A	N/A	0.50	N/A	N/A
18. A. JOINT FACILITY 4/	7.81	0.00	(7.81)	8.17	N/A	N/A	7.74	N/A	N/A
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A
19. TOTAL VARIABLE COST/CARLOAD	\$743.60	\$1,008.33	\$264.72	\$728.55	N/A	N/A	\$715.02	N/A	N/A
20. TONS PER CAR	108.10	108.10	0.00	106.50	N/A	N/A	109.90	N/A	N/A
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.88	\$9.33	\$2.45	\$6.84	N/A	N/A	\$6.51	N/A	N/A
22. RFA - URCS LINKING FACTOR	0.9934	--	--	0.9934	N/A	N/A	0.9934	N/A	N/A
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.83	\$9.33	\$2.50	\$6.80	N/A	N/A	\$6.46	N/A	N/A
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$12.29	\$16.79	\$4.50	\$12.24	N/A	N/A	\$11.63	N/A	N/A
25. RATE PER TON	\$15.78	\$15.78	\$0.00	\$15.78	N/A	N/A	\$15.78	N/A	N/A
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 * LINE 23)	231%	169%	-62%	232%	N/A	N/A	244%	N/A	N/A

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123. VC AEPTEX Reply 2001.123. VC AEPTEX F
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAHOMA STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	19. Caballo Rojo to Oklahoma - 3Q01			20. Buckskin to Oklahoma - 4Q01			21. Black Thunder to Oklahoma - 4Q01		
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) (10)
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.15	N/A	N/A	\$8.15	\$7.98	(\$0.17)	\$8.15	N/A	N/A
2. CARLOAD HANDLING - OTHER (CLOR)	0.47	N/A	N/A	0.46	0.46	(0.00)	0.46	N/A	N/A
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.29	N/A	N/A	0.29	21.87	21.58	0.29	N/A	N/A
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.79	N/A	N/A	0.81	0.00	(0.81)	0.76	N/A	N/A
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	0.00	0.00	0.00	N/A	N/A
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	0.00	0.00	0.00	N/A	N/A
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	1.84	1.84	0.00	N/A	N/A
6. GROSS TON MILE EXPENSES (GTM)	328.82	N/A	N/A	315.99	422.24	106.25	313.59	N/A	N/A
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	1.61	N/A	N/A	2.74	0.00	(2.74)	1.47	N/A	N/A
8. TRAIN MILE EXP FOR OTHER THAN CREW less Caboose Ownership(TM)	2.76	N/A	N/A	2.76	5.04	2.28	2.67	N/A	N/A
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	121.30	N/A	N/A	122.28	143.73	21.45	115.51	N/A	N/A
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	4.24	N/A	N/A	5.17	0.00	(5.17)	3.04	N/A	N/A
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	6.31	N/A	N/A	7.26	0.00	(7.26)	5.28	N/A	N/A
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	168.96	N/A	N/A	175.98	136.22	(39.76)	155.92	N/A	N/A
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	121.41	121.41	0.00	N/A	N/A
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	0.00	0.00	0.00	N/A	N/A
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	87.33	N/A	N/A	88.53	145.35	56.82	87.88	N/A	N/A
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	0.00	0.00	0.00	N/A	N/A
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.09	N/A	N/A	0.10	0.00	(0.10)	0.10	N/A	N/A
17. LOSS AND DAMAGE	0.49	N/A	N/A	0.49	0.49	(0.00)	0.50	N/A	N/A
18. A. JOINT FACILITY 4/	7.91	N/A	N/A	7.83	0.00	(7.83)	7.96	N/A	N/A
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	0.00	0.00	0.00	N/A	N/A
19. TOTAL VARIABLE COST/CARLOAD	\$739.45	N/A	N/A	\$738.67	\$1,006.63	\$267.95	\$703.40	N/A	N/A
20. TONS PER CAR	108.40	N/A	N/A	109.20	109.20	0.00	110.20	N/A	N/A
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.82	N/A	N/A	\$6.76	\$9.22	\$2.45	\$6.38	N/A	N/A
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	--	--	0.9934	N/A	N/A
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.78	N/A	N/A	\$6.72	\$9.22	\$2.50	\$6.34	N/A	N/A
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$12.20	N/A	N/A	\$12.10	\$16.59	\$4.50	\$11.41	N/A	N/A
25. RATE PER TON	\$15.78	N/A	N/A	\$15.78	\$15.78	\$0.00	\$15.78	N/A	N/A
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	233%	N/A	N/A	235%	171%	-64%	249%	N/A	N/A

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATE TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	22. Jacobs Ranch to Oklaunion - 4Q01				23. Caballo Rojo to Oklaunion - 4Q01				24. Rawhide to Oklaunion - 1Q02			
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) - (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) - (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) - (10)			
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.15	\$7.98	(\$0.17)	\$8.15	N/A	N/A	\$10.18	N/A	N/A			
2. CARLOAD HANDLING - OTHER (CLOR)	0.46	0.46	(0.00)	0.46	N/A	N/A	0.35	N/A	N/A			
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.29	21.87	21.58	0.29	N/A	N/A	0.32	N/A	N/A			
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.77	0.00	(0.77)	0.91	N/A	N/A	0.74	N/A	N/A			
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A			
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A			
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	1.77	1.77	0.00	N/A	N/A	0.00	N/A	N/A			
6. GROSS TON MILE EXPENSES (GTM)	312.38	413.74	101.36	314.68	N/A	N/A	298.10	N/A	N/A			
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	2.21	0.00	(2.21)	1.66	N/A	N/A	1.36	N/A	N/A			
8. TRAIN MILE EXP FOR OTHER THAN CREW less Caboose Ownership(TM)	2.85	4.94	2.09	2.89	N/A	N/A	2.90	N/A	N/A			
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	115.41	140.83	25.42	122.14	N/A	N/A	129.95	N/A	N/A			
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	3.26	0.00	(3.26)	3.04	N/A	N/A	4.99	N/A	N/A			
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	5.50	0.00	(5.50)	5.28	N/A	N/A	7.71	N/A	N/A			
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	162.86	126.04	(36.82)	198.42	N/A	N/A	157.76	N/A	N/A			
12. LOCO OWNERSHIP 3/	0.00	113.21	113.21	0.00	N/A	N/A	0.00	N/A	N/A			
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A			
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	86.73	142.37	55.64	85.95	N/A	N/A	81.08	N/A	N/A			
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A			
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.00	0.00	0.00	0.00	N/A	N/A	0.10	N/A	N/A			
17. LOSS AND DAMAGE	0.49	0.48	(0.01)	0.50	N/A	N/A	0.49	N/A	N/A			
18. A. JOINT FACILITY 4/	7.86	0.00	(7.86)	7.93	N/A	N/A	7.82	N/A	N/A			
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A			
19. TOTAL VARIABLE COST/CARLOAD	\$709.04	\$973.67	\$264.63	\$752.13	N/A	N/A	\$703.85	N/A	N/A			
20. TONS PER CAR	107.90	107.90	0.00	110.01	N/A	N/A	108.20	N/A	N/A			
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.57	\$9.02	\$2.45	\$6.84	N/A	N/A	\$6.51	N/A	N/A			
22. RFA - URCS LINKING FACTOR	0.9934	--	--	0.9934	N/A	N/A	0.9934	N/A	N/A			
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.53	\$9.02	\$2.49	\$6.79	N/A	N/A	\$6.46	N/A	N/A			
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$11.75	\$16.24	\$4.49	\$12.22	N/A	N/A	\$11.63	N/A	N/A			
25. RATE PER TON	\$15.78	\$15.78	\$0.00	\$15.78	N/A	N/A	\$15.78	N/A	N/A			
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 ÷ LINE 23)	242%	175%	-67%	232%	N/A	N/A	244%	N/A	N/A			

N/A = Not applicable since not costed by BNSF.

1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX F

2/ BNSF AEP OPEN PRG WITH AGREED T&O .123

3/ AEPTEX used System Average

4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATE TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	25. Jacobs Ranch to Oklaunion - 1Q02				26. Rawhide to Oklaunion - 2Q02				27. Black Thunder to Oklaunion - 2Q02			
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) (10)			
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$10.18	\$10.18	\$0.00	\$10.18	N/A	N/A	\$10.18	\$10.25	\$0.06			
2. CARLOAD HANDLING - OTHER (CLOR)	0.35	0.35	0.00	0.35	N/A	N/A	0.35	0.35	0.00			
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.32	24.72	24.40	0.32	N/A	N/A	0.32	24.93	24.61			
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.73	0.00	(0.73)	0.84	N/A	N/A	0.82	0.00	(0.82)			
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	0.00	0.00	0.00	N/A	N/A	0.00	0.00	0.00			
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	0.00	0.00	0.00	N/A	N/A	0.00	0.00	0.00			
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	3.64	3.64	0.00	N/A	N/A	0.00	3.95	3.95			
6. GROSS TON MILE EXPENSES (GTM)	292.69	405.62	112.93	310.50	N/A	N/A	304.02	418.55	114.53			
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	1.90	0.00	(1.90)	1.57	N/A	N/A	1.45	0.00	(1.45)			
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	2.85	4.96	2.11	2.93	N/A	N/A	2.82	4.93	2.11			
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	122.34	143.00	20.66	125.85	N/A	N/A	121.40	142.32	20.92			
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	2.92	0.00	(2.92)	2.18	N/A	N/A	0.00	0.00	0.00			
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	5.59	0.00	(5.59)	2.16	N/A	N/A	0.00	0.00	0.00			
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	150.14	118.46	(31.68)	184.25	N/A	N/A	175.41	139.86	(35.56)			
12. LOCO OWNERSHIP 3/	0.00	114.28	114.28	0.00	N/A	N/A	0.00	136.77	136.77			
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	0.00	0.00	0.00	N/A	N/A	0.00	0.00	0.00			
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	79.31	148.88	69.57	81.02	N/A	N/A	78.02	149.25	71.23			
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	0.00	0.00	0.00	N/A	N/A	0.00	0.00	0.00			
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.10	0.00	(0.10)	0.09	N/A	N/A	0.08	0.00	(0.08)			
17. LOSS AND DAMAGE	0.49	0.49	0.00	0.48	N/A	N/A	0.48	0.48	0.00			
18. A. JOINT FACILITY 4/	7.83	0.00	(7.83)	7.97	N/A	N/A	7.99	0.00	(7.99)			
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	0.00	0.00	0.00	N/A	N/A	0.00	0.00	0.00			
19. TOTAL VARIABLE COST/CARLOAD	\$677.74	\$974.58	\$296.84	\$730.75	N/A	N/A	\$703.40	\$1,031.64	\$328.24			
20. TONS PER CAR	108.60	108.60	0.00	107.20	N/A	N/A	106.30	106.30	0.00			
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.24	\$8.97	\$2.73	\$6.82	N/A	N/A	\$6.62	\$9.70	\$3.09			
22. RFA - URS LINKING FACTOR	0.9934	--	--	0.9934	N/A	N/A	0.9934	--	--			
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.20	\$8.97	\$2.77	\$6.77	N/A	N/A	\$6.57	\$9.70	\$3.13			
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$11.16	\$16.15	\$4.99	\$12.19	N/A	N/A	\$11.83	\$17.47	\$5.64			
25. RATE PER TON	\$15.78	\$15.78	\$0.00	\$15.78	N/A	N/A	\$15.78	\$15.78	\$0.00			
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	255%	176%	-79%	233%	N/A	N/A	240%	163%	-78%			

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX F
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	28. Caballo to Oklaunion - 2Q02			29. Rawhide to Oklaunion - 3Q02			30. Black Thunder to Oklaunion - 3Q02		
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) - (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) - (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) - (10)
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$10.18	N/A	N/A	\$10.18	N/A	N/A	\$10.18	\$10.29	\$0.11
2. CARLOAD HANDLING - OTHER (CLOR)	0.35	N/A	N/A	0.35	N/A	N/A	0.35	0.35	0.00
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.32	N/A	N/A	0.32	N/A	N/A	0.32	25.03	24.71
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.86	N/A	N/A	0.85	N/A	N/A	0.85	0.00	(0.85)
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	0.00	0.00
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	0.00	0.00
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	4.02	4.02
6. GROSS TON MILE EXPENSES (GTM)	315.37	N/A	N/A	317.26	N/A	N/A	305.06	419.56	114.50
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	1.46	N/A	N/A	1.61	N/A	N/A	1.49	0.00	(1.49)
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	2.96	N/A	N/A	2.93	N/A	N/A	2.86	5.02	2.16
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	131.85	N/A	N/A	125.09	N/A	N/A	120.26	144.28	24.02
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	0.00	N/A	N/A	2.19	N/A	N/A	0.00	0.00	0.00
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	0.00	N/A	N/A	2.20	N/A	N/A	0.00	0.00	0.00
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	190.14	N/A	N/A	191.17	N/A	N/A	183.30	146.26	(37.04)
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	145.41	145.41
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	N/A	N/A	0.00	0.00	0.00
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	81.17	N/A	N/A	81.03	N/A	N/A	77.94	149.99	72.04
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	0.00	0.00
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.09	N/A	N/A	0.09	N/A	N/A	0.08	0.00	(0.08)
17. LOSS AND DAMAGE	0.47	N/A	N/A	0.47	N/A	N/A	0.48	0.48	(0.00)
18. A. JOINT FACILITY 4/	8.12	N/A	N/A	8.01	N/A	N/A	7.89	0.00	(7.89)
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	N/A	N/A	0.00	0.00	0.00
19. TOTAL VARIABLE COST/CARLOAD	\$743.39	N/A	N/A	\$743.87	N/A	N/A	\$711.18	\$1,050.69	\$339.51
20. TONS PER CAR	104.60	N/A	N/A	104.40	N/A	N/A	106.60	106.60	0.00
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$7.11	N/A	N/A	\$7.13	N/A	N/A	\$6.67	\$9.86	\$3.18
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	N/A	N/A	0.9934	--	--
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$7.06	N/A	N/A	\$7.08	N/A	N/A	\$6.63	\$9.86	\$3.23
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$12.71	N/A	N/A	\$12.74	N/A	N/A	\$11.93	\$17.74	\$5.81
25. RATE PER TON	\$15.78	N/A	N/A	\$13.68	N/A	N/A	\$17.25	\$16.36	(\$0.89)
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	224%	N/A	N/A	193%	N/A	N/A	260%	166%	-94%

