230917

THOMPSON HINE
ATLANTA CLEVELAND DAYTON WASHINGTON, D.C.
CINCINNATI COLUMBUS NEW YORK

ENTERED
Office of Proceedings
SEP 06 2011
Part of
Public Record

September 6, 2011

via hand delivery

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

RECEIVED
SEP 6 2011
MANAGEMENT
STB

RE: Docket No. NOR 42121, TOTAL Petrochemicals USA, Inc. v. CSX Transportation, Inc.

Dear Ms. Brown:

Enclosed for filing in the above-captioned case please find an original and ten (10) copies of the **Public Version** of the Rebuttal Market Dominance Evidence ("Rebuttal") of TOTAL Petrochemicals USA, Inc. ("TPI"). TPI has also enclosed the original and ten (10) copies of the **Highly Confidential Version** of the Rebuttal. Nine (9) compact disks are also included: three with the Public Version, three with the Highly Confidential Version (CD 1 of 2), and three with the Highly Confidential Version (CD 2 of 2).

I have enclosed one additional paper copy of each pleading for stamp and return. Kindly date-stamp the additional copies for return to this office by messenger.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

Jeffrey O. Moreno
Counsel for TOTAL Petrochemicals USA, Inc.

Enclosures

cc: Counsel for defendant CSX Transportation, Inc.

PUBLIC VERSION

230917

BEFORE THE
SURFACE TRANSPORTATION BOARD

TOTAL PETROCHEMICALS USA, INC. Complainant, v. CSX TRANSPORTATION, INC. Defendant.	)	Docket No. NOR 42121

RECEIVED
SEP 6 2011
MANAGEMENT
STB

ENTERED
Office of Proceedings
SEP 06 2011
Part of
Public Record

REBUTTAL MARKET DOMINANCE EVIDENCE OF

TOTAL PETROCHEMICALS USA, INC.

Volume I of II

Jeffrey O. Moreno
David E. Benz
Thompson Hine LLP
Suite 800
1920 N St. NW
Washington, DC 20036
Phone: (202) 331-8800
Fax: (202) 331-8330

September 6, 2011

filing contains color images

PUBLIC VERSION

TABLE OF CONTENTS

PAGE

I. COUNSEL'S ARGUMENT AND SUMMARY OF EVIDENCE I-1

A. CSXT POSSESSES QUANTITATIVE MARKET DOMINANCE I-1

B. CSXT POSSESSES QUALITATIVE MARKET DOMINANCE I-3

1. CSXT's Allegations of Intramodal Competition are Based Upon a Novel Theory That is Contrary to Law, Illogical, and Impractical I-3

2. CSXT's Allegations of Intermodal Competition are Predicated Upon Inaccurate Representations of the Law and of the Polymer Industry's Dependence Upon Rail I-5

a. CSXT provides an incomplete and inaccurate statement of the law I-6

(1) CSXT cites a narrow range of precedent that is based upon very different facts from the issue movements I-7

(2) CSXT has ignored or misrepresented the most similar precedent to TPI's facts I-10

(3) CSXT's inability to distinguish costs from rates has caused it to misconstrue both TPI's position and relevant Board precedent I-15

b. Rail is far superior to transloading I-18

c. CSXT's criticisms of TPI's {[redacted]} are meritless I-26

d. Mr. Heisler has not presented effective competitive alternatives to CSXT rail transportation of TPI's movements under the challenged rates I-28

C. CONCLUSION I-32

II. MARKET DOMINANCE EVIDENCE

A. QUANTITATIVE MARKET DOMINANCE II-A-1

1. Loaded Mile Differences II-A-2

2. Net Tons per Car Differences II-A-16

3. Variable Costs II-A-16

B. QUALITATIVE MARKET DOMINANCE II-B-1

1. Intramodal Competition II-B-1

a. CSXT uses an incorrect and unprecedented definition of intramodal competition II-B-1

(1) Intramodal competition is based upon competitive options between the issue origin and destination II-B-2

(2) CSXT's tariffs are paper rates with respect to competitively served locations II-B-3

(3) TPI is not seeking a prescribed rate that covers competitive movements II-B-5

(4) CSXT's position would extend the market dominance analysis to every location to which the challenged rate may apply II-B-5

b. Lane specific responses II-B-6

(1) Lane B-44: East St. Louis, IL to Sidney, OH II-B-6

(2) Lanes B-67 and B-108: Chicago, IL to Akron, OH II-B-7

(3) Lanes B-109 and B-110: Chicago, IL to Lima, OH II-B-8

2. Intermodal Competition II-B-12

a. CSXT fundamentally misrepresents the roles of rail and truck transportation in the polymer supply chain II-B-12