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	31. Jacobs Ranch to Oklaunion - 3Q02				32. Caballo to Oklaunion - 3Q02				33. North Rochelle to Oklaunion - 3Q02			
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) (10)			
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$10.18	\$10.29	\$0.11	\$10.18	N/A	N/A	\$10.18	N/A	N/A			
2. CARLOAD HANDLING - OTHER (CLOR)	0.35	0.35	0.00	0.35	N/A	N/A	0.35	N/A	N/A			
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.32	25.03	24.71	0.32	N/A	N/A	0.32	N/A	N/A			
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.84	0.00	(0.84)	0.84	N/A	N/A	0.88	N/A	N/A			
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A			
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A			
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	4.01	4.01	0.00	N/A	N/A	0.00	N/A	N/A			
6. GROSS TON MILE EXPENSES (GTM)	304.28	418.24	113.96	305.43	N/A	N/A	310.49	N/A	N/A			
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	2.21	0.00	(2.21)	1.43	N/A	N/A	1.45	N/A	N/A			
8. TRAIN MILE EXP FOR OTHER THAN CREW less Caboose Ownership(TM)	2.88	5.02	2.14	2.92	N/A	N/A	2.80	N/A	N/A			
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	122.10	144.65	22.55	129.26	N/A	N/A	124.28	N/A	N/A			
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A			
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A			
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	182.21	145.41	(36.80)	184.55	N/A	N/A	188.45	N/A	N/A			
12. LOCO OWNERSHIP 3/	0.00	151.71	151.71	0.00	N/A	N/A	0.00	N/A	N/A			
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A			
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	79.75	150.09	70.34	77.75	N/A	N/A	82.62	N/A	N/A			
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A			
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.09	0.00	(0.09)	0.08	N/A	N/A	0.10	N/A	N/A			
17. LOSS AND DAMAGE	0.49	0.49	0.00	0.50	N/A	N/A	0.46	N/A	N/A			
18. A. JOINT FACILITY 4/	7.85	0.00	(7.85)	7.72	N/A	N/A	8.16	N/A	N/A			
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	N/A			
19. TOTAL VARIABLE COST/CARLOAD	\$713.67	\$1,055.30	\$341.63	\$721.45	N/A	N/A	\$730.66	N/A	N/A			
20. TONS PER CAR	107.60	107.60	0.00	110.65	N/A	N/A	101.90	N/A	N/A			
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.63	\$9.81	\$3.18	\$6.52	N/A	N/A	\$7.17	N/A	N/A			
22. RFA - URCS LINKING FACTOR	0.9934	--	--	0.9934	N/A	N/A	0.9934	N/A	N/A			
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.59	\$9.81	\$3.22	\$6.48	N/A	N/A	\$7.12	N/A	N/A			
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$11.86	\$17.65	\$5.79	\$11.66	N/A	N/A	\$12.82	N/A	N/A			
25. RATE PER TON	\$17.25	\$16.46	(\$0.79)	\$17.25	N/A	N/A	\$17.25	N/A	N/A			
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 ÷ LINE 23)	262%	168%	-94%	266%	N/A	N/A	242%	N/A	N/A			

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATE TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04

Item (1)	34. Rawhide to Oklaunion - 4Q02				35. Jacobs Ranch to Oklaunion - 4Q02				36. Black Thunder to Oklaunion - 4Q02			
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) (10)			
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$10.18	N/A	N/A	\$10.18	\$10.32	\$0.13	\$10.18	\$10.32	\$0.13			
2. CARLOAD HANDLING - OTHER (CLOT)	0.35	N/A	N/A	0.35	0.35	0.00	0.35	0.35	0.00			
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.32	N/A	N/A	0.32	25.12	24.80	0.32	25.12	24.80			
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.85	N/A	N/A	0.85	0.00	(0.85)	0.86	0.00	(0.86)			
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	0.00	0.00	0.00	0.00	0.00			
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	0.00	0.00	0.00	0.00	0.00			
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	4.03	4.03	0.00	4.08	4.08			
6. GROSS TON MILE EXPENSES (GTM)	319.23	N/A	N/A	318.24	436.03	117.79	316.11	433.35	117.24			
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	1.65	N/A	N/A	2.30	0.00	(2.30)	1.54	0.00	(1.54)			
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	2.95	N/A	N/A	2.87	5.02	2.15	2.87	5.03	2.16			
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	128.58	N/A	N/A	126.23	144.54	18.31	130.78	144.71	13.93			
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	2.24	N/A	N/A	0.18	0.00	(0.18)	0.00	0.00	0.00			
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	2.26	N/A	N/A	0.17	0.00	(0.17)	0.00	0.00	0.00			
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	191.26	N/A	N/A	184.68	148.06	(36.62)	189.10	151.59	(37.51)			
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	139.18	139.18	0.00	165.13	165.13			
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	0.00	0.00	0.00	0.00	0.00			
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	79.41	N/A	N/A	78.94	150.11	71.17	84.19	150.35	66.16			
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	0.00	0.00	0.00	0.00	0.00			
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.08	N/A	N/A	0.10	0.00	(0.10)	0.11	0.00	(0.11)			
17. LOSS AND DAMAGE	0.48	N/A	N/A	0.46	0.47	0.01	0.47	0.47	0.00			
18. A. JOINT FACILITY 4/	7.96	N/A	N/A	8.06	0.00	(8.06)	8.01	0.00	(8.01)			
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	0.00	0.00	0.00	0.00	0.00			
19. TOTAL VARIABLE COST/CARLOAD	\$747.94	N/A	N/A	\$734.08	\$1,063.23	\$329.15	\$745.04	\$1,090.50	\$345.46			
20. TONS PER CAR	105.40	N/A	N/A	103.10	103.10	0.00	104.50	104.50	0.00			
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$7.10	N/A	N/A	\$7.12	\$10.31	\$3.19	\$7.13	\$10.44	\$3.31			
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	--	--	0.9934	--	--			
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$7.05	N/A	N/A	\$7.07	\$10.31	\$3.24	\$7.08	\$10.44	\$3.36			
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$12.69	N/A	N/A	\$12.73	\$18.56	\$5.84	\$12.74	\$18.78	\$6.04			
25. RATE PER TON	\$13.68	N/A	N/A	\$13.25	\$17.25	\$0.00	\$17.25	\$17.25	\$0.00			
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	194%	N/A	N/A	244%	167%	-77%	244%	165%	-78%			

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATE TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04

Item (1)	37. Caballo to Oklaunion - 4Q02				38. Rawhide to Oklaunion - 1Q03				39. Eagle Butte to Oklaunion - 1Q03			
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) (10)			
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$10.18	N/A	N/A	\$8.47	N/A	N/A	\$8.47	\$10.46	\$1.99			
2. CARLOAD HANDLING - OTHER (CLOR)	0.35	N/A	N/A	0.31	N/A	N/A	0.31	0.36	0.05			
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.32	N/A	N/A	0.31	N/A	N/A	0.34	25.58	25.24			
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.92	N/A	N/A	0.86	N/A	N/A	0.89	0.00	(0.89)			
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	0.00	0.00			
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	0.00	0.00			
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	4.12	4.12			
6. GROSS TON MILE EXPENSES (GTM)	321.83	N/A	N/A	330.41	N/A	N/A	347.72	480.76	133.04			
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	1.54	N/A	N/A	1.73	N/A	N/A	2.10	0.00	(2.10)			
8. TRAIN MILE EXP FOR OTHER THAN CREW less Caboose Ownership(TM)	2.91	N/A	N/A	2.55	N/A	N/A	2.62	5.23	2.61			
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	124.69	N/A	N/A	122.17	N/A	N/A	133.68	150.61	16.93			
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	0.31	N/A	N/A	2.18	N/A	N/A	2.05	0.00	(2.05)			
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	0.32	N/A	N/A	2.39	N/A	N/A	2.27	0.00	(2.27)			
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	203.60	N/A	N/A	185.39	N/A	N/A	191.25	165.37	(25.87)			
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	147.17	147.17			
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	N/A	N/A	0.00	0.00	0.00			
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	78.20	N/A	N/A	85.45	N/A	N/A	86.45	155.60	69.15			
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	0.00	0.00			
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.08	N/A	N/A	0.08	N/A	N/A	0.09	0.00	(0.09)			
17. LOSS AND DAMAGE	0.46	N/A	N/A	0.47	N/A	N/A	0.49	0.51	0.02			
18. A. JOINT FACILITY 4/	8.07	N/A	N/A	7.87	N/A	N/A	8.26	0.00	(8.26)			
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	N/A	N/A	0.00	0.00	0.00			
19. TOTAL VARIABLE COST/CARLOAD	\$753.92	N/A	N/A	\$750.64	N/A	N/A	\$787.00	\$1,145.77	\$358.77			
20. TONS PER CAR	101.70	N/A	N/A	104.80	N/A	N/A	109.90	109.90	0.00			
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$7.41	N/A	N/A	\$7.16	N/A	N/A	\$7.16	\$10.43	\$3.26			
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	N/A	N/A	0.9934	--	--			
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$7.36	N/A	N/A	\$7.12	N/A	N/A	\$7.11	\$10.43	\$3.32			
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$13.25	N/A	N/A	\$12.82	N/A	N/A	\$12.80	\$18.77	\$5.97			
25. RATE PER TON	\$17.25	N/A	N/A	\$13.68	N/A	N/A	\$17.25	\$17.25	\$0.00			
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	234%	N/A	N/A	192%	N/A	N/A	243%	165%	-77%			

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	40_Rawhide to Oklaunion - 2Q03			41_Eagle Butte to Oklaunion -117- 2Q03 42_Eagle Butte to Oklaunion -128- 2Q03			BNSF			BNSF			BNSF		
	AEPTEx Reply 1/ (2)	Col (3) less Col(2) (4)	AEPTEx Reply 1/ (5)	Col (6) less Col(5) (7)	Modified Open 2/ (6)	AEPTEx Reply 1/ (8)	Col (9) less Col(8) (10)	Modified Open 2/ (9)	AEPTEx Reply 1/ (8)	Col (9) less Col(8) (10)	Modified Open 2/ (9)	AEPTEx Reply 1/ (8)	Col (9) less Col(8) (10)		
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.47	N/A	\$8.47	\$2.03	\$10.50	\$8.47	\$2.03	\$10.50	\$8.47	\$2.03	\$10.50	\$8.47	\$2.03		
2. CARLOAD HANDLING - OTHER (CLOR)	0.31	N/A	0.31	0.05	0.36	0.31	0.05	0.36	0.30	0.36	0.30	0.36	0.05		
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.31	N/A	0.34	25.24	25.58	0.34	25.24	25.58	0.30	25.58	25.28	0.30	25.28		
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.86	N/A	0.86	(0.86)	0.00	0.86	(0.86)	0.00	0.90	(0.90)	0.00	0.90	(0.90)		
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	0.00	4.06	4.06	0.00	4.06	4.50	0.00	4.50	4.50	0.00	4.50		
6. GROSS TON MILE EXPENSES (GTM)	329.79	N/A	342.66	133.14	475.81	342.66	133.14	481.14	342.66	133.14	481.14	342.66	133.14		
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	1.70	N/A	2.03	(2.03)	0.00	2.03	(2.03)	0.00	2.28	(2.28)	0.00	2.28	(2.28)		
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	2.57	N/A	2.63	5.24	5.24	2.63	5.24	4.79	2.41	4.79	4.79	2.41	4.79		
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	124.83	N/A	135.68	151.27	151.27	135.68	151.27	138.27	124.02	14.25	138.27	124.02	14.25		
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	2.19	N/A	2.23	(2.23)	0.00	2.23	(2.23)	0.00	2.05	(2.05)	0.00	2.05	(2.05)		
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	2.74	N/A	2.81	(2.81)	0.00	2.81	(2.81)	0.00	2.57	(2.57)	0.00	2.57	(2.57)		
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	184.57	N/A	184.63	(25.78)	158.85	184.63	(25.78)	176.71	198.36	(22.65)	176.71	198.36	(22.65)		
12. LOCO OWNERSHIP 3/	0.00	N/A	0.00	138.96	138.96	0.00	138.96	172.80	0.00	172.80	172.80	0.00	172.80		
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	87.49	N/A	86.92	69.03	155.95	86.95	69.03	155.95	86.95	69.00	155.95	86.95	69.00		
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.08	N/A	0.09	(0.09)	0.00	0.09	(0.09)	0.00	0.09	(0.09)	0.00	0.09	(0.09)		
17. LOSS AND DAMAGE	0.48	N/A	0.52	0.01	0.53	0.52	0.01	0.53	0.52	0.01	0.53	0.52	0.01		
18. A. JOINT FACILITY 4/	7.96	N/A	8.25	(8.25)	0.00	8.25	(8.25)	0.00	8.30	(8.30)	0.00	8.30	(8.30)		
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
19. TOTAL VARIABLE COST/CARLOAD	\$754.39	N/A	\$778.48	\$348.63	\$1,127.11	\$778.48	\$348.63	\$1,171.14	\$781.24	\$389.90	\$1,171.14	\$781.24	\$389.90		
20. TONS PER CAR	105.20	N/A	114.50	0.00	114.50	114.50	0.00	115.90	115.90	0.00	115.90	115.90	0.00		
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$7.17	N/A	\$6.80	\$3.04	\$9.84	\$6.80	\$3.04	\$10.10	\$6.74	\$3.36	\$10.10	\$6.74	\$3.36		
22. RFA - URCS LINKING FACTOR	0.9934	N/A	0.9934	--	--	0.9934	--	--	0.9934	--	--	0.9934	--		
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$7.12	N/A	\$6.75	\$3.09	\$9.84	\$6.75	\$3.09	\$10.10	\$6.70	\$3.40	\$10.10	\$6.70	\$3.40		
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$12.82	N/A	\$12.15	\$17.72	\$17.72	\$12.15	\$17.72	\$18.04	\$12.06	\$18.19	\$18.04	\$12.06	\$18.19		
25. RATE PER TON	\$13.68	N/A	\$18.04	(\$0.51)	\$17.53	\$18.04	(\$0.51)	\$18.04	\$18.04	\$0.00	\$18.04	\$18.04	\$0.00		
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	192%	N/A	267%	-89%	178%	267%	-89%	179%	269%	-91%	179%	269%	-91%		

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATE TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	43. Cordero to Oklaunion - 2Q03			44. Caballo Rojo to Oklaunion - 2Q03			45. Caballo to Oklaunion - 2Q03		
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) - (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) - (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) - (10)
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.47	N/A	N/A	\$8.47	N/A	N/A	\$8.47	N/A	N/A
2. CARLOAD HANDLING - OTHER (CLOR)	0.31	N/A	N/A	0.31	N/A	N/A	0.31	N/A	N/A
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.31	N/A	N/A	0.30	N/A	N/A	0.34	N/A	N/A
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.84	N/A	N/A	0.91	N/A	N/A	0.90	N/A	N/A
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
6. GROSS TON MILE EXPENSES (GTM)	336.09	N/A	N/A	332.96	N/A	N/A	346.02	N/A	N/A
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	1.76	N/A	N/A	1.71	N/A	N/A	1.64	N/A	N/A
8. TRAIN MILE EXP FOR OTHER THAN CREW less Caboose Ownership(TM)	2.56	N/A	N/A	2.47	N/A	N/A	2.59	N/A	N/A
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	128.13	N/A	N/A	124.80	N/A	N/A	130.39	N/A	N/A
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	176.74	N/A	N/A	198.67	N/A	N/A	193.19	N/A	N/A
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	86.80	N/A	N/A	86.55	N/A	N/A	88.73	N/A	N/A
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.09	N/A	N/A	0.08	N/A	N/A	0.09	N/A	N/A
17. LOSS AND DAMAGE	0.50	N/A	N/A	0.46	N/A	N/A	0.50	N/A	N/A
18. A. JOINT FACILITY 4/	8.12	N/A	N/A	8.11	N/A	N/A	8.36	N/A	N/A
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
19. TOTAL VARIABLE COST/CARLOAD	\$750.77	N/A	N/A	\$765.84	N/A	N/A	\$781.56	N/A	N/A
20. TONS PER CAR	111.70	N/A	N/A	101.10	N/A	N/A	109.75	N/A	N/A
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.72	N/A	N/A	\$7.58	N/A	N/A	\$7.12	N/A	N/A
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	N/A	N/A	0.9934	N/A	N/A
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.68	N/A	N/A	\$7.53	N/A	N/A	\$7.07	N/A	N/A
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$12.02	N/A	N/A	\$13.55	N/A	N/A	\$12.73	N/A	N/A
25. RATE PER TON	\$18.04	N/A	N/A	\$18.04	N/A	N/A	\$18.04	N/A	N/A
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 ÷ LINE 23)	270%	N/A	N/A	240%	N/A	N/A	255%	N/A	N/A