(1) TPI Witness Granatelli confirms the integral role of rail in the polymers distribution chain II-B-12

(a) CSXT Witness Heisler lacks credibility II-B-13

(b) The polymer industry supply chain is designed around rail transportation and the use of rail cars for storage II-B-15

(c) Bulk trucks play a niche role in the polymer supply chain II-B-17

(d) Product integrity concerns require that transloading be kept to a minimum II-B-21

(e) Prior STB testimony confirms the testimony of Mr. Granatelli and TPI company witnesses in this proceeding II-B-25

(2) CSXT's own experience illustrates the limited role of trucks II-B-28

(3) CSXT misrepresents the extent to which TPI uses trucks II-B-31

b. TPI has presented extensive credible and relevant evidence that its customers' rail needs establish market dominance II-B-38

(1) TPI's historical traffic data is compelling evidence of the ineffectiveness of truck competition II-B-39

(2) TPI's customer contracts require rail transportation .. II-B-48

(3) TPI's customers require rail cars for storage II-B-51

(4) { [redacted] } customers need rail delivery II-B-54

(5) High volume customers need rail cars II-B-55

(6) Compounders and third-party processors need rail deliveries II-B-57

(7) Medical applications require rail delivery II-B-58

(8) Shipments to leased tracks require rail service II-B-59

(9) Off-grade sales are only made in rail cars II-B-61

(10) CSXT possesses market dominance over TPI shipments to customer-selected bulk terminals and leased tracks II-B-62

(11) { [redacted] } validate the reasons why rail is essential to the transportation of polymers II-B-66

(a) { [redacted] } II-B-67

(b) Whether truck shipments occur mostly in exigent circumstances is an important part of the market dominance inquiry II-B-68

(c) CSXT is advocating for an impossible market dominance standard II-B-70

(d) CSXT's customer-specific assertions {[redacted]} do not withstand scrutiny II-B-72

(i) High-volume lanes II-B-72

(ii) Contamination concerns.....II-B-73

(iii) Shipments to transload destinations...II-B-73

(iv) Costs imposed by truck deliveries II-B-76

c. CSXT has not demonstrated alternatives that provide effective competition II-B-78

(1) CSXT has not proposed alternative transportation between the same origins and destinations covered by the challenged rates.....II-B-78

(a) For some lanes, CSXT used an incorrect origin II-B-80

(b) For some lanes, CSXT omitted the shortline railroad, thereby resulting in an impermissible destination II-B-83

(c) For some lanes, CSXT has ignored the destination {[redacted]} bulk terminal, thereby resulting in an impermissible destination.....II-B-84

(2) CSXT's failure to consider all costs associated with truck transportation understates its rate comparisons II-B-90

(a) CSXT's failure to consider additional rail car storage, lease and maintenance costs reflects a naïve understanding of the polymer industry II-B-91

(b) Inventory carrying costs are a real business cost.....II-B-96

(c) Truck shipments impose higher personnel costs upon TPI.....II-B-101

(d) The transload alternatives proposed by CSXT are not comparably priced with CSXT rail service when considering the costs omitted by Mr. Heisler II-B-103

(3) CSXT's proposal to use ten out-of-network bulk terminals will create tremendous inefficiencies for TPI without off-setting savings II-B-105

(4) Some alternatives proposed by CSXT would result in double or triple transloads, thus implicating product quality concerns II-B-108

(a) Degradation and contamination are a problem II-B-108

(b) Alternatives proposed by CSXT raise degradation and contamination concerns II-B-110

(5) CSXT has relied on a bulk terminal that no longer exists II-B-111

(6) CSXT's own evidence shows that the alternative rates are significantly higher than the challenged tariff rates in 15 lanes II-B-112

(7) CSXT's proposed transload alternatives have much higher costs than CSXT direct rail service II-B-114

3. Lane Summaries II-B-118

IV. WITNESS QUALIFICATIONS AND VERIFICATIONS

Thomas D. Crowley
Timothy D. Crowley
Phillip H. Burris
Sean D. Nolan
Michael Goins
Allen Cast
Melissa Richards
Sheri Reynolds
Jim Parks

Part I

PUBLIC VERSION

PART I

COUNSEL'S ARGUMENT AND SUMMARY OF EVIDENCE

Total Petrochemicals USA, Inc. ("TPI") has challenged the reasonableness of common carrier rates established by CSX Transportation, Inc. ("CSXT") for the transportation of five commodities in carload traffic to customers in 104 case lanes. In its Reply Evidence, CSXT has only contested TPI's market dominance over 78 of the 104 origin-destination pairs that are the subject of TPI's Complaint. Those 78 lanes encompass just three of the five commodities that are the subject of TPI's Complaint: polypropylene, polyethylene, and polystyrene.[1] Therefore, TPI has conclusively established CSXT's market dominance over the remaining 26 case lanes, which include all lanes in which TPI ships aromatics and styrene.

In the following sections, TPI presents its legal argument and summary of evidence on both the quantitative and qualitative market dominance issues. Part A addresses quantitative market dominance for all 104 case lanes. Although the existence of quantitative market dominance is not in dispute for any case lane, the precise variable costs, which have implications in this case beyond just market dominance, are disputed. Part B.1. addresses intramodal competition, which is alleged to exist in five case lanes. Part B.2. addresses intermodal competition, which is alleged to exist in 78 lanes, including the same five lanes for which CSXT has alleged intramodal competition.

A. CSXT Possesses Quantitative Market Dominance.

Although CSXT concedes that it possesses quantitative market dominance because all of the challenged rates have R/VC ratios in excess of 180%, the parties do not agree on the precise

[1] CSXT Reply at I-2, notes 2 and 3.

calculation of the R/VC for many case lanes. Their differences are attributable to just two URCS Phase III inputs, loaded miles and tons per car.

TPI used the predominant route miles in order to eliminate unexplained anomalies and apparent errors in CSXT's data. CSXT has used a weighted average approach to calculate miles. However, in an apparent acknowledgment that data anomalies and errors exist, CSXT excluded from its loaded-mile analysis any route that handled less than 10% of the issue traffic for each issue origin/destination pair. But, CSXT has failed to uniformly follow its own rule. Moreover, CSXT's 10% rule is an arbitrary basis for identifying anomalies and errors, whereas TPI's predominant route approach is rationally based upon the route that handled the most shipments of any other route.

Despite CSXT's claims, FMC Wyoming Corp. v. Union Pac. R.R. Corp., 4 STB 699 (2000) ("FMC"), does not support either its weighted average approach or its arbitrary 10% rule. The STB merely reviewed three special studies submitted by the parties in that case for a single movement and selected the study that it found most convincing. The issue for that single movement concerned how the local turn train crew handled the movement. CSXT has not presented any evidence in this case of the type that was presented in FMC to address that issue.

Although TPI continues to disagree with CSXT's approach, there are many issue movements where the difference between the parties' approaches has only a small impact on the variable costs. In addition, TPI has accepted CSXT's allegation that TPI inadvertently omitted some car event records when calculating loaded miles. Therefore, in order to minimize the points of contention, TPI has accepted CSXT's miles for all but 17 of the issue movements. For each of the remaining 17 movements, TPI demonstrates why its approach is superior to CSXT's.

The differences between the TPI and CSXT calculations of net tons is primarily driven by their different approaches to calculating loaded miles. However, because the differences are relatively minor, TPI has accepted CSXT's net tons for every lane except B-30. TPI has not accepted CSXT's net tons for Lane B-30 because CSXT has omitted 15 waybill records that should have been included in its calculation.

B. CSXT Possesses Qualitative Market Dominance.

Because CSXT has only contested market dominance in 78 of the 104 complaint lanes that encompass just the transportation of polypropylene, polyethylene, and polystyrene, TPI's rebuttal evidence will address intramodal and intermodal competition only for those lanes and commodities.

1. CSXT's allegations of intramodal competition are based upon a novel theory that is contrary to law, illogical, and impractical.

CSXT claims that effective intramodal competition exists in five case lanes: Lane B-44 to Sidney, Ohio; Lanes B-67 and 108 to Akron, Ohio; and Lanes B-109 and 110 to Lima, Ohio. CSXT's argument, however, is based entirely upon a novel, but incorrect, interpretation of the law.

Intramodal competition "refers to competition between two or more railroads transporting the same commodity between the same origin and destination." West Texas Utilities Company v. Burlington Northern Railroad Company, 1 STB 638, 645 (1996) (underline added). All five of the challenged lanes are from an interchange with the origin carrier to a TPI customer's designated location in Sidney, Akron or Lima. Although multiple railroads serve the origin, only CSXT serves the customer destinations. CSXT concedes this fact as to each destination.[2] This concession should dispose of the intramodal competition issue.