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX F
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATE TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	46. Buckskin to Oklaunion - 2Q03			47. Jacobs Ranch to Oklaunion - 2Q03			48. Black Thunder to Oklaunion - 2Q03		
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) - (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) - (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) - (10)
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.47	N/A	N/A	\$8.47	N/A	N/A	\$8.47	N/A	N/A
2. CARLOAD HANDLING - OTHER (CLOR)	0.31	N/A	N/A	0.31	N/A	N/A	0.31	N/A	N/A
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.30	N/A	N/A	0.34	N/A	N/A	0.30	N/A	N/A
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.84	N/A	N/A	0.91	N/A	N/A	0.84	N/A	N/A
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
6. GROSS TON MILE EXPENSES (GTM)	341.60	N/A	N/A	323.83	N/A	N/A	327.54	N/A	N/A
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	2.89	N/A	N/A	2.44	N/A	N/A	1.58	N/A	N/A
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	2.42	N/A	N/A	2.58	N/A	N/A	2.34	N/A	N/A
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	119.29	N/A	N/A	131.60	N/A	N/A	119.63	N/A	N/A
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	2.05	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	2.56	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	184.80	N/A	N/A	190.85	N/A	N/A	180.02	N/A	N/A
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	86.32	N/A	N/A	85.22	N/A	N/A	85.24	N/A	N/A
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.08	N/A	N/A	0.09	N/A	N/A	0.08	N/A	N/A
17. LOSS AND DAMAGE	0.47	N/A	N/A	0.46	N/A	N/A	0.47	N/A	N/A
18. A. JOINT FACILITY 4/	8.16	N/A	N/A	8.02	N/A	N/A	8.05	N/A	N/A
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
19. TOTAL VARIABLE COST/CARLOAD	\$760.59	N/A	N/A	\$755.14	N/A	N/A	\$734.91	N/A	N/A
20. TONS PER CAR	104.70	N/A	N/A	102.50	N/A	N/A	103.50	N/A	N/A
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$7.26	N/A	N/A	\$7.37	N/A	N/A	\$7.10	N/A	N/A
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	N/A	N/A	0.9934	N/A	N/A
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$7.22	N/A	N/A	\$7.32	N/A	N/A	\$7.05	N/A	N/A
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$13.00	N/A	N/A	\$13.18	N/A	N/A	\$12.69	N/A	N/A
25. RATE PER TON	\$18.04	N/A	N/A	\$18.04	N/A	N/A	\$18.04	N/A	N/A
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	250%	N/A	N/A	246%	N/A	N/A	256%	N/A	N/A

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX F
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	49. N. Antelope to Oklaunion - 2Q03			50. N. Rochelle to Oklaunion - 2Q03			51. Belle Ave. to Oklaunion - 2Q03		
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) - (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) - (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) - (10)
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.47	N/A	N/A	\$8.47	N/A	N/A	\$8.47	N/A	N/A
2. CARLOAD HANDLING - OTHER (CLOR)	0.31	N/A	N/A	0.31	N/A	N/A	0.31	N/A	N/A
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.30	N/A	N/A	0.30	N/A	N/A	0.33	N/A	N/A
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.84	N/A	N/A	0.84	N/A	N/A	0.90	N/A	N/A
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
6. GROSS TON MILE EXPENSES (GTM)	318.70	N/A	N/A	324.42	N/A	N/A	332.38	N/A	N/A
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	2.62	N/A	N/A	1.51	N/A	N/A	1.36	N/A	N/A
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	2.27	N/A	N/A	2.29	N/A	N/A	2.57	N/A	N/A
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(O)) 4/	119.76	N/A	N/A	119.57	N/A	N/A	129.92	N/A	N/A
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	174.31	N/A	N/A	176.15	N/A	N/A	191.39	N/A	N/A
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	83.42	N/A	N/A	84.19	N/A	N/A	86.93	N/A	N/A
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.08	N/A	N/A	0.08	N/A	N/A	0.09	N/A	N/A
17. LOSS AND DAMAGE	0.47	N/A	N/A	0.47	N/A	N/A	0.47	N/A	N/A
18. A. JOINT FACILITY 4/	8.10	N/A	N/A	8.14	N/A	N/A	8.10	N/A	N/A
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
19. TOTAL VARIABLE COST/CARLOAD	\$719.68	N/A	N/A	\$726.78	N/A	N/A	\$763.26	N/A	N/A
20. TONS PER CAR	104.40	N/A	N/A	104.88	N/A	N/A	103.75	N/A	N/A
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.89	N/A	N/A	\$6.93	N/A	N/A	\$7.36	N/A	N/A
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	N/A	N/A	0.9934	N/A	N/A
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.85	N/A	N/A	\$6.88	N/A	N/A	\$7.31	N/A	N/A
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$12.33	N/A	N/A	\$12.38	N/A	N/A	\$13.16	N/A	N/A
25. RATE PER TON	\$18.04	N/A	N/A	\$18.04	N/A	N/A	\$18.04	N/A	N/A
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 ÷ LINE 23)	263%	N/A	N/A	262%	N/A	N/A	247%	N/A	N/A

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAHOMA STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATE TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	52. Dry Fork to Oklahoma - 2Q03				53. Fort Union to Oklahoma - 2Q03				54. Clovis Point to Oklahoma - 2Q03			
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)		AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) (7)		AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) (10)	
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.47	N/A	N/A		\$8.47	N/A	N/A		\$8.47	N/A	N/A	
2. CARLOAD HANDLING - OTHER (CLOR)	0.31	N/A	N/A		0.31	N/A	N/A		0.31	N/A	N/A	
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.31	N/A	N/A		0.31	N/A	N/A		0.31	N/A	N/A	
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.88	N/A	N/A		0.88	N/A	N/A		0.88	N/A	N/A	
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A		0.00	N/A	N/A		0.00	N/A	N/A	
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A		0.00	N/A	N/A		0.00	N/A	N/A	
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A		0.00	N/A	N/A		0.00	N/A	N/A	
6. GROSS TON MILE EXPENSES (GTM)	335.76	N/A	N/A		334.36	N/A	N/A		333.05	N/A	N/A	
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	1.53	N/A	N/A		1.50	N/A	N/A		1.72	N/A	N/A	
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	2.59	N/A	N/A		2.59	N/A	N/A		2.59	N/A	N/A	
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	128.08	N/A	N/A		128.29	N/A	N/A		128.61	N/A	N/A	
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	2.20	N/A	N/A		2.20	N/A	N/A		2.21	N/A	N/A	
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	2.75	N/A	N/A		2.76	N/A	N/A		2.76	N/A	N/A	
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	188.10	N/A	N/A		187.80	N/A	N/A		187.27	N/A	N/A	
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A		0.00	N/A	N/A		0.00	N/A	N/A	
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A		0.00	N/A	N/A		0.00	N/A	N/A	
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	86.31	N/A	N/A		86.16	N/A	N/A		85.97	N/A	N/A	
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A		0.00	N/A	N/A		0.00	N/A	N/A	
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.08	N/A	N/A		0.08	N/A	N/A		0.08	N/A	N/A	
17. LOSS AND DAMAGE	0.48	N/A	N/A		0.48	N/A	N/A		0.48	N/A	N/A	
18. A. JOINT FACILITY 4/	8.01	N/A	N/A		7.99	N/A	N/A		7.98	N/A	N/A	
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A		0.00	N/A	N/A		0.00	N/A	N/A	
19. TOTAL VARIABLE COST/CARLOAD	\$765.90	N/A	N/A		\$764.23	N/A	N/A		\$762.74	N/A	N/A	
20. TONS PER CAR	105.70	N/A	N/A		105.50	N/A	N/A		105.30	N/A	N/A	
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$7.25	N/A	N/A		\$7.24	N/A	N/A		\$7.24	N/A	N/A	
22. RFA - URC'S LINKING FACTOR	0.9934	N/A	N/A		0.9934	N/A	N/A		0.9934	N/A	N/A	
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$7.20	N/A	N/A		\$7.20	N/A	N/A		\$7.20	N/A	N/A	
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$12.96	N/A	N/A		\$12.96	N/A	N/A		\$12.96	N/A	N/A	
25. RATE PER TON	\$18.04	N/A	N/A		\$18.04	N/A	N/A		\$18.04	N/A	N/A	
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	251%	N/A	N/A		251%	N/A	N/A		251%	N/A	N/A	

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX F
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	55. Coal Creek to Oklaunion - 2Q03			56. Antelope to Oklaunion - 2Q03			57. Rochelle to Oklaunion - 2Q03		
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) - (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) - (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) - (10)
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.47	N/A	N/A	\$8.47	N/A	N/A	\$8.47	N/A	N/A
2. CARLOAD HANDLING - OTHER (CLOR)	0.31	N/A	N/A	0.31	N/A	N/A	0.31	N/A	N/A
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.34	N/A	N/A	0.30	N/A	N/A	0.34	N/A	N/A
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.90	N/A	N/A	0.84	N/A	N/A	0.90	N/A	N/A
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
6. GROSS TON MILE EXPENSES (GTM)	326.30	N/A	N/A	320.60	N/A	N/A	321.52	N/A	N/A
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	2.03	N/A	N/A	1.78	N/A	N/A	2.66	N/A	N/A
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	2.58	N/A	N/A	2.25	N/A	N/A	2.58	N/A	N/A
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	131.26	N/A	N/A	119.38	N/A	N/A	135.68	N/A	N/A
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	190.10	N/A	N/A	173.23	N/A	N/A	182.73	N/A	N/A
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	86.33	N/A	N/A	82.99	N/A	N/A	83.42	N/A	N/A
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.09	N/A	N/A	0.08	N/A	N/A	0.09	N/A	N/A
17. LOSS AND DAMAGE	0.46	N/A	N/A	0.48	N/A	N/A	0.45	N/A	N/A
18. A. JOINT FACILITY 4/	8.03	N/A	N/A	8.17	N/A	N/A	7.78	N/A	N/A
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
19. TOTAL VARIABLE COST/CARLOAD	\$757.24	N/A	N/A	\$718.91	N/A	N/A	\$746.96	N/A	N/A
20. TONS PER CAR	102.80	N/A	N/A	106.70	N/A	N/A	99.40	N/A	N/A
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$7.37	N/A	N/A	\$6.74	N/A	N/A	\$7.51	N/A	N/A
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	N/A	N/A	0.9934	N/A	N/A
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$7.32	N/A	N/A	\$6.69	N/A	N/A	\$7.47	N/A	N/A
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$13.18	N/A	N/A	\$12.04	N/A	N/A	\$13.45	N/A	N/A
25. RATE PER TON	\$18.04	N/A	N/A	\$18.04	N/A	N/A	\$18.04	N/A	N/A
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	246%	N/A	N/A	270%	N/A	N/A	241%	N/A	N/A

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX F
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	58. Eagle Butte to Oklaunion - 3Q03				59. N Antelope to Oklaunion - 3Q03				60. Buckskin to Oklaunion - 4Q03			
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) (10)			
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.47	N/A	N/A	\$8.47	N/A	N/A	\$8.47	N/A	N/A			
2. CARLOAD HANDLING - OTHER (CLOR)	0.31	N/A	N/A	0.31	N/A	N/A	0.31	N/A	N/A			
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.30	N/A	N/A	0.30	N/A	N/A	0.30	N/A	N/A			
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.86	N/A	N/A	0.84	N/A	N/A	0.82	N/A	N/A			
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
6. GROSS TON MILE EXPENSES (GTM)	338.82	N/A	N/A	316.69	N/A	N/A	334.36	N/A	N/A			
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	2.00	N/A	N/A	2.58	N/A	N/A	2.77	N/A	N/A			
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	2.43	N/A	N/A	2.27	N/A	N/A	1.73	N/A	N/A			
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	120.23	N/A	N/A	119.76	N/A	N/A	119.29	N/A	N/A			
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	2.04	N/A	N/A	0.00	N/A	N/A	2.03	N/A	N/A			
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	2.58	N/A	N/A	0.00	N/A	N/A	2.56	N/A	N/A			
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	184.22	N/A	N/A	172.58	N/A	N/A	173.27	N/A	N/A			
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	86.05	N/A	N/A	83.42	N/A	N/A	84.73	N/A	N/A			
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
17. LOSS AND DAMAGE	0.49	N/A	N/A	0.47	N/A	N/A	0.48	N/A	N/A			
18. A. JOINT FACILITY 4/	8.22	N/A	N/A	8.10	N/A	N/A	8.14	N/A	N/A			
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A			
19. TOTAL VARIABLE COST/CARLOAD	\$757.05	N/A	N/A	\$715.82	N/A	N/A	\$739.33	N/A	N/A			
20. TONS PER CAR	109.30	N/A	N/A	104.40	N/A	N/A	104.70	N/A	N/A			
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.93	N/A	N/A	\$6.86	N/A	N/A	\$7.06	N/A	N/A			
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	N/A	N/A	0.9934	N/A	N/A			
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.88	N/A	N/A	\$6.81	N/A	N/A	\$7.01	N/A	N/A			
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$12.38	N/A	N/A	\$12.26	N/A	N/A	\$12.62	N/A	N/A			
25. RATE PER TON	\$18.04	N/A	N/A	\$18.04	N/A	N/A	\$18.04	N/A	N/A			
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	262%	N/A	N/A	265%	N/A	N/A	257%	N/A	N/A			

N/A = Not applicable since not costed by BNSF.

1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R

2/ BNSF AEP OPEN PRG WITH AGREED T&O .123

3/ AEPTEX used System Average

4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

Item (1)	64. Antelope to Oklaunion - 4Q03			65. Eagle Butte to Oklaunion - 1Q04			66. Black Thunder to Oklaunion - 1Q04		
	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)	AEPTEX Reply 1/ (5)	BNSF Modified Open 2/ (6)	Col (6) less Col(5) (7)	AEPTEX Reply 1/ (8)	BNSF Modified Open 2/ (9)	Col (9) less Col(8) (10)
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.47	N/A	N/A	\$8.47	N/A	N/A	\$8.47	N/A	N/A
2. CARLOAD HANDLING - OTHER (CLOR)	0.31	N/A	N/A	0.32	N/A	N/A	0.32	N/A	N/A
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.29	N/A	N/A	0.30	N/A	N/A	0.30	N/A	N/A
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.84	N/A	N/A	0.87	N/A	N/A	0.87	N/A	N/A
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
6. GROSS TON MILE EXPENSES (GTM)	316.74	N/A	N/A	335.62	N/A	N/A	323.21	N/A	N/A
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	1.74	N/A	N/A	2.00	N/A	N/A	1.57	N/A	N/A
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	1.61	N/A	N/A	1.77	N/A	N/A	1.71	N/A	N/A
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	118.64	N/A	N/A	120.78	N/A	N/A	120.12	N/A	N/A
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	0.00	N/A	N/A	2.06	N/A	N/A	0.00	N/A	N/A
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	0.00	N/A	N/A	2.59	N/A	N/A	0.00	N/A	N/A
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	168.48	N/A	N/A	183.74	N/A	N/A	177.64	N/A	N/A
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	82.50	N/A	N/A	86.36	N/A	N/A	85.54	N/A	N/A
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
17. LOSS AND DAMAGE	0.55	N/A	N/A	0.50	N/A	N/A	0.47	N/A	N/A
18. A. JOINT FACILITY 4/	8.25	N/A	N/A	8.22	N/A	N/A	8.07	N/A	N/A
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A
19. TOTAL VARIABLE COST/CARLOAD	\$708.50	N/A	N/A	\$753.78	N/A	N/A	\$728.46	N/A	N/A
20. TONS PER CAR	121.50	N/A	N/A	107.60	N/A	N/A	102.90	N/A	N/A
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$5.83	N/A	N/A	\$7.01	N/A	N/A	\$7.08	N/A	N/A
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	0.9934	N/A	N/A	0.9934	N/A	N/A
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$5.79	N/A	N/A	\$6.96	N/A	N/A	\$7.03	N/A	N/A
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$10.42	N/A	N/A	\$12.53	N/A	N/A	\$12.65	N/A	N/A
25. RATE PER TON	\$18.04	N/A	N/A	\$18.83	N/A	N/A	\$18.83	N/A	N/A
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 + LINE 23)	312%	N/A	N/A	271%	N/A	N/A	268%	N/A	N/A

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

**COMPARISON OF RATES, VARIABLE COSTS AND RATE-TO-VARIABLE COST RATIOS FOR
AEP TEXAS COAL MOVEMENTS FROM PRB ORIGINS TO OKLAUNION STATION
AS PRESENTED IN AEP TEXAS'S REPLY AND BNSF'S OPENING (RESTATED TO INCORPORATE AGREED-UPON T&O) - 2Q00 - 1Q04**

67. Antelope to Oklahoma - 1Q04				
Item (1)	AEPTEX Reply 1/ (2)	BNSF Modified Open 2/ (3)	Col (3) less Col(2) (4)	
1. CARLOAD ORIGINATED OR TERMINATED - CLERICAL (CLOT)	\$8.47	N/A	N/A	N/A
2. CARLOAD HANDLING - OTHER (CLOR)	0.32	N/A	N/A	N/A
3. SWITCHING BY YARD LOCOMOTIVES (SEM) 4/	0.30	N/A	N/A	N/A
4. SWITCHING BY ROAD LOCOMOTIVES (SEM) ON NON-YARD TRACKS	0.85	N/A	N/A	N/A
5. A. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW & LOCO)	0.00	N/A	N/A	N/A
B. SWITCHING: RD LOCO (SEM) ON YD TRKS (EXCL CREW)	0.00	N/A	N/A	N/A
C. SWITCHING: RD LOCO (SEM) ON YD TRKS (INCL CREW & LOCO) 4/	0.00	N/A	N/A	N/A
6. GROSS TON MILE EXPENSES (GTM)	314.41	N/A	N/A	N/A
7. EXPENSES FOR LOOP TRACK MOVEMENTS (GTM & LUM) 4/	1.74	N/A	N/A	N/A
8. TRAIN MILE EXP for OTHER THAN CREW less Caboose Ownership(TM)	1.64	N/A	N/A	N/A
9. TRAIN MILE EXPENSE FOR T&E CREW (TM(C)) 4/	119.74	N/A	N/A	N/A
10. A. HELPER SERVICE - LUM EXPENSES (H-LRM) 4/	0.00	N/A	N/A	N/A
B. HELPER SERVICE - CREW EXPENSES (H-T&E) 4/	0.00	N/A	N/A	N/A
11. LOCOMOTIVE UNIT MILE EXPENSES (LRM)	170.71	N/A	N/A	N/A
12. LOCO OWNERSHIP 3/	0.00	N/A	N/A	N/A
13. USER RESPONSIBILITY for REPAIRS TO SHIPPER OWNED CARS	0.00	N/A	N/A	N/A
14. OPERATING EXPENSE OF CARRIER-OWNED CARS 4/	83.26	N/A	N/A	N/A
15. CAR OWNERSHIP EXP FOR RAILROAD-OWNED CARS 4/	0.00	N/A	N/A	N/A
16. EOTD/CABOOSE OWNERSHIP PER CAR 4/	0.00	N/A	N/A	N/A
17. LOSS AND DAMAGE	0.47	N/A	N/A	N/A
18. A. JOINT FACILITY 4/	8.14	N/A	N/A	N/A
B. OTHER ORIGIN/DESTINATION CHARGES	0.00	N/A	N/A	N/A
19. TOTAL VARIABLE COST/CARLOAD	\$710.23	N/A	N/A	N/A
20. TONS PER CAR	102.90	N/A	N/A	N/A
21. VARIABLE COST PER TON (LINE 19 DIVIDED BY LINE 20)	\$6.90	N/A	N/A	N/A
22. RFA - URCS LINKING FACTOR	0.9934	N/A	N/A	N/A
23. LINKED VARIABLE COST PER TON (LINE 21 * LINE 22)	\$6.86	N/A	N/A	N/A
24. JURISDICTIONAL VARIABLE COST PER TON (180% of Variable Cost)	\$12.35	N/A	N/A	N/A
25. RATE PER TON	\$18.83	N/A	N/A	N/A
26. RATIO OF REVENUE TO VARIABLE COST (LINE 25 ÷ LINE 23)	274%	N/A	N/A	N/A

N/A = Not applicable since not costed by BNSF.
1/ VC AEPTEX Reply 2000.123, VC AEPTEX Reply 2001.123, VC AEPTEX R
2/ BNSF AEP OPEN PRG WITH AGREED T&O .123
3/ AEPTEX used System Average
4/ BNSF used System Average

VARIABLE COST DIFFERENCES BY CAUSAL FACTOR - AEP TEXAS REPLY VS BNSF MODIFIED OPEN
Buckskin to Oklahoma Station - 300J

Service Category (1)	AEP Texas Reply 2001 (2)	BNSF Modified Open 2001 (3)	Difference Col 3-Col 2 (4)	Index (5)	Service Units (6)	URCS Unit Costs (7)	Life/Salv/ Depr (8)	Ratio (9)	Time (10)	Spare Margin (11)	Cars per Train (12)	Consist Add (14)	Other (15)	Total per Car (16)	Special Study Explanation (17)
1. Carload Originated or Terminated - Clerical	\$8.08	\$8.08	\$0.00	0.00	0.00	0.00	0.00				0.00			0.00	
2. Carload Handling - Other	0.47	0.47	0.00	0.00	0.00	0.00	0.00				0.00			0.00	
3. Switching by Yard Locomotives (SEM)															
a. Fuel	0.01	0.93	0.92	0.00	1.06	(0.14)								0.92	
b. Other	0.28	21.20	20.92	0.00	22.52	(1.60)								20.92	
4. Switching by Road Locomotives (SEM) - Non-Yard															
a. Fuel	0.14	0.00	(0.14)	0.00	(0.14)	0.00					0.00	0.00		(0.14)	
b. Other	0.65	0.00	(0.65)	0.00	(0.32)	0.00					(0.33)	0.00		(0.65)	Dep'l Ovhd
5. Switching by Road Locomotives (SEM) - Yard															
a. Fuel	0.00	0.05	0.05	0.00	0.41	(0.36)					0.00			0.05	
b. Other	0.00	1.71	1.71	0.00	3.68	(1.95)					(0.02)			1.71	
6. Gross Ton Mile Expenses (GTM)															
a. Fuel	75.34	75.34	(0.00)	0.00	(0.00)	0.00					0.00			(0.00)	
b. Fuel Overheads	33.63	33.63	(0.00)	0.00	(0.00)	0.00					0.00			(0.00)	
c. Maintenance of Way	47.72	71.12	23.40	0.00	1.08	0.00					22.32			23.40	MerW Study
d. Road Depreciation	26.75	54.41	27.66	0.00	0.60	0.00					27.06			27.66	Route Specific Study
e. Return on Road	43.44	144.43	100.99	0.00	0.98	3.28					96.73			100.99	Route Specific Study
f. Locomotive Repair	34.90	34.08	(0.82)	0.00	(0.00)	0.00					(0.82)			(0.82)	Loco Maint Study
g. Other Expense	14.85	14.85	0.00	0.00	0.00	0.00					0.00			0.00	
h. Other Depreciation	0.51	0.51	0.00	0.00	0.00	0.00					0.00			0.00	
i. Other ROI	1.77	1.81	0.04	0.00	(0.00)	0.04					0.00			0.04	
7. Loop Track Movements (GTM & LUM)															
a. Fuel	1.51	0.00	(1.51)	0.00	(1.51)	0.00					0.00			(1.51)	
b. Expense	1.25	0.00	(1.25)	0.00	(1.25)	0.00					0.00			(1.25)	
8. Train Mile Exp for Other Than Crew	2.81	4.98	2.17	0.00	(0.66)	2.23					0.00			2.17	
9. Train Mile Expense for T&E Crew (TM(C))	122.89	146.40	23.51	0.00	(1.61)	0.00		0.00			25.12			23.51	Wage Study
10. Helper Service															
a. LUM	5.37	0.00	(5.37)	0.00	(5.37)	0.00					0.00			(5.37)	
b. Wages	7.29	0.00	(7.29)	0.00	0.00	0.00					(7.29)			(7.29)	
11. LUM Expenses less Loco Ownership (LRM)															
a. Fuel	62.72	62.52	(0.20)	0.00	(0.20)	0.00					0.00			(0.20)	
b. Fuel Overheads	28.26	28.17	(0.09)	0.00	(0.09)	0.00					0.00			(0.09)	
c. Depreciation	0.42	0.42	0.00	0.00	0.00	0.00					0.00			0.00	
d. ROI	1.47	1.50	0.03	0.00	0.00	0.03					0.00			0.03	
e. Locomotive Repair	28.37	27.62	(0.75)	0.00	(0.09)	0.00					(0.66)			(0.75)	Loco Maint Study
f. Other LUM	11.99	11.95	(0.04)	0.00	(0.04)	0.00					0.00			(0.04)	
12. Locomotive Ownership/Car 1/															
a. Depreciation	50.30	79.41	29.11	0.00	(0.07)	0.00					29.18			29.11	Loco Cap Study
b. ROI	31.28	35.12	3.85	0.00	(0.05)	0.00					3.89			3.84	Loco Cap Study
13. Freight Car User Responsibility for Shipper Cars	0.00	0.00	0.00	0.00	0.00	0.00					0.00			0.00	
14. Operating Expense for RR Owned Cars	35.26	87.57	52.31	0.00	2.26	0.00					50.05			52.31	
15. Railroad Car Ownership															
a. Depreciation	31.85	34.45	2.60	0.00	2.60	0.00					0.00			2.60	
b. ROI	23.58	24.95	1.37	0.00	0.82	0.00					0.00			1.37	Frt Car Cap Study
16. Caboose & EOTD Ownership per Car 2/	0.10	0.16	0.06	0.00	0.00	0.00					0.54			0.06	EOTD Spcl Study
17. Loss and Damage	0.49	0.00	(0.49)	0.00	0.00	0.00					\$0.06			(0.00)	Actual L&D Experience
18. Joint Facility, Switch or Delivery Charge	7.81	0.00	(7.81)	0.00	0.00	0.00					(7.81)			(7.81)	Facility Study
19. Total Variable Cost/Cardload (Sum Ls 1-18)	\$743.58	\$1,008.33	\$264.75												
20. Tons / Car	108.10	108.10	0.00	0.00	0.00	0.00					238.02	0.00	0.00	264.74	
21. Variable Cost Per Ton (L 19 ÷ L 20)	\$6.88	\$9.33	\$2.45	0.00	25.20	1.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
22. VC Per Ton with Linking (L 21 x 0.9934) 3/	\$6.83	\$9.33	\$2.50	0.00%	9.5%	0.6%	0.0%	0.0%	0.0%	0.0%	89.9%	0.0%	0.0%	100.0%	
23. Percent of total Difference															

Note: Totals may differ due to rounding.

1/ For ease of comparison, includes system average GTM and LUM loco depreciation and return costed by AEP Texas.

2/ For comparison, includes system average TM caboose/EOTD depreciation and return costed by BNSF.

3/ BNSF did not utilize the URCS linking factor.

VARIABLE COST DIFFERENCES BY CAUSAL FACTOR - AEP TEXAS REPLY VS BNSF MODIFIED OPEN
Backskin to Oklahoma Station - 4001

AEP Texas Reply 4001 (2)	BNSF Modified Open 4001 (3)	Difference Col 3-Col 2 (4)	Service Category (1)	Factors Causing Differences										Total per Car (16)	Special Study Explanation (17)	
				Index (5)	Service Units (6)	URCS Unit Costs (7)	Life/Salv/ Depr (8)	Ratio (9)	Time (10)	Spare Margin (11)	Sp'd Sldy (12)	Cars per Train (13)	Consist Add (14)			Other (15)
1. Carload Originated or Terminated - Clerical	\$7.98	\$0.00		0.00	0.00	0.00									0.00	
2. Carload Handling - Other	0.46	0.00		0.00											0.00	
3. Switching by Yard Locomotives (SEM)																
a. Fuel	0.01	0.87		0.00	1.00	(0.13)									0.87	
b. Other	0.28	21.00		0.00	22.29	(1.58)									20.71	
4. Switching by Road Locomotives (SEM) - Non-Yard																
a. Fuel	0.14	0.00		(0.00)	(0.14)	0.00					0.00		0.00		(0.14)	
b. Other	0.67	0.00		(0.00)	(0.33)	0.00					(0.34)		0.00		(0.67)	Dep'l Ovhd
5. Switching by Road Locomotives (SEM) - Yard																
a. Fuel	0.00	0.05		0.00	0.41	(0.36)					0.00				0.05	
b. Other	0.00	1.79		0.00	3.78	(1.97)					(0.02)				1.79	
6. Gross Ton Mile Expenses (GTM)																
a. Fuel	70.81	0.00		0.00	(0.00)	0.00					0.00				(0.00)	
b. Fuel Overheads	33.13	0.00		0.00	(0.00)	0.00					0.00				(0.00)	
c. Maintenance of Way	47.01	70.06		0.00	1.06	0.00					21.99				23.05	MofW Study
d. Road Depreciation	26.35	53.59		0.00	0.60	0.00					26.65				27.25	Route Specific Study
e. Return on Road	43.35	144.14		0.00	0.98	3.27					96.54				100.79	Route Specific Study
f. Locomotive Repair	34.38	33.57		(0.81)	(0.00)	0.00					(0.81)				(0.81)	Loco Maint Study
g. Other Expense	14.63	14.63		0.00	0.00	0.00					0.00				0.00	
h. Other Depreciation	0.50	0.49		(0.00)	(0.00)	0.00					0.00				(0.00)	
i. Other ROI	1.77	1.81		0.00	0.00	0.04					0.00				0.04	
7. Loop Track Movements (GTM & LUM)																
a. Fuel	1.47	0.00		(1.47)	0.00	(1.47)	0.00				0.00				(1.47)	
b. Expense	1.27	0.00		(1.27)	0.00	(1.27)	0.00				0.00				(1.27)	
8. Train Mile Exp for Other Than Crew	2.76	4.88		0.00	(0.06)	2.18					0.00				2.12	
9. Train Mile Expense for T&E Crew (TM(C))	122.28	143.73		0.00	(1.58)	0.00		0.00			23.04				21.46	Wage Study
10. Helper Service																
a. LUM	5.18	0.00		(5.18)	0.00	(5.18)	0.00				0.00				(5.18)	
b. Wages	7.26	0.00		(7.26)	0.00	0.00	0.00				(7.26)				(7.26)	
11. LUM Expenses less Loco Ownership (LRM)																
a. Fuel	62.82	62.83		0.00	0.00	0.00	0.00				0.00				0.00	
b. Fuel Overheads	29.67	29.67		0.00	0.00	0.00	0.00				0.00				0.00	
c. Depreciation	0.44	0.44		0.00	0.00	0.00	0.00				0.00				0.00	
d. ROI	1.57	1.60		0.03	0.00	0.03	0.03				0.00				0.03	
e. Locomotive Repair	29.79	29.08		(0.70)	0.00	0.00	0.00				(0.70)				(0.70)	Loco Maint Study
f. Other LUM	12.58	12.58		0.00	0.00	0.00	0.00				0.00				0.00	
12. Locomotive Ownership/Car 1/																
a. Depreciation	51.03	79.77		0.00	0.01	0.00	0.00				28.73				28.74	Loco Cap Study
b. ROI	32.14	41.65		0.00	0.01	0.00	0.00				9.50				9.51	Loco Cap Study
13. Freight Car User Responsibility for Shipper Cars	0.00	0.00		0.00	0.00	0.00	0.00				0.00				0.00	
14. Operating Expense for RR Owned Cars	34.63	86.42		0.00	2.99	0.00	0.00				48.80				51.79	
15. Railroad Car Ownership																
a. Depreciation	30.59	34.00		0.00	3.40	0.00	0.00				0.00				3.40	Frt Car Cap Study
b. ROI	23.31	24.94		0.00	1.10	0.00	0.00				0.54				1.64	EOTD Sp'd Study
16. Caboose & EOTD Ownership per Car 2/	0.10	0.16		0.06	0.00	0.00	0.00				\$0.06				0.06	Actual L&D Experience
17. Loss and Damage	0.48	0.48		0.00	0.00	0.00	0.00				0.01				0.01	
18. Joint Facility, Switch or Delivery Charge	7.83	0.00		(7.83)	0.00	0.00	0.00				(7.83)				(7.83)	It Facility Study
19. Total Variable Cost/Carload (Sum Ls 1-18)	\$738.65	\$1,006.64														
20. Tons / Car	109.20	109.20														
21. Variable Cost Per Ton (L 19 + L 20)	\$6.76	\$9.22		0.00	27.61	1.48	0.00	0.00	0.00	0.00	238.90	0.00	0.00	0.00	267.99	
22. VC Per Ton with Linking (L21 x 0.9934) 3/	\$6.72	\$9.22		0.0%	10.3%	0.6%	0.0%	0.0%	0.0%	0.0%	89.1%	0.0%	0.0%	0.0%	100.0%	
23. Percent of total Difference																

Note: Totals may differ due to rounding.
1/ For ease of comparison, includes system average GTM and LUM loco depreciation and return costed by AEP Texas.
2/ For comparison, includes system average TM caboose/EOTD depreciation and return costed by BNSF.
3/ BNSF did not utilize the URCS linking factor.