[2] CSXT Reply at II-17 (Sidney and Akron) and II-18 (Lima).

Nonetheless, CSXT contends that, because the challenged tariff rate applies to competitively served locations in addition to the captive locations of TPI's customers, the captive locations are beneficiaries of the intramodal competition at the competitive locations. In other words, despite the absence of two rail carrier service at the TPI destinations, there is effective intramodal competition by association. CSXT cannot cite to any precedent for this conclusion because that is not the law. "A shipper has rail alternatives when, for a given purpose, it can be served by more than one railroad or combination of different railroads" Market Dominance Determinations and Consideration of Product Competition, 365 ICC 118, 132 (1981). Because, as CSXT concedes, TPI's customers are not served by more than one railroad, there are no rail alternatives to CSXT at the destination and thus no intramodal competition.

Aside from being legally incorrect, CSXT's argument has several logical and practical flaws. As a matter of logic, the captive locations do not benefit from competition at rail-competitive locations if little or no traffic actually moves under the tariff rates to the competitive locations. Such traffic could move pursuant to contracts, or there might not be any traffic at all. Although CSXT should have this information in its possession, it has not presented any such evidence. From information available to it for the first six months of 2010, however, TPI has determined that {{ [redacted][3] [redacted]

[3] See TPI Reb. Workpaper "CAR_WAYBILL_SHIPMENTS_SIDNEY_LIMA_1Q10-2Q10.xlsx".

[redacted] }[4] These facts strongly suggest that CSXT's tariff rates do not reflect any competitive benefit to TPI because they also happen to apply to competitively served locations.

Finally, as a practical matter, CSXT's theory of intramodal competition would be entirely unworkable and would cause the market dominance determination to spiral out of control because the Board would have to evaluate not just market dominance for the actual destination of the lane at issue, but also market dominance for all of the other untold consignee locations in the region covered by the challenged tariff in order to determine if effective competition exists for any one of them. The market dominance portion of a rate reasonableness case would mushroom into a colossus, the size of which would be based entirely upon the defendant railroad's decision about how broadly to apply its tariffs.

2. CSXTs allegations of intermodal competition are predicated upon inaccurate representations of the law and of the polymer industry's dependence upon rail.

For each of the 78 case lanes in which it contests market dominance, CSXT alleges that rail-to-truck transload alternatives provide effective intermodal competition. In general, CSXT proposes that TPI ship rail cars as it does today from the plant or SIT yard origin to a gateway interchange with a carrier other than CSXT, that the second carrier transport the rail car to a bulk terminal, and that TPI transload the polymer from rail cars into trucks at the bulk terminal for delivery to the customer. Although there are minor variations upon this concept for some lanes, every proposed alternative adheres to this basic framework. These alternatives do not provide effective competition to CSXT rail service for the issue movements.

[4] All text within single brackets is {CONFIDENTIAL} and all text within double brackets is {{HIGHLY CONFIDENTIAL}} pursuant to the Protective Order adopted in this proceeding in the Board's decision served on June 23, 2010.

a. CSXT provides an incomplete and inaccurate statement of the law.

CSXT's statement of the law on market dominance is inherently flawed, distorted, and incomplete. CSXT would distill the market dominance inquiry to just two questions: "whether a physically possible transportation alternative exists for the issue traffic," and "whether that alternative mode is cost competitive...."[5] This leads CSXT to conclude that market dominance cannot exist for any movements where its rates are similar to a truck alternative, because trucks can be and are used to transport even just a small proportion of total polymer production. CSXT would ignore as irrelevant the reasons why trucks are used, under what circumstances they are used, and the fact that trucks are an inherently much higher cost alternative. Yet, these factors and more are all relevant parts of the market dominance inquiry that, in the case of polymers, demonstrate the strangle-hold that rail carriers have over the transportation of polymers.

CSXT cites to several STB decisions in which the Board determined that truck competition was "effective," but without making any attempt to connect the facts in those cases with the transportation of polymers or the facts surrounding the issue movements.[6] Moreover, CSXT cites to a select few decisions in which the Board found that trucks were not "effective" competition in order to draw the erroneous conclusion that trucks always provide effective competition except where volumes make trucking infeasible, there are "technical and practical problems," or where there is a significant rate differential.[7] This is an unduly narrow and

---

[5] CSXT Reply at I-3; see also, id. at II-52-53 (because customers who require rail in the normal course of business have received occasional trucks, their rail needs are either irrelevant or not credible); II-81 ("what matters is what it costs TPI to use alternative transportation, not the internal costs of transportation providers"); II-88 ("If the price that TPI has actually secured in the marketplace for a rail-truck transportation alternative is comparable to CSXT's tariff rate, then it is hard to imagine why either TPI or the Board should care about the relative margins of those alternate transportation providers.").