VARIABLE COST DIFFERENCES BY CAUSAL FACTOR - AEP TEXAS REPLY VS BNSF MODIFIED OPEN
Jacobs Ranch to Oklahoma Station - 4001

Service Category (1)	AEP Texas Reply 4001 (2)	BNSF Modified Open 4001 (3)	Difference Col 3-Col 2 (4)	Factors Causing Differences							Cars per			Special Study Explanation (17)	
				Service Units Index (5) (6)	URCS Unit Costs (7)	Life/Salv/ Dep'r (8) (9)	Ratio (10)	Cycle Time (11)	Spare Margin (12)	Special Study (13)	Train (14)	Consist Add'l (15)	Other (16)		Total per Car (17)
1. Carload Originated or Terminated - Clerical	\$7.98	\$7.98	\$0.00	0.00	0.00	0.00					0.00			0.00	
2. Carload Handling - Other	0.46	0.46	0.00	0.00	0.00	0.00					0.00			0.00	
3. Switching by Yard Locomotives (SEM)															
a. Fuel	0.01	0.87	0.87	0.00	1.00	(0.13)								0.87	
b. Other	0.28	21.00	20.71	0.00	22.29	(1.58)								20.71	
4. Switching by Road Locomotives (SEM) - Non-Yard															
a. Fuel	0.13	0.00	(0.13)	(0.00)	(0.13)	0.00					0.00		0.00	(0.13)	
b. Other	0.64	0.00	(0.64)	0.00	(0.32)	0.00					(0.32)		0.00	(0.64)	Dep'l Ovhd
5. Switching by Road Locomotives (SEM) - Yard															
a. Fuel	0.00	0.05	0.05	0.00	0.39	(0.34)					0.00			0.05	
b. Other	0.00	1.72	1.72	0.00	3.68	(1.94)					(0.02)			1.72	
6. Gross Ton Mile Expenses (GTM)															
a. Fuel	69.38	69.38	0.00	0.00	0.00	0.00					0.00			0.00	
b. Fuel Overheads	32.46	32.47	0.00	0.00	0.00	0.00					0.00			0.00	
c. Maintenance of Way	46.93	68.65	21.72	0.00	1.09	0.00					20.63			21.72	MotW Study
d. Road Depreciation	26.23	52.51	26.28	0.00	0.61	0.00					25.67			26.28	Route Specific Study
e. Return on Road	43.95	141.23	97.28	0.00	1.02	3.20					93.06			97.28	Route Specific Study
f. Locomotive Repair	33.69	32.90	(0.79)	0.00	0.00	0.00					(0.79)			(0.79)	Loco Maint Study
g. Other Expense	14.33	14.33	0.00	0.00	0.00	0.00					0.00			0.00	
h. Other Depreciation	0.49	0.48	(0.00)	0.00	(0.00)	0.00					0.00			(0.00)	
i. Other ROI	1.73	1.77	0.04	0.00	(0.00)	0.04					0.00			0.04	
7. Loop Track Movements (GTM & LUM)															
a. Fuel	1.19	0.00	(1.19)	0.00	(1.19)	0.00					0.00			(1.19)	
b. Expense	1.03	0.00	(1.03)	0.00	(1.03)	0.00					0.00			0.00	
8. Train Mile Exp for Other Than Crew	2.70	4.78	2.08	0.00	(0.04)	2.12					0.00			2.08	
9. Train Mile Expense for T&E Crew (TM/C)	115.41	140.83	25.41	0.00	(1.32)	0.00		0.00			26.74	0.00		25.42	Wage Study
10. Helper Service															
a. LUM	3.28	0.00	(3.28)	0.00	(3.28)	0.00					0.00			(3.28)	
b. Wages	5.50	0.00	(5.50)	0.00	0.00	0.00					(5.50)			(5.50)	
11. LUM Expenses less Loco Ownership (LRM)															
a. Fuel	58.14	58.14	0.00	0.00	0.00	0.00					0.00			0.00	
b. Fuel Overheads	27.46	27.46	0.00	0.00	0.00	0.00					0.00			0.00	
c. Depreciation	0.40	0.40	0.00	0.00	0.00	0.00					0.00			0.00	
d. ROI	1.45	1.48	0.03	0.00	0.00	0.03					0.00			0.03	
e. Locomotive Repair	27.57	26.92	(0.65)	0.00	0.00	0.00					(0.65)			0.00	Loco Maint Study
f. Other LUM	11.65	11.65	0.00	0.00	0.00	0.00					0.00			0.00	
12. Locomotive Ownership/Car 1/															
a. Depreciation	48.70	74.37	25.68	0.00	(0.00)	0.00		0.00	0.00	0.00	25.69	0.00		25.68	Loco Cap Study
b. ROI	30.68	38.83	8.15	0.00	(0.00)	0.00		0.00	0.00	0.00	8.15	0.00		8.15	Loco Cap Study
13. Freight Car User Responsibility for Shipper Cars	0.00	0.00	0.00	0.00	0.00	0.00									
14. Operating Expense for RR Owned Cars	33.76	84.50	50.74	0.00	3.00	0.00					47.74			50.74	
15. Railroad Car Ownership															
a. Depreciation	30.17	33.46	3.29	0.00	3.29	0.00		0.00	0.00	0.00	0.00			3.29	Frt Car Cap Study
b. ROI	22.80	24.42	1.61	0.00	1.09	0.00		0.00	0.00	0.00	0.53			1.61	EOTD Spd Study
16. Caboose & EOTD Ownership per Car 2/	0.10	0.16	0.06	0.00	0.00	0.00					\$0.06			0.06	Actual L&D Experience
17. Loss and Damage	0.48	0.48	0.00	0.00	0.00	0.00					(0.00)			(0.00)	Jt Facility Study
18. Joint Facility, Switch or Delivery Charge	7.86	0.00	(7.86)	0.00	0.00	0.00					(7.86)			(7.86)	
19. Total Variable Cost/Carload (Sum Ls 1-18)	\$709.02	\$973.70	\$264.68												
20. Tons / Car	107.90	107.90	0.00												
21. Variable Cost Per Ton (L 19 + L 20)	\$6.57	\$9.02	\$2.45	(0.00)	30.16	1.40	0.00	0.00	0.00	0.00	233.13	0.00	0.00	264.69	
22. VC Per Ton with Linking (L21 x 0.9934) 3/	\$6.53	\$9.02	\$2.49	-0.00%	11.4%	0.5%	0.0%	0.0%	0.0%	0.0%	88.1%	0.0%	0.0%	100.0%	
23. Percent of total Difference															

Note: Totals may differ due to rounding.
1/ For ease of comparison, includes system average GTM and LUM loco depreciation and return costed by AEP Texas.
2/ For comparison, includes system average TM caboose/EOTD depreciation and return costed by BNSF.

3/ BNSF did not utilize the URCS linking factor.

BNSF

VARIABLE COST DIFFERENCES BY CAUSAL FACTOR - AEP TEXAS REPLY VS BNSF MODIFIED OPEN
Jacobs Ranch to Oklahoma Station - IO02

Service Category (1)	AEP Texas Reply IO02 (2)	BNSF		Factors Causing Differences										Total		Special Study Explanation (17)
		Modified Open IO02 (3)	Difference Col 3-Col 2 (4)	Index (5)	Service Units (6)	URCS Unit Costs (7)	Life/Salv/ Dep't (8)	Markup Ratio (9)	Cycle Time (10)	Spare Margin (11)	Spcl Study (12)	Cars per Train (13)	Const Adj (14)	Other (15)	per Car (16)	
1. Carload Originated or Terminated - Clerical	\$10.18	\$10.18	\$0.00	0.00	0.00	0.00	0.00				0.00				0.00	
2. Carload Handling - Other	0.35	0.35	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
3. Switching by Yard Locomotives (SEM)																
a. Fuel	0.01	0.82	0.81	0.00	0.84	(0.04)									0.81	
b. Other	0.28	23.91	23.63	0.00	20.96	2.67									23.63	
4. Switching by Road Locos (SEM) - Non-Yard																
a. Fuel	0.12	0.00	(0.12)	0.00	(0.12)	0.00					0.00				(0.12)	
b. Other	0.60	0.00	(0.60)	0.00	(0.29)	0.00					(0.30)				(0.60)	
5. Switching by Road Locos (SEM) - Yard																
a. Fuel	0.00	0.31	0.31	0.00	0.31	0.00					0.00				0.31	
b. Other	0.00	3.34	3.34	0.00	3.31	0.14					(0.11)				3.34	
6. Gross Ton Mile Expenses (GTM)																
a. Fuel	57.29	57.29	0.00	0.00	0.00	0.00					0.00				0.00	
b. Fuel Overheads	29.87	29.87	(0.00)	0.00	(0.00)	0.00					0.00				(0.00)	
c. Maintenance of Way	46.36	66.35	19.99	0.00	1.09	(0.01)					18.91				19.99	
d. Road Depreciation	26.40	36.10	9.70	0.00	0.62	0.00					29.08				29.70	
e. Return on Road	45.44	145.22	99.78	0.00	1.06	2.15					96.57				99.78	
f. Locomotive Repair	26.93	33.22	6.29	0.00	(0.00)	0.00					6.29				6.29	
g. Other Expense	14.56	15.01	0.45	0.00	0.00	0.00					0.45				0.45	
h. Other Depreciation	0.54	0.54	(0.00)	0.00	(0.00)	0.00					0.00				(0.00)	
i. Other ROI	1.79	1.82	0.03	0.00	(0.00)	0.03					0.00				0.03	
7. Loop Track Movements (GTM & LUM)																
a. Fuel	1.00	0.00	(1.00)	0.00	(1.00)	0.00					0.00				(1.00)	
b. Expense	0.90	0.00	(0.90)	0.00	(0.90)	0.00					0.00				(0.90)	
8. Train Mile Exp for Other Than Crew	2.84	4.78	1.94	0.00	(0.05)	1.99					1.94				1.94	
9. Train Mile Expense for T&E Crew (TM(C))	122.34	143.00	20.66	0.00	(1.34)	(0.01)		0.00			22.01				20.66	
10. Helper Service																
a. LUM	2.92	0.00	(2.92)	0.00	(2.92)	0.00					0.00				(2.92)	
b. Wages	5.59	0.00	(5.59)	0.00	0.00	(0.00)					(5.59)				(5.59)	
11. LUM Expenses less Loco Ownership (LRM)																
a. Fuel	49.53	49.53	0.00	0.00	0.00	0.00					0.00				0.00	
b. Fuel Overheads	26.04	26.04	(0.00)	0.00	(0.00)	0.00					0.00				(0.00)	
c. Depreciation	0.47	0.47	0.00	0.00	0.00	0.00					0.00				0.00	
d. ROI	1.55	1.58	0.03	0.00	0.00	0.03					0.03				0.03	
e. Locomotive Repair	22.86	28.20	5.34	0.00	0.00	0.00					5.72				5.72	
f. Other LUM	12.25	12.64	0.39	0.00	0.00	0.00					0.01				0.00	
12. Locomotive Ownership/Car 1/																
a. Depreciation	48.79	71.93	23.14	0.00	(0.00)	0.00					23.14				23.14	
b. ROI	31.94	42.35	10.41	0.00	0.00	0.00					10.41				10.41	
13. Freight Car User Responsibility for Shipper Cars	0.00	0.00	0.00	0.00	0.00	0.00					0.00				0.00	
14. Operating Expense for RR Owned Cars	29.74	93.75	64.02	0.00	4.29	0.00					59.73				64.02	
15. Railroad Car Ownership																
a. Depreciation	25.56	29.31	3.75	0.00	3.77	0.00					0.00				3.75	
b. ROI	24.00	25.81	1.81	0.00	1.49	0.00					0.31				1.81	
16. Caboose & EOTD Ownership per Car 2/	0.10	0.18	0.08	0.00	0.00	0.00					\$0.08				0.08	
17. Loss and Damage	0.49	0.49	(0.00)	0.00	0.00	0.00					(0.00)				(0.00)	
18. Joint Facility, Switch or Delivery Charge	7.83	0.00	(7.83)	0.00	0.00	0.00					(7.83)				(7.83)	
19. Total Variable Cost/Carload (Sum Ls 1-18)	\$677.66	\$974.59	\$296.92													
20. Tons / Car	108.60	108.60	0.00	0.01	31.10	6.95	0.00	0.00	0.00	0.00	258.85	0.00	0.00	0.00	296.91	
21. Variable Cost Per Ton (L 19 ÷ L 20)	\$6.24	\$8.97	\$2.73	0.0%	10.5%	2.3%	0.0%	0.0%	0.0%	0.0%	87.2%	0.0%	0.0%	0.0%	100.0%	
22. VC Per Ton with Linking (L21 x 0.9934) 3/	\$6.20	\$8.97	\$2.77													
23. Percent of total Difference																

Note: Totals may differ due to rounding.
1/ For ease of comparison, includes system average GTM and LUM loco depreciation and return costed by AEP Texas.
2/ For comparison, includes system average TM caboose/EOTD depreciation and return costed by BNSF.
3/ BNSF did not utilize the URCS linking factor.

**VARIABLE COST DIFFERENCES BY CAUSAL FACTOR - AEP TEXAS REPLY VS BNSF MODIFIED OPEN
Black Thunder to Oklahoma Station - 2002**

Service Category (1)	AEP Texas Reply 2002 (2)	BNSF Modified Open 2002 (3)	Difference Col.3-Col.2 (4)	Factors Causing Differences							Cars per Train			Total per Car (16)	Special Study Explanation (17)
				Index (5)	Service Units (6)	URCS Unit Costs (7)	Life/Salv/ Depr. Costs (8)	Markup Ratio (9)	Cycle Time (10)	Spare Margin (11)	Spec. Study (12)	Const. Adj. (14)	Other (15)		
1. Carload Originated or Terminated - Clerical	\$10.25	\$10.25	\$0.00	0.00	0.00	0.00	0.00				0.00			0.00	
2. Carload Handling - Other	0.35		0.35	0.00	0.00									0.00	
3. Switching by Yard Locomotives (SEM)															
a. Fuel	0.01	0.92	0.91	0.00	0.95	(0.04)								0.91	
b. Other	0.28	24.02	23.74	0.00	21.05	2.69								23.74	
4. Switching by Road Locomotives (SEM) - Non-Yard															
a. Fuel	0.15	0.00	(0.15)	0.00	(0.15)	0.00					0.00	0.00		(0.15)	
b. Other	0.66	0.00	(0.66)	0.00	(0.31)	0.00					(0.35)	0.00		(0.66)	Depl Ovhd
5. Switching by Road Locomotives (SEM) - Yard															
a. Fuel	0.00	0.39	0.39	0.00	0.40	(0.01)					0.00			0.39	
b. Other	0.00	3.56	3.56	0.00	3.55	0.14					(0.13)			3.56	
6. Gross Ton Mile Expenses (GTM)															
a. Fuel	65.14	65.14	0.00	0.00	0.00	0.00					0.00			0.00	
b. Fuel Overheads	30.39	30.38	(0.01)	0.00	0.00	(0.01)					0.00			(0.01)	
c. Maintenance of Way	47.25	67.69	20.44	0.00	1.11	0.00					19.32			20.44	MoTW Study
d. Road Depreciation	26.82	57.07	30.25	0.00	0.65	0.00					29.61			30.25	Route Specific Study
e. Return on Road	45.90	146.81	100.91	0.00	1.08	2.17					97.66			100.91	Route Specific Study
f. Locomotive Repair	27.40	33.80	6.40	0.00	(0.00)	0.00					6.40			6.40	Loco Maint Study
g. Other Expense	14.81	15.27	0.46	0.00	0.00	0.00					0.46			0.46	Spec Study Ovhd Adj
h. Other Depreciation	0.55	0.55	0.00	0.00	0.00	0.00					0.00			0.00	
i. Other ROI	1.81	1.84	0.03	0.00	0.00	0.03					0.00			0.03	
7. Loop Track Movements (GTM & LUM)															
a. Fuel	0.80	0.00	(0.80)	0.00	(0.80)	0.00					0.00			(0.80)	
b. Expense	0.64	0.00	(0.64)	0.00	(0.64)	0.00					0.00			(0.64)	
8. Train Mile Exp for Other Than Crew															
9. Train Mile Expense for T&E Crew (TM(C))															
10. Helper Service	121.40	142.32	20.92	0.00	(0.92)	0.00		0.00			21.85			20.92	Wage Study
a. LUM	0.00	0.00	0.00	0.00	0.00	0.00					0.00			0.00	
b. Wages	0.00	0.00	0.00	0.00	0.00	0.00					0.00			0.00	
11. LUM Expenses less Loco Ownership (LRM)															
a. Fuel	62.30	62.30	0.00	0.00	0.00	0.00					0.00			0.00	
b. Fuel Overheads	29.31	29.31	0.00	0.00	0.00	(0.00)					0.00			0.00	
c. Depreciation	0.53	0.53	0.00	0.00	0.00	0.00					0.00			0.00	
d. ROI	1.73	1.76	0.03	0.00	0.01	0.02					0.00			0.03	
e. Locomotive Repair	25.73	31.74	6.01	0.00	0.00	0.00					6.43			6.43	Loco Maint Study
f. Other LUM	13.79	14.22	0.43	0.00	0.00	0.00					0.00			0.00	
12. Locomotive Ownership/Car 1/															
a. Depreciation	52.07	75.74	23.67	0.00	(0.00)	0.00					23.68			23.68	Loco Cap Study
b. ROI	33.88	61.03	27.15	0.00	0.00	0.00					27.15			27.15	Loco Cap Study
13. Freight Car User Responsibility for Shipper Cars															
14. Operating Expense for RR Owned Cars															
15. Railroad Car Ownership	29.60	94.08	64.48	0.00	5.43	0.00					59.04			64.48	
a. Depreciation	24.84	29.43	4.59	0.00	4.60	0.00					(0.01)			4.59	Frt Car Cap Study
b. ROI	23.58	25.74	2.16	0.00	1.86	0.00					0.31			2.16	Frt Car Cap Study
16. Caboose & EOTD Ownership per Car 2/															
17. Loss and Damage	0.08	0.17	0.09	0.00	0.00	0.00					\$0.09			0.09	EOTD Spec Study
18. Joint Facility Switch or Delivery Charge	0.48	0.48	0.00	0.00	0.00	0.00					(0.00)			(0.00)	Actual L&D Experience
19. Total Variable Cost/Carload (Sum Ls 1-18)	7.99	0.00	(7.99)	0.00	0.00	0.00					(7.99)			(7.99)	Jt Facility Study
20. Tons / Car	\$703.32	\$1,031.64	\$328.32												
21. Variable Cost Per Ton (L 19 ÷ L 20)	106.30	106.30	0.00	0.01	37.83	6.95	0.00	0.00	0.00	0.00	283.53	0.00	0.00	328.32	
22. VC Per Ton with Linking (L21 x 0.9934) 3/	\$6.62	\$9.70	\$3.08	0.00%	11.5%	2.1%	0.00%	0.00%	0.00%	0.00%	86.4%	0.00%	0.00%	100.0%	
23. Percent of total Difference	\$6.58	\$9.70	\$3.12												

Note: Totals may differ due to rounding.

1/ For ease of comparison, includes system average GTM and LUM loco depreciation and return costed by AEP Texas.

2/ For comparison, includes system average TM caboose/EOTD depreciation and return costed by BNSF.

3/ BNSF did not utilize the URCS linking factor.

VARIABLE COST DIFFERENCES BY CAUSAL FACTOR - AEP TEXAS REPLY VS BNSF MODIFIED OPEN
Black Thunder to Oklaunion Station - 3Q02

Service Category (1)	AEP Texas Reply 3Q02 (2)	BNSF Modified Open 3Q02 (3)	Difference Col 3-Col 2 (4)	Factors Causing Differences										Total		Special Study Explanation (17)
				Index (5)	Service Units (6)	URCS Unit Costs (7)	Life/Salv Degr (8)	Markup Ratio (9)	Cycle Time (10)	Spare Margin (11)	Spd/Sldy (12)	Train (13)	Const Adj (14)	Other (15)	per Car (16)	
1. Carload Originated or Terminated - Clerical	\$10.29	\$10.29	\$0.00		0.00	0.00	0.00				0.00				0.00	
2. Carload Handling - Other	0.35	0.35	0.00		0.00										0.00	
3. Switching by Yard Locomotives (SEM)																
a. Fuel	0.01	0.93	0.92	0.00	0.96	(0.04)									0.92	
b. Other	0.28	24.10	23.82	0.00	21.12	2.70									23.82	
4. Switching by Road Locos (SEM) - Non-Yard																
a. Fuel	0.15	0.00	(0.15)	(0.00)	(0.15)	0.00					0.00		0.00		(0.15)	
b. Other	0.68	0.00	(0.68)	0.00	(0.32)	0.00					(0.36)		0.00		(0.68)	Dep'l Ovhd
5. Switching by Road Locos (SEM) - Yard																
a. Fuel	0.00	0.41	0.41	0.00	0.41	0.00					0.00				0.41	
b. Other	0.00	3.62	3.62	0.00	3.61	0.14					(0.14)				3.61	
6. Gross Ton Mile Expenses (GTM)																
a. Fuel	65.76	65.76	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
b. Fuel Overheads	30.48	30.48	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
c. Maintenance of Way	47.40	67.90	20.50	0.00	1.11	(0.01)					19.40				20.50	MofW Study
d. Road Depreciation	26.90	37.23	10.33	0.00	0.63	0.00					29.71				30.33	Route Specific Study
e. Return on Road	45.83	146.60	100.77	0.00	1.08	2.17					97.52				100.77	Route Specific Study
f. Locomotive Repair	27.48	33.90	6.42	0.00	0.00	0.00					6.42				6.42	Loco Maint Study
g. Other Expense	14.86	15.31	0.45	0.00	0.00	0.00	(0.01)				0.46				0.45	Spcl Study Ovhd Adj
h. Other Depreciation	0.55	0.55	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
i. Other ROI	1.81	1.84	0.03	0.00	0.00	0.03					0.00				0.03	
7. Loop Track Movements (GTM & LUM)																
a. Fuel	0.82	0.00	(0.82)	0.00	(0.82)	0.00					0.00				(0.82)	
b. Expense	0.66	0.00	(0.66)	0.00	(0.66)	0.00					0.00				(0.66)	
8. Train Mile Exp for Other Than Crew	2.86	4.84	1.98	0.00	(0.03)	2.01					0.00				1.98	
9. Train Mile Expense for T&E Crew (TM(C))	120.26	144.28	24.02	0.00	(0.93)	(0.01)		0.00			24.96	0.00			24.02	Wage Study
10. Helper Service																
a. LUM	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
b. Wages	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
11. LUM Expenses less Loco Ownership (LRM)																
a. Fuel	65.40	65.40	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
b. Fuel Overheads	30.57	30.57	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
c. Depreciation	0.55	0.55	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
d. ROI	1.80	1.83	0.03	0.00	0.00	0.03					0.03				0.03	
e. Locomotive Repair	26.84	33.10	6.26	0.00	0.00	0.00	(0.01)				6.71				6.70	Loco Maint Study
f. Other LUM	14.39	14.83	0.44	0.00	0.00	0.00					0.00				0.00	
12. Locomotive Ownership/Car 1/																
a. Depreciation	53.25	77.72	24.47	0.00	(0.00)	0.00	0.00				24.48	0.00			24.48	Loco Cap Study
b. ROI	34.49	67.69	33.20	0.00	0.00	0.00	0.00				33.20	0.00			33.20	Loco Cap Study
13. Freight Car User Responsibility for Shipper Cars	0.00	0.00	0.00	0.00	0.00	0.00	0.00								0.00	
14. Operating Expense for RR Owned Cars	29.73	94.62	64.90	0.00	5.75						59.15				64.90	
15. Railroad Car Ownership																
a. Depreciation	24.72	29.59	4.88	0.00	4.89	0.00	0.00				(0.01)				4.88	Frt Car Cap Study
b. ROI	23.51	25.77	2.26	0.00	1.96	0.00	0.00				0.31				2.26	Frt Car Cap Study
16. Caboose & EOTD Ownership per Car 2/	0.08	0.18	0.10	0.00	0.00	0.00	0.00				\$0.10				0.10	EOTD Spcl Study
17. Joint Facility, Switch or Delivery Charge	0.48	0.48	0.00	0.00	0.00						0.00				0.00	Actual L&D Experience
18. Loss and Damage	7.89	0.00	(7.89)								(7.89)				(7.89)	Jt Facility Study
19. Total Variable Cost/Carload (Sum Ls 1-18)	\$711.14	\$1,050.72	\$339.58													
20. Tons / Car	106.60	106.60														
21. Variable Cost Per Ton (L 19 ÷ L 20)	\$6.67	\$9.86														
22. VC Per Ton with Linking (L21 x 0.9934) 3/	\$6.63	\$9.86														
23. Percent of total Difference																
				(0.00)	38.58	6.99	0.00	0.00	0.00	0.00	294.01	0.00	0.00	0.00	339.58	
				-0.0%	11.4%	2.1%	0.0%	0.0%	0.0%	0.0%	86.6%	0.0%	0.0%	0.0%	100.0%	

Note: Totals may differ due to rounding.

1/ For ease of comparison, includes system average GTM and LUM loco depreciation and return costed by AEP Texas.

2/ For comparison, includes system average TM caboose/EOTD depreciation and return costed by BNSF.

3/ BNSF did not utilize the URCS linking factor.

VARIABLE COST DIFFERENCES BY CAUSAL FACTOR - AEP TEXAS REPLY VS BNSF MODIFIED OPEN
Jacobs Ranch to Oklahoma Station - 3002

Service Category (1)	AEP Texas Reply 3002 (2)	BNSF Modified Open 3002 (3)	Difference Col 3-Col 2 (4)	Factors Causing Differences										Total		Special Study Explanation (17)
				Index (5)	Service Units (6)	URCS Unit Costs (7)	Life/Salv/ Depr (8)	Markup Ratio (9)	Cycle Time (10)	Spare Margin (11)	Spd Sldy (12)	Cars per Train (13)	Consist Adj (14)	Other (15)	per Car (16)	
1. Carload Originated or Terminated - Clerical	\$10.29	\$10.29	\$0.00	0.00	0.00	0.00	0.00				0.00				0.00	
2. Carload Handling - Other	0.35	0.35	0.00	0.00											0.00	
3. Switching by Yard Locomotives (SEM)																
a. Fuel	0.01	0.93	0.92	0.00	0.96	(0.04)									0.92	
b. Other	0.28	24.10	23.82	0.00	21.12	2.70									23.82	
4. Switching by Road Locos (SEM) - Non-Yard																
a. Fuel	0.15	0.00	(0.15)	(0.00)	(0.15)	0.00	0.00				0.00		0.00		(0.15)	Dep't Ovhd
b. Other	0.68	0.00	(0.68)	0.00	(0.32)	0.00	0.00				(0.36)		0.00		(0.68)	
5. Switching by Road Locos (SEM) - Yard																
a. Fuel	0.00	0.40	0.40	0.00	0.41	(0.01)					0.00				0.40	
b. Other	0.00	3.60	3.60	0.00	3.59	0.14					(0.13)				3.60	
6. Gross Ton Mile Expenses (GTM)																
a. Fuel	65.55	65.55	(0.00)	0.00	(0.00)	0.00	0.00				0.00				(0.00)	
b. Fuel Overheads	30.38	30.38	(0.00)	0.00	(0.00)	0.00	0.00				0.00				(0.00)	
c. Maintenance of Way	47.35	67.69	20.34	0.00	1.11	0.00	0.00				19.23				20.34	ManW Study
d. Road Depreciation	26.85	57.05	30.20	0.00	0.63	0.00	0.00				29.57				30.20	Route Specific Study
e. Return on Road	45.73	146.13	100.40	0.00	1.07	2.16	0.00				97.17				100.40	Route Specific Study
f. Locomotive Repair	27.39	33.79	6.40	0.00	0.00	0.00	0.00				6.39				6.40	Loco Maint Study
g. Other Expense	14.81	15.27	0.46	0.00	0.00	0.00	0.00				0.46				0.46	Spd Study Ovhd Adj
h. Other Depreciation	0.55	0.55	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
i. Other ROI	1.80	1.83	0.03	0.00	(0.00)	0.03	0.03				0.00				0.03	
7. Loop Track Movements (GTM & LUM)																
a. Fuel	1.22	0.00	(1.22)	0.00	(1.22)	0.00	0.00				0.00				(1.22)	
b. Expense	0.98	0.00	(0.98)	0.00	(0.98)	0.00	0.00				0.00				(0.98)	
8. Train Mile Exp for Other Than Crew	2.87	4.84	1.96	0.00	0.00	(0.06)	2.02				0.00				1.96	
9. Train Mile Expense for T&E Crew (TM(C))	122.10	144.65	22.55	0.00	(1.36)	(0.01)		0.00			23.92	0.00			22.55	Wage Study
10. Helper Service																
a. LUM	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
b. Wages	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
11. LUM Expenses less Loco Ownership (LRM)																
a. Fuel	65.02	65.02	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
b. Fuel Overheads	30.39	30.39	(0.00)	0.00	0.00	0.00	0.00				0.00				(0.00)	
c. Depreciation	0.54	0.54	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
d. ROI	1.79	1.82	0.03	0.00	0.00	0.03	0.03				0.00				0.03	
e. Locomotive Repair	26.68	32.91	6.23	0.00	0.00	0.00	0.00				6.67				6.67	Loco Maint Study
f. Other LUM	14.30	14.74	0.44	0.00	0.00	0.00	0.00				0.00				0.00	
12. Locomotive Ownership/Car 1/																
a. Depreciation	53.01	81.09	28.08	0.00	0.00	0.00	0.00				0.00				28.08	Loco Cap Study
b. ROI	34.34	70.62	36.28	0.00	0.00	0.00	0.00				0.00				36.28	Loco Cap Study
13. Freight Car User Responsibility for Shipper Cars	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
14. Operating Expense for RR Owned Cars	30.03	94.69	64.67	0.00	4.40						60.26				64.67	
15. Railroad Car Ownership																
a. Depreciation	25.76	29.62	3.85	0.00	3.86	0.00	0.00				0.00				3.85	Frt Car Cap Study
b. ROI	23.96	25.79	1.83	0.00	1.51	0.00	0.00				0.00				1.83	Frt Car Cap Study
16. Caboose & EOTD Ownership per Car 2/	0.09	0.18	0.09	0.00	0.00	0.00	0.00				0.00				0.09	EOTD Spd Study
17. Loss and Damage	0.49	0.49	0.00	0.00	0.00						(0.00)				(0.00)	Actual L&D Experience
18. Joint Facility, Switch or Delivery Charge	7.85	0.00	(7.85)								(7.85)				(7.85)	Facility Study
19. Total Variable Cost/Carload (Sum Ls 1-18)	\$713.59	\$1,055.29	\$341.71													
20. Tons / Car	107.60	107.60														
21. Variable Cost Per Ton (L 19 ÷ L 20)	\$6.63	\$9.81														
22. VC Per Ton with Linking (L21 x 0.9934) 3/	\$6.59	\$9.81														
23. Percent of total Difference				0.0%	10.1%	2.1%	0.0%	0.0%	0.0%	0.0%	87.8%	0.0%	0.0%	0.0%	100.0%	

Note: Totals may differ due to rounding.