[6] CSXT Reply at II-20-23.

[7] Id. at II-22-23.

distorted reading of this agency's precedent. When the precedent is read within the context of the facts, it clearly shows that CSXT possesses market dominance over TPI's issue movements.

(1) CSXT cites a narrow range of precedent that is based upon very different facts from the issue movements.

A major part of TPI's opening evidence was five years of historical traffic data that shows the overwhelmingly dominant position of rail transportation over trucks for both the case lanes and for all of TPI's North American polymer traffic as a whole.[8] Such evidence is highly relevant to determining the "effectiveness" of truck alternatives, because it is one of the five explicitly identified types of evidence from which effective competition "may be deduced." Market Dominance Determinations, 365 I.C.C. at 133 (effective competition "may be deduced from...(1) the amount of the product in question that is transported by motor carrier where rail alternatives are available"). In an effort to negate this precedent, CSXT prominently features four decisions for the supposed reason that the agency found market dominance despite rail having a large share of the market. TPI's facts, however, are very different.

CSXT cites Aluminum Association, Inc. v. Akron, Canton & Youngstown Railroad Company, 367 ICC 475, 483-84 (1983) ("Aluminum Association"), because the ICC found trucks to be effective competition even though two-thirds of the recent traffic moved via rail.[9] The ICC, however, was addressing nationwide transportation of aluminum, not just the issue lanes, when it stated that private trucking accounted for one-third of traffic in 1977. Id. at 483. Moreover, the ICC also found that "regulated motor carriers" accounted for an additional 20 percent in 1977. Thus, the ICC was persuaded by evidence that, from 1972-1977, the railroad share of traffic had decreased by over 20%. Id. The ICC concluded that this reflected a

[8] TPI Op. Ev. at II-B-7-8 and 17-18; Op. Exhibits II-B-3 and II-B-11.

[9] CSXT Reply at 20.

"national trend away from rail to motor carriers for aluminum shipments." Id. There is no such evidence in this proceeding of a "national trend" away from rail to motor carriage for polymer shipments. In fact, the evidence shows that the thorough integration of rail transportation into the polymer supply chain makes both polymer producers and purchasers highly dependent upon rail.

CSXT cites Platnick Brothers, Inc. v. Norfolk & Western Railway Company, 367 ICC 782, 786 (1983), for the proposition that trucks can be effective competition even if not used widely in the past over the issue route.[10] The ICC reached this conclusion, however, on the basis of evidence that the consignees could and did accept substantial volumes of truck shipments from origins not covered by the complaint. Id. at 786-787. No such evidence has been presented by CSXT in this proceeding. Although TPI has shipped some trucks in several of the case lanes, those trucks have represented a very small portion of the total volumes delivered to those customers.[11] Moreover, TPI has demonstrated that those truck shipments fall within well-recognized exceptions to regular rail deliveries.[12]

CSXT cites Amstar Corp. v. The Atchison, Topeka and Santa Fe Ry. Co., ICC Docket No. 37478 (served Dec. 8, 1987) ("Amstar-ATSF"), for the proposition that effective

---

[10] Id.

[11] See TPI Op. Ex. II-B-11.

[12] E.g., E.I. du Pont de Nemours and Company v. CSX Transportation, Inc. STB Docket No. 42099, slip op. at 7 (served June 30, 2008) (market dominance existed where complainant used trucks only "infrequently...when CSXT cannot deliver the product in as timely a fashion as the customer demands"); Amstar Corporation v. The Alabama Great Southern Railroad, et al., ICC Docket No. 38239S, slip op. at 13 (served Dec. 2, 1987) (truck shipments totaling 7.9% of volume in one year disregarded because customer "had run low on inventory...and required sugar immediately" and because "occasional shipments by truck in the face of emergency situations do not demonstrate feasible competition"); McGraw Edison Company v. The Alton and Southern Railway Company, et al., 2 I.C.C.2d 102, 108 (1986) (no effective intermodal competition found where previous truck shipments were "nonrepresentative" because "they were unique or emergency shipments (e.g. to avert a plant shutdown)."); The Dayton Power & Light Company v. Louisville and Nashville Railroad Company, 1 I.C.C.2d 375, 382 (n. 28) (1985) (market dominance exists despite previous truck shipments because trucks were used when "bad weather restricted barge access to the plant"); Allied Chemical Corporation, et al. v. Ann Arbor Railroad System, et al., 1 I.C.C.2d 492, 507 (1985) (ICC finds that intermodal competition was insufficient to show lack of market dominance because "the use of motor carriage is usually only a stop gap or emergency measure").

competition can exist even where up to 98.5% of the issue traffic was transported by rail.[13] CSXT has misread the ICC's decision. There were dozens of lanes at issue in Amstar-ATSF, and effective competition was found for only two of the lanes. See slip op. at 1, 4-5.[14] The 98.5% figure applied to all lanes at issue in the case, not the two lanes where market dominance was lacking. Id. at 6 ("During the complaint period, 98.5 percent of the corn syrup that Amstar shipped to the destinations at issue moved by rail."). Moreover, the ICC explicitly noted that the large rail market share did in fact suggest a lack of intermodal competition, but concluded that it was not totally persuasive, because it was "based solely on Amstar's shipments, which might simply reflect Amstar's own preferences." Id. Here, TPI has demonstrated that the choice of rail or truck is made by its customers, not by TPI.[15] Therefore, TPI's traffic data is not the product of TPI's preferences, but of its many customers' requirements. Furthermore, TPI also has presented this evidence for all of its customers in North America, not just the case lane customers.[16]

CSXT's reliance upon Consolidated Papers, Inc. v. Chicago and North Western Transportation Company, 7 I.C.C.2d 330, 337-38 (1991), also is misplaced.[17] The ICC found trucking to be effective competition for movements to the complainants' paper mills from Michigan and Minnesota for two main reasons, neither of which exist in TPI's case. First, the rail share was only 42% from Michigan and had decreased from 100% to 73% in just two years from Minnesota. Id. Second, one of the defendant railroads had lowered its rail rates in the area due to truck competition. Id. There is no evidence of a decline in the rail share of TPI's traffic

---

[13] CSXT Reply at II-20-21.

[14] The ICC was unable to determine the exact number of lanes at issue due to the confusing and contradictory evidence submitted in the case. However, there were approximately 35-37 customer destinations served from the Dimmitt, Texas origin, and there were an additional 5 or 6 Amstar facility destinations served. See slip op. at 4-5.

[15] TPI Op. Ev. at II-B-4, 6-9, 15-27

[16] See TPI Op. Ex. II-B-3.

[17] CSXT Reply at II-21, note 28.

or polymer traffic in general; nor has CSXT lowered its rates in any case lane in response to truck competition. Instead of reducing rates to match truck competition, CSXT has been increasing them significantly to match the much higher truck rate levels.

CSXT cites FMC Wyoming Corp. v. Union Pac. R.R. Co., 4 STB 699 (2000) ("FMC"), for the proposition that truck transportation can constitute effective competition even where it would require significant shipper investment in additional facilities, and that the potential for conversion to trucks is sufficient to discipline rail rates.[18] CSXT, however, ignores the key facts that led to those conclusions in that case. First, the Board noted that there would be significant costs for storage facilities associated with both rail and truck transportation, and that the evidence had not demonstrated that the storage costs related to trucks exceeded those related to rail. Id. at 712. Second, the Board determined that the demurrage savings from no longer using rail would be comparable to the amortized costs of the new truck facilities. Id. at 713. Third, the Board noted that FMC had used the threat of switching to trucks credibly in the past to obtain rail rate reductions. Id. at 713-14. CSXT has not presented any comparable evidence in this proceeding.

(2) CSXT has ignored or misrepresented the most similar precedent to TPI's facts.

Although CSXT acknowledges that trucks have not provided effective competition in a handful of agency decisions, it misrepresents those decisions to hold that "[t]he only exceptions are where the volumes involved make truck transportation infeasible, where there are 'technical and practical problems with truck service, or where there is a significant cost differential between rail and truck transportation."[19] In fact, the Board has never identified those three

[18] CSXT Reply at II-21.

[19] Id. at II-22-23 and notes 31-33 (footnotes omitted from quote).

scenarios as the only times that trucks do not provide effective competition. And, precedent not cited by CSXT proves that there are other circumstances in which trucks, although physically feasible and comparably priced, are not effective competitive constraints upon rail pricing. Indeed, that precedent is far more similar to TPI's facts than any of the precedent cited by CSXT.