1/ For ease of comparison, includes system average GTM and LUM loco depreciation and return costed by AEP Texas.

2/ For comparison, includes system average TM caboose/EOTD depreciation and return costed by BNSF.

3/ BNSF did not utilize the URCS linking factor.

VARIABLE COST DIFFERENCES BY CAUSAL FACTOR - AEP TEXAS REPLY VS BNSF MODIFIED OPEN
Jacobs Ranch to Oklahoma Station - 4002

AEP Texas Reply 4002	BNSF Modified Open 4002	Difference Col 3-Col 2 (4)	Factors Causing Differences										Total per Car (16)	Special Study Explanation (17)
			Service Units (5)	URCS Units (6)	Life/Salv/ Costs (7)	Dep'r (8)	Markup Ratio (9)	Cycle Time (10)	Spare Margin (11)	Spec Sldy (12)	Consist Train (13)	Other Adj (14)		
			(1)											
1. Carload Originated or Terminated - Clerical	\$10.32	\$10.32		0.00	0.00								0.00	
2. Carload Handling - Other	0.35	0.35	0.00	0.00									0.00	
3. Switching by Yard Locomotives (SEM)														
a. Fuel	0.01	0.97	0.96	0.00	1.01	(0.04)							0.96	
b. Other	0.28	24.15	23.87	0.00	21.16	2.71							23.87	
4. Switching by Road Locos (SEM) - Non-Yard														
a. Fuel	0.16	0.00	0.00	0.00	0.00	0.00				0.00	0.00	0.00	(0.16)	Depl Ovhd
b. Other	0.68	0.00	0.00	0.00	0.00	0.00				(0.36)	0.00	0.00	(0.68)	
5. Switching by Road Locos (SEM) - Yard														
a. Fuel	0.00	0.42	0.42	0.00	0.43	(0.01)					0.00		0.42	
b. Other	0.00	3.60	3.60	0.00	3.59	0.14				(0.13)	0.00		3.60	
6. Gross Ton Mile Expenses (GTM)														
a. Fuel	71.19	71.19	0.00	0.00	0.00	0.00				0.00	0.00		0.00	
b. Fuel Overheads	31.46	31.46	(0.00)	0.00	(0.00)	0.00				0.00	0.00		(0.00)	
c. Maintenance of Way	49.03	70.09	21.05	0.00	1.14	0.00				19.91	0.00		21.05	MoTW Study
d. Road Depreciation	27.80	59.08	31.28	0.00	0.65	0.00				30.63	0.00		31.28	Route Specific Study
e. Return on Road	47.24	150.95	103.71	0.00	1.10	2.23				100.38	0.00		103.71	Route Specific Study
f. Locomotive Repair	28.37	34.99	6.62	0.00	0.00	0.00				6.62	0.00		6.62	Loco Maint Study
g. Other Expense	15.34	15.81	0.47	0.00	0.00	0.00				0.47	0.00		0.47	Spec Study Ovhd Adj
h. Other Depreciation	0.57	0.57	0.01	0.00	0.00	0.01				0.00	0.00		0.01	
i. Other ROI	1.86	1.89	0.03	0.00	(0.00)	0.03				0.00	0.00		0.03	
7. Loop Track Movements (GTM & LUM)														
a. Fuel	1.30	0.00	(1.30)	0.00	(1.30)	0.00				0.00	0.00		(1.30)	
b. Expense	0.99	0.00	(0.99)	0.00	(0.99)	0.00				0.00	0.00		(0.99)	
8. Train Mile Exp for Other Than Crew	2.87	4.84	1.97	0.00	(0.04)	2.01				0.00	0.00		1.97	Wage Study
9. Train Mile Expense for T&E Crew (TM(C))	126.23	144.54	18.31	0.00	(1.36)	(0.01)		0.00		19.68	0.00		18.31	
10. Helper Service														
a. LUM	0.17	0.00	(0.17)	0.00	(0.17)	0.00				(0.17)	0.00		(0.17)	
b. Wages	0.17	0.00	(0.17)	0.00	(0.00)	0.00				0.00	0.00		0.00	
11. LUM Expenses less Loco Ownership (LRM)														
a. Fuel	67.95	67.95	0.00	0.00	0.00	0.00				0.00	0.00		0.00	
b. Fuel Overheads	30.28	30.28	(0.00)	0.00	0.00	(0.00)				0.00	0.00		0.00	
c. Depreciation	0.54	0.54	0.00	0.00	0.00	0.00				0.00	0.00		0.00	
d. ROI	1.78	1.81	0.03	0.00	0.00	0.03				0.00	0.00		0.03	
e. Locomotive Repair	26.58	32.78	6.20	0.00	0.01	0.00				6.64	0.00		6.65	Loco Maint Study
f. Other LUM	14.25	14.69	0.44	0.00	0.00	0.00				0.00	0.00		0.00	
12. Locomotive Ownership/Car 1/														
a. Depreciation	53.86	79.71	25.85	0.00	0.01	0.00				0.00	0.00		25.85	Loco Cap Study
b. ROI	34.79	59.47	24.68	0.00	(0.00)	0.00				0.00	0.00		24.68	Loco Cap Study
13. Freight Car User Responsibility for Shipper Cars	0.00	0.00	0.00	0.00	0.00	0.00				0.00	0.00		0.00	
14. Operating Expense for RR Owned Cars	29.94	94.73	64.80	0.00	4.99	0.00				59.81	0.00		64.80	
15. Railroad Car Ownership														
a. Depreciation	25.28	29.64	4.35	0.00	4.37	0.00				(0.02)	0.00		4.35	Frt Car Cap Study
b. ROI	23.72	25.74	2.02	0.00	1.71	0.00				0.31	0.00		2.02	Frt Car Cap Study
16. Caboose & EOTD Ownership per Car 2/	0.10	0.18	0.08	0.00	0.00	0.00				\$0.08	0.00		0.08	EOTD Spec Study
17. Loss and Damage	0.46	0.46	0.00	0.00	0.00	0.00				0.01	0.00		0.01	Actual L&D Experience
18. Joint Facility, Switch or Delivery Charge	8.06	8.06	0.00	0.00	0.00	0.00				(8.06)	0.00		(8.06)	Jt Facility Study
19. Total Variable Cost/Carload (Sum Ls 1-18)	\$753.99	\$1,063.22	\$329.23											
20. Tons / Car	103.10	103.10												
21. Variable Cost Per Ton (L 19 + L 20)	\$7.12	\$10.31		0.00	35.82	7.09	0.00	0.00	0.00	286.32	0.00	0.00	329.23	
22. VC Per Ton with Linking (L21 x 0.9934) 3/	\$7.07	\$10.31		0.00	35.82	7.09	0.00	0.00	0.00	286.32	0.00	0.00	329.23	
23. Percent of total Difference				0.0%	10.9%	2.2%	0.0%	0.0%	0.0%	87.0%	0.0%	0.0%	100.0%	

Note: Totals may differ due to rounding.

1/ For ease of comparison, includes system average GTM and LUM loco depreciation and return costed by AEP Texas.

2/ For comparison, includes system average TM caboose/EOTD depreciation and return costed by BNSF.

3/ BNSF did not utilize the URCS linking factor.

VARIABLE COST DIFFERENCES BY CAUSAL FACTOR - AEP TEXAS REPLY VS BNSF MODIFIED OPEN
Black Thunder to Oklahoma Station - 4002

AEP Texas Reply 4002	BNSF Modified Open 4002	Difference Col 3-Col 2 (4)	Factors Causing Differences										Total per Car (16)	Special Study Explanation (17)	
			Service		URCS	Life/Salv/ Degr	Markup Ratio	Cycle Time	Spare Margin	Spcl Study	Cars per Train	Consist Adj			Other
			Index (5)	Units (6)	Units (7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)			(15)
Service Category (1)															
1. Carload Originated or Terminated - Clerical	\$10.32	\$0.00	0.00	0.00	0.00	0.00								0.00	
2. Carload Handling - Other	0.35	0.35	0.00	0.00										0.00	
3. Switching by Yard Locomotives (SEM)															
a. Fuel	0.01	0.97	0.96	0.00	1.01	(0.04)								0.96	
b. Other	0.28	24.15	23.87	0.00	21.16	2.71								23.87	
4. Switching by Road Locos (SEM) - Non-Yard															
a. Fuel	0.16	0.00	(0.16)	(0.00)	(0.16)	0.00				0.00		0.00		(0.16)	
b. Other	0.69	0.00	(0.69)	0.00	(0.32)	0.00				(0.37)		0.00		(0.69)	Dep'l Ovhd
5. Switching by Road Locos (SEM) - Yard															
a. Fuel	0.00	0.43	0.43	0.00	0.44	(0.01)				0.00				0.43	
b. Other	0.00	3.64	3.64	0.00	3.63	0.15				(0.14)				3.64	
6. Gross Ton Mile Expenses (GTM)															
a. Fuel	70.75	70.75	0.00	0.00	0.00	0.00				0.00				0.00	
b. Fuel Overheads	31.27	31.27	(0.00)	0.00	(0.00)	0.00				0.00				0.00	
c. Maintenance of Way	48.64	69.65	21.02	0.00	1.14	(0.01)				19.89				21.02	Mo/W Study
d. Road Depreciation	27.60	58.72	31.12	0.00	0.65	0.00				30.47				31.12	Route Specific Study
e. Return on Road	46.91	150.03	103.12	0.00	1.09	2.22				99.81				103.12	Route Specific Study
f. Locomotive Repair	28.19	34.78	6.58	0.00	(0.00)	0.00				6.59				6.58	Loco Maint Study
g. Other Expense	15.25	15.71	0.46	0.00	0.00	0.00				0.46				0.46	Spcl Study Ovhd Adj
h. Other Depreciation	0.56	0.56	(0.00)	0.00	(0.00)	0.00				0.00				0.00	
i. Other ROI	1.85	1.88	0.03	0.00	0.00	0.03				0.00				0.03	
7. Loop Track Movements (GTM & LUM)															
a. Fuel	0.88	0.00	(0.88)	0.00	(0.88)	0.00				0.00				0.00	(0.88)
b. Expense	0.67	0.00	(0.67)	0.00	(0.67)	0.00				0.00				0.00	(0.67)
8. Train Mile Exp for Other Than Crew	2.87	4.85	1.98	0.00	(0.03)	2.01				0.00				1.98	
9. Train Mile Expense for T&E Crew (TM(C))	130.78	144.71	13.93	0.00	(0.93)	(0.01)	0.00			14.87	0.00			13.93	Wage Study
10. Helper Service															
a. LUM	0.00	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
b. Wages	0.00	0.00	0.00	0.00	0.00	0.00				0.00				0.00	
11. LUM Expenses less Loco Ownership (LRM)															
a. Fuel	69.57	69.58	0.00	0.00	0.00	0.00				0.00				0.00	
b. Fuel Overheads	31.01	31.00	(0.00)	0.00	(0.00)	0.00				0.00				0.00	
c. Depreciation	0.55	0.55	0.00	0.00	0.00	0.00				0.00				0.00	
d. ROI	1.82	1.85	0.03	0.00	0.00	0.03				0.03				0.03	
e. Locomotive Repair	27.22	33.57	6.35	0.00	0.00	0.00				6.80				6.80	Loco Maint Study
f. Other LUM	14.59	15.04	0.45	0.00	0.00	0.00				0.00				0.00	
12. Locomotive Ownership/Car 1/															
a. Depreciation	54.32	94.57	40.25	0.00	0.00	0.00			0.00	0.00		0.00		40.25	Loco Cap Study
b. ROI	35.10	70.56	35.47	0.00	0.00	0.00			0.00	0.00		0.00		35.46	Loco Cap Study
13. Freight Car User Responsibility for Shipper Cars	0.00	0.00	0.00	0.00	0.00	0.00								0.00	
14. Operating Expense for RR Owned Cars	30.56	94.90	64.33	0.00	1.40	0.00				62.93				64.33	
15. Railroad Car Ownership															
a. Depreciation	28.63	29.68	1.05	0.00	1.07	0.00			0.00	0.00		0.00		1.05	Frt Car Cap Study
b. ROI	25.00	23.78	0.79	0.00	0.46	0.00			0.00	0.00		0.00		0.79	Frt Car Cap Study
16. Caboose & EOTD Ownership per Car 2/	0.11	0.18	0.07	0.00	0.00	0.00			0.00	0.00		0.33		0.07	EOTD Spcl Study
17. Loss and Damage	0.47	0.47	0.00	0.00	0.00	0.00				0.00		0.00		0.00	Actual L&D Experience
18. Joint Facility, Switch or Delivery Charge	8.01	0.00	(8.01)	0.00	0.00	0.00				(8.01)				(8.01)	Jt Facility Study
19. Total Variable Cost/Carload (Sum Ls 1-18)	\$745.00	\$1,090.51	\$345.51												
20. Tons / Car	104.50	104.50													
21. Variable Cost Per Ton (L 19 + L 20)	\$7.13	\$10.44	\$3.31	(0.00)	29.04	7.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	345.51	
22. VC Per Ton with Linking (L21 x 0.9934) 3/	\$7.08	\$10.44	\$3.36	-0.0%	8.4%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
23. Percent of total Difference															

Note: Totals may differ due to rounding.
1/ For ease of comparison, includes system average GTM and LUM loco depreciation and return costed by AEP Texas.
2/ For comparison, includes system average TM caboose/EOTD depreciation and return costed by BNSF.

3/ BNSF did not utilize the URCS linking factor.