First and foremost, TPI's facts have many similarities to the facts involving the transportation of synthetic plastic powder in E.I. du Pont de Nemours and Company v. CSX Transp. Inc., STB Docket No. 42099 (served June 30, 2008) ("DuPont (Plastics)"), that caused the STB to conclude that trucks were not an effective competitive alternative to CSXT's rail service. For that movement, DuPont trucked only 13.6% of the total product volume by truck. All of TPI's issue movements have a similar or much smaller percentage of truck movements.[20] Furthermore, looking at all DuPont shipments of the issue commodity, the Board noted that only 2.4% moved by truck when rail was an option.[21] Similarly, for all three of TPI's polymers, rail-served customers accounted for as few as 2% and never more than 11% of truck shipments in each of the past five years.[22] Considering such facts, the Board declared that:

> Evidence that a small volume of the issue traffic moves on an alternate mode does not, by itself, mean that there is effective competition. There must be "considerable competitive pressures" resulting from handling of a "meaningful portion" of the total volume for there to be effective intermodal competition.

DuPont (Plastics), slip op at 7 (citing Aluminum Association, 367 I.C.C. at 483-84 and FMC at 718 and note 38). There is no evidence in this proceeding that CSXT's proposed transload alternatives exert "considerable competitive pressures" or that transloading handles a "meaningful portion" of the total volume of polymer shipments.

---

[20] Compare id., slip op at 6, with TPI Op. Exhibit II-B-11.

[21] DuPont (Plastics), slip op at 6.

[22] See TPI Op. Exhibit II-B-3

The Board also noted that, although there was conflicting evidence regarding the cost of trucking, there was at least a 10% cost difference after CSXT's most recent substantial rate increase. Id. Moreover, the Board held that, even if it were to find the cost of trucking similar to the cost of rail, "it does not follow that the threat of trucking is evidence of effective competition," because "even a monopolist finds that there is a profit-maximizing price beyond which it cannot raise prices, without adversely affecting its bottom line." Id. (underline in original). In combination with the above facts, the Board concluded that the 380% R/VC ratio for the issue traffic was a further indication that CSXT's rail rates were not "restrained to a level that is reasonable for that traffic." Id. at 8. In this proceeding, TPI has presented uncontested evidence of substantial recent rate increases.[23] Moreover, even if the Board were to accept all of CSXT's evidence regarding the issue movement R/VC ratios and alternative transportation costs, there would be substantial similarities with the facts in DuPont (Plastics) that supported the Board's finding of market dominance (*e.g.* low truck market share, similar rates after recent large rail rate increases, high R/VC ratios).

Another recent Board decision with a substantial similarity to this proceeding is E.I. du Pont de Nemours and Company v. CSX Transp. Inc., STB Docket No. 42101 (served June 30, 2008) ("DuPont (Nitrobenzene)"). Although the Board concluded that trucking rates were significantly higher than the challenged rail rates, it also based its market dominance determination on the fact that "DuPont's contractual requirement to provide nitrobenzene to this particular customer by rail makes a switch to trucks highly infeasible from an economic standpoint due to the risk of losing its customer or incurring breach-of-contract liability." Id., slip op. at 6. In this proceeding, TPI has shown that it has similar contract requirements in many

[23] TPI Op. Ex. II-B-7.

of the case lanes, that its customers dictate the mode of transportation in all case lanes, and that a customer will not hesitate to switch suppliers if TPI cannot meet its requirements.[24]

In FMC, the Board found that neither trucks nor transloading provided effective competition for the transportation of soda ash. Trucks were not competitive because less than 1% of the total volume moved by trucks due to higher rates, and the truck movements that did occur were mostly to non-rail served locations or to receivers who chose not to invest in the storage facilities necessary to receive soda ash by rail. FMC at 716. In this proceeding, the overwhelming majority of TPI's polymer shipments by trucks are to non-rail destinations and most receivers would need to construct expensive storage facilities in order to receive substantial truck volumes.[25]

Although transloading rates were comparable to the challenged rail rates in FMC, the Board still concluded that market dominance existed:

> We are not persuaded that the transload alternative provides an effective competitive restraint because the transload option operates at a large cost disadvantage. The total costs for using the transload operation include the cost of trucking shipments to the transload facility, the cost of performing the transloading, and, if the shipments are transloaded at one of the Utah points, the trackage rights fees that BNSF must incur to provide rail service from that point. Moreover, BNSF does not have a shorter rail route to the gateways that would allow it to offset the other costs with a cost-saving on the rail portion of the movement.

Id. at 717. Therefore, the Board concluded that "the fact UP matches prices set by alternatives with significantly higher costs, while maintaining a dominant market share, is not enough to demonstrate effective competition for the traffic at issue." Id. at 718. The alternative transportation that CSXT has proposed for the TPI issue movements also is a transload that

---

[24] TPI Op. Ev. at II-B-16-27.

[25] Id. at II-B-8 and 20-21; Op. Ex. II-B-3.

includes truck costs, terminal costs, and rail costs. TPI has presented evidence that transloading is a much higher cost alternative to CSXT rail service and that, despite comparable pricing for some of the issue movements after significant CSXT rate increases, CSXT has maintained a dominant market share.[26] Moreover, of the alternatives that CSXT has proposed for 78 case lanes, 58 are longer than the CSXT direct route, more than half of those are longer by 100 miles or more, 15 of those exceed the CSXT direct route by at least 200 miles, and the Lane B-49 alternative route is 780 miles longer.[27] Thus, CSXT cannot point to any efficiencies from transloading that might offset its higher costs. This leads to the same conclusion as in FMC that CSXT possesses market dominance because it is simply matching prices set by alternatives with significantly higher costs.

Finally, in McCarty Farms v. Burlington Northern, Inc., 3 I.C.C.2d 822, 831-32 (1987) ("McCarty Farms"), the ICC found market dominance even though "[t]he record indicates that truck and truck/barge service competes to some extent with BN rail service for carriage of wheat and barley from Montana to the PNW." Id. at 831. Indeed, the record showed that BN had reduced its rates to meet this competition. Id. at 830. But, the ICC properly recognized that the issue "is whether McCarty has made its case that the BN lacks *effective* competition, *i.e.*, competition adequate to restrain its rates at or below a maximum reasonable level." Id. at 831 (italics in original). A critical element in that determination was "the vigor of intermodal competition," which the ICC found lacking because, "even with truck and truck/barge competition, BN has been able to capture the vast majority of the total transportation market"

---

[26] TPI Op. Ev. at II-B-34-37; Op. Ex. II-B-10; and Reb. Ex. II-B-9.

[27] See CSXT Reply Ex. II-B-6. The 58 longer distance lanes are B-1 through 10, 15, 17, 21-23, 25-26, 28-29, 31, 33, 35-37, 39, 43, 48, 49, 52-54, 56, 60-62, 66-67, 74, 78-79, 81, 84, 86, 89, 91, 93, 96, 102-103, 105-106, 108-112, 115 and 120.

and "its rates have significantly exceeded...the BN's costs of providing service."[28] Id. at 831-32. TPI similarly has shown that CSXT has captured the overwhelming portion of the issue movements, despite the supposed competitively-priced transload options, and that CSXT's rates significantly exceed its cost of providing service. Moreover, in this proceeding, there is not even any evidence that CSXT has lowered its rates to meet the alleged competition; rather, CSXT has increased its rates substantially to match the alleged competition. Therefore, McCarty Farms also supports a finding of market dominance.

Not only is the precedent cited by CSXT narrowly construed and distinguishable on the facts, but CSXT also has ignored or minimized the most relevant precedent with facts that closely resemble TPI's facts. That precedent clearly demonstrates that CSXT possesses market dominance over the issue movements.

(3) CSXT's inability to distinguish costs from rates has caused it to misconstrue both TPI's position and relevant Board precedent.

In a last ditch effort to overcome the relevant precedent discussed in the preceding section, CSXT attempts to argue that TPI has in fact misconstrued Board precedent in a manner that would write the market dominance standard out of the statute.[29] In order to reach that conclusion, however, CSXT misrepresents both TPI's argument and the Board precedent. When properly construed, both demonstrate CSXT's market dominance consistent with the statute.

---

[28] CSXT erroneously cites to McCarty Farms as an example of the ICC finding market dominance on the basis of a 50% to 85% rate differential between rail and truck. CSXT Reply at II-23, note 33. CSXT has confused costs with rates. The Board was referring to the relative internal costs of providing rail and the alternative transportation, not the rates. See McCarty Farms at 831 ("Because of the high truck costs, truck/barge transportation is apparently the high cost mode, and thus complainants argue that truck/barge rates cannot be substantially reduced."); 832 (Here McCarty has demonstrated that, even with truck and truck/barge competition, BN has been able to capture the vast majority of the total transportation market despite the fact that its rates have significantly exceeded...the BN's cost of providing the service.").

[29] CSXT Reply at II-81.

In its Opening Evidence, at