VARIABLE COST DIFFERENCES BY CAUSAL FACTOR - AEP TEXAS REPLY VS BNSF MODIFIED OPEN
Eagle Butte to Oklahoma Station - 1003

Service Category (1)	AEP Texas Reply 1003 (2)	BNSF Modified Open 1003 (3)	Difference Col 3-Col 2 (4)	Factors Causing Differences										Total per Car (16)	Special Study Explanation (17)
				Service Units Index (5)	URCS Unit Costs (6)	Life/Salv/ Depn (7)	Ratio (8)	Markup Ratio (9)	Cycle Time (10)	Spare Margin (11)	Cars per Train (12)	Consist Adj (13)	Other Adj (14)		
1. Railroad Originated or Terminated - Clerical	\$8.47	\$10.46	\$1.99	0.00	0.00	1.99	0.03				0.02			1.99	Claims adj
2. Railroad Handling - Other	0.31	0.36	0.05											0.05	
3. Switching by Yard Locomotives (SEM)															
a. Fuel	0.02	1.18	1.16	0.00	1.22	(0.06)								1.16	
b. Other	0.31	24.40	24.10	0.00	23.45	0.65								24.10	
4. Switching by Road Locomotives (SEM) - Non-Yard															
a. Fuel	0.18	0.00	(0.18)	0.00	(0.22)	0.04					0.00		0.00	(0.18)	
b. Other	0.70	0.00	(0.70)	0.00	(0.32)	(0.39)					0.00		0.00	(0.70)	
5. Switching by Road Locomotives (SEM) - Yard															
a. Fuel	0.00	0.50	0.50	0.00	0.58	(0.01)					(0.07)			0.50	
b. Other	0.00	3.61	3.61	0.00	3.66	0.27					(0.33)			3.60	
6. Gross Ton Mile Expenses (GTM)															
a. Fuel	92.87	91.07	(1.80)	0.00	0.00	(1.80)					0.00			(1.80)	
b. Fuel Overheads	37.19	33.79	(3.41)	0.00	0.00	(3.41)					0.00			(3.41)	
c. Maintenance of Way	49.39	75.29	25.90	0.00	1.11	1.68					23.11			25.90	MoRW Study
d. Road Depreciation	30.46	63.46	33.00	0.00	0.68	1.03					31.29			33.00	Route Specific Study
e. Return on Road	44.35	159.96	115.61	0.00	1.00	2.40					112.21			115.61	Route Specific Study
f. Locomotive Repair	27.33	37.58	10.25	0.00	0.00	1.38					8.86			10.25	Loco Maint Study
g. Other Expense	16.76	16.98	0.22	0.00	0.00	0.22					0.00			0.22	
h. Other Depreciation	0.59	0.61	0.02	0.00	0.00	0.02					0.00			0.02	
i. Other ROI	1.99	2.01	0.02	0.00	0.00	0.02					0.00			0.02	
7. Loop Track Movements (GTM & LUM)															
a. Fuel	1.30	0.00	(1.30)	0.00	(1.30)	0.00					0.00		0.00	(1.30)	
b. Expense	0.80	0.00	(0.80)	0.00	(0.80)	0.00					0.00		0.00	(0.79)	
8. Train Mile Exp for Other Than Crew	2.62	5.05	2.42	0.00	(0.04)	2.45					17.75			2.45	
9. Train Mile Expense for T&E Crew (TM(C))	133.68	150.61	16.93	0.00	(1.18)	0.35		0.00			0.00			16.93	Wage Study
10. Hdrp Service															
a. LUM	2.07	0.00	(2.07)	0.00	(2.07)	0.00					0.00			(2.07)	
b. Wages	2.27	0.00	(2.27)	0.00	0.00	0.01					(2.28)			(2.27)	
11. LUM Expenses less Loco Ownership (LRM)															
a. Fuel	79.05	83.11	4.05	0.00	(0.01)	4.06					0.00			4.05	
b. Fuel Overheads	31.56	31.10	(0.46)	0.00	(0.00)	(0.46)					0.00			(0.46)	
c. Depreciation	0.50	0.56	0.06	0.00	0.00	0.06					0.11			0.06	
d. ROI	1.69	1.83	0.14	0.00	0.00	0.03					7.84			0.14	Road Inv Study
e. Locomotive Repair	24.18	33.67	9.50	0.00	0.00	1.65					0.00			9.50	Loco Maint Study
f. Other LUM	14.45	15.09	0.64	0.00	0.00	0.64					0.00			0.64	
12. Locomotive Ownership/Car 1/															
a. Depreciation	50.17	77.77	27.60	0.00	0.00	0.00			0.00	0.00	27.61			27.61	Loco Cap Study
b. ROI	36.43	69.39	32.96	0.00	(0.00)	0.00			0.00	0.00	32.96			32.96	Loco Cap Study
13. Freight Car User Responsibility for Shipper Cars	0.00	0.00	0.00	0.00	0.00	0.00					0.00			0.00	
14. Operating Expense for RR Owned Cars	33.42	98.59	65.18	0.00	4.73	1.88					58.57			65.18	
15. Railroad Car Ownership															
a. Depreciation	27.69	30.61	2.91	0.00	4.08	0.00			0.00	0.00	(1.17)			2.91	Frt Car Cap Study
b. ROI	25.35	26.40	1.04	0.00	1.59	0.00			0.00	0.00	(0.55)			1.04	Frt Car Cap Study
16. Caboose & EOTD Ownership per Car 2/	0.09	0.18	0.09	0.00	0.00	0.00					\$0.09			0.09	EOTD Spcl Study
17. Loss and Damage	0.50	0.51	0.01	0.00	0.00	0.01					(0.00)			0.01	Actual L&D Experience
18. Joint Facility, Switch or Delivery Charge	8.26	0.00	(8.26)								(8.26)			(8.26)	Jt Facility Study
19. Total Variable Cost/Carload (Sum Ls 1-18)	\$787.01	\$1,145.73	\$358.72												
20. Tons / Car	109.90	109.90													
21. Variable Cost Per Ton (L 19 ÷ L 20)	\$7.16	\$10.43													
22. VC Per Ton with Linking (L21 x 0.9934) 3/	\$7.11	\$10.43													
23. Percent of total Difference				0.00	36.19	14.75	0.00	0.00	0.00	0.00	307.77	0.00	0.00	358.71	
				0.0%	10.1%	4.1%	0.0%	0.0%	0.0%	0.0%	85.8%	0.0%	0.0%	100.0%	

Note: Totals may differ due to rounding.

1/ For ease of comparison, includes system average GTM and LUM loco depreciation and return costed by AEP Texas.

2/ For comparison, includes system average TM caboose/EOTD depreciation and return costed by BNSF.

3/ BNSF did not utilize the URCS linking factor.

CES BY CAUSAL FACTOR - AEP TEXAS REPLY VS BNSF MODIFIED OPEN
Eagle Butte 128 Cars to Oklahoma Station - 2003

Note: Totals may differ due to rounding.

1/ For ease of comparison, includes system average GTM and LUM loco depreciation and return costed by AEP Texas.

2/ For comparison, includes system average TM catbouse/EOTD depreciation and return costed by BNSF.

3/ BNSF did not utilize the URCS linking factor.

Diffs VC Reply 03Q2 Eagle Butte 128 Cars.123, 05/18/2004 06:35:48 PM

MOVEMENTS COSTED TO OKLAUNION BY YEAR AND QUARTER 1/

<u>Year</u>	<u>Origin Mine</u>	<u>Reference</u>	<u>Quarter</u>	<u>Note:</u>	<u>This Exhibit Page Ref</u>
2000	Buckskin	Exhibit II-A-26	2nd Qtr 2000	Not Costed by BNSF	
	Caballo Rojo	Exhibit II-A-27	2nd Qtr 2000	Not Costed by BNSF	
	Jacobs Ranch	Exhibit II-A-28	2nd Qtr 2000	Not Costed by BNSF	
	Buckskin	Exhibit II-A-29	3rd Qtr 2000	Not Costed by BNSF	
	Caballo Rojo	Exhibit II-A-30	3rd Qtr 2000	Not Costed by BNSF	
	Jacobs Ranch	Exhibit II-A-31	3rd Qtr 2000	Not Costed by BNSF	
	Buckskin	Exhibit II-A-32	4th Qtr 2000	Not Costed by BNSF	
	Caballo Rojo	Exhibit II-A-33	4th Qtr 2000	Not Costed by BNSF	
2001	Buckskin	Exhibit II-A-34	1st Qtr 2001	Not Costed by BNSF	
	Black Thunder	Exhibit II-A-35	1st Qtr 2001	Not Costed by BNSF	
	Jacobs Ranch	Exhibit II-A-36	1st Qtr 2001	Not Costed by BNSF	
	Caballo Rojo	Exhibit II-A-37	1st Qtr 2001	Not Costed by BNSF	
	Buckskin	Exhibit II-A-38	2nd Qtr 2001	Not Costed by BNSF	
	Jacobs Ranch	Exhibit II-A-39	2nd Qtr 2001	Not Costed by BNSF	
	Caballo Rojo	Exhibit II-A-40	2nd Qtr 2001	Not Costed by BNSF	
	Buckskin	Exhibit II-A-41	3rd Qtr 2001	Not Costed by BNSF	1 of 13
	Black Thunder	Exhibit II-A-42	3rd Qtr 2001	Not Costed by BNSF	
	Jacobs Ranch	Exhibit II-A-43	3rd Qtr 2001	Not Costed by BNSF	
	Caballo Rojo	Exhibit II-A-44	3rd Qtr 2001	Not Costed by BNSF	
	Buckskin	Exhibit II-A-45	4th Qtr 2001	Not Costed by BNSF	2 of 13
	Black Thunder	Exhibit II-A-46	4th Qtr 2001	Not Costed by BNSF	
	Jacobs Ranch	Exhibit II-A-47	4th Qtr 2001	Not Costed by BNSF	3 of 13
	Caballo Rojo	Exhibit II-A-48	4th Qtr 2001	Not Costed by BNSF	
2002	Rawhide	Exhibit II-A-49	1st Qtr 2002	Not Costed by BNSF	
	Jacobs Ranch	Exhibit II-A-50	1st Qtr 2002	Not Costed by BNSF	4 of 13
	Rawhide	Exhibit II-A-51	2nd Qtr 2002	Not Costed by BNSF	
	Black Thunder	Exhibit II-A-52	2nd Qtr 2002	Not Costed by BNSF	5 of 13
	Caballo	Exhibit II-A-53	2nd Qtr 2002	Not Costed by BNSF	
	Rawhide	Exhibit II-A-54	3rd Qtr 2002	Not Costed by BNSF	
	Black Thunder	Exhibit II-A-55	3rd Qtr 2002	Not Costed by BNSF	6 of 13
	Jacobs Ranch	Exhibit II-A-56	3rd Qtr 2002	Not Costed by BNSF	7 of 13
	Caballo	Exhibit II-A-57	3rd Qtr 2002	Not Costed by BNSF	
	North Rochelle	Exhibit II-A-58	3rd Qtr 2002	Not Costed by BNSF	
	Rawhide	Exhibit II-A-59	4th Qtr 2002	Not Costed by BNSF	
	Jacobs Ranch	Exhibit II-A-60	4th Qtr 2002	Not Costed by BNSF	8 of 13
	Black Thunder	Exhibit II-A-61	4th Qtr 2002	Not Costed by BNSF	9 of 13
	Caballo	Exhibit II-A-62	4th Qtr 2002	Not Costed by BNSF	
2003	Rawhide	Exhibit II-A-63	1st Qtr 2003	Not Costed by BNSF	
	Eagle Butte	Exhibit II-A-64	1st Qtr 2003	Not Costed by BNSF	10 of 13
	Rawhide	Exhibit II-A-65	2nd Qtr 2003	Not Costed by BNSF	
	Eagle Butte 117 Car	Exhibit II-A-66-A	2nd Qtr 2003	Not Costed by BNSF	11 of 13
	Eagle Butte 128 Car	Exhibit II-A-66-B	2nd Qtr 2003	Not Costed by BNSF	12 of 13
	Cordero	Exhibit II-A-67	2nd Qtr 2003	Not Costed by BNSF	
	Caballo Rojo	Exhibit II-A-68	2nd Qtr 2003	Not Costed by BNSF	
	Caballo	Exhibit II-A-69	2nd Qtr 2003	Not Costed by BNSF	
	Buckskin	Exhibit II-A-70	2nd Qtr 2003	Not Costed by BNSF	
	Jacobs Ranch	Exhibit II-A-70	2nd Qtr 2003	Not Costed by BNSF	
	Black Thunder	Exhibit II-A-70	2nd Qtr 2003	Not Costed by BNSF	
	North Antelope	Exhibit II-A-70	2nd Qtr 2003	Not Costed by BNSF	
	North Rochelle	Exhibit II-A-70	2nd Qtr 2003	Not Costed by BNSF	
	Belle Ayr	Exhibit II-A-70	2nd Qtr 2003	Not Costed by BNSF	
	Dry Fork	Exhibit II-A-70	2nd Qtr 2003	Not Costed by BNSF	
	Fort Union	Exhibit II-A-70	2nd Qtr 2003	Not Costed by BNSF	
	Clovis Point	Exhibit II-A-70	2nd Qtr 2003	Not Costed by BNSF	
	Coal Creek	Exhibit II-A-70	2nd Qtr 2003	Not Costed by BNSF	
	Antelope	Exhibit II-A-70	2nd Qtr 2003	Not Costed by BNSF	
	Rochelle	Exhibit II-A-70	2nd Qtr 2003	Not Costed by BNSF	
	Eagle Butte	Exhibit II-A-71	3rd Qtr 2003	Not Costed by BNSF	
	North Antelope	Exhibit II-A-72	3rd Qtr 2003	Not Costed by BNSF	
	Buckskin	Exhibit II-A-73	4th Qtr 2003	Not Costed by BNSF	
	Black Thunder	Exhibit II-A-74	4th Qtr 2003	Not Costed by BNSF	
	Eagle Butte	Exhibit II-A-75	4th Qtr 2003	Not Costed by BNSF	
	North Rochelle	Exhibit II-A-76	4th Qtr 2003	Not Costed by BNSF	
	Antelope	Exhibit II-A-77	4th Qtr 2003	Not Costed by BNSF	
2004	Eagle Butte	Exhibit II-A-78	1st Qtr 2004	Not Costed by BNSF	
	Black Thunder	Exhibit II-A-79	1st Qtr 2004	Not Costed by BNSF	
	Antelope	Exhibit II-A-80	1st Qtr 2004	Not Costed by BNSF	

1/ Causal factor differences calculated only for moves costed by BNSF.

Exhibit II-A-84 has been
redacted.

CALCULATION OF AEP TEXAS SWITCHING MINUTES BASED ON TMPA DECISION

<u>Item</u> (1)	<u>Source</u> (2)	<u>Amount</u> (3)
1. Switching Exp/Car - Yard Locos	TMPA Decision, Line 3	\$0.28
2. Switching Exp/Car - Road Locos (Non Yd)	Table A-4, page 47 Line 4	\$1.18
3. Cars per Train	TMPA Decision, Table A-2, 2Q01,page 42	117.50
4. Switching Exp/Train - Yard Locos	L1 * L3	\$32.90
5. Switching Exp/Train - Road Locos (Non Yd)	L2 * L3	\$138.65
6. Expenses per SEM Yard Switching		
a. Operating Unit Cost	E1L111C01	\$3.55995
b. DRL Unit Cost	E1L111C02	0.30488
c. ROI Unit Cost	E1L111C03	1.2196
d. Total Expenses per SEM YD Sw	L6a + L6b +L6c	\$5.08443
7. Switching Minutes/Train - Yard Locos	L4 ÷ :6d	6.471
8. Switching Minutes/Train - Road Locos (Non Yd)	L5 ÷ :6d	27.270

Exhibit II-A-86 has been
redacted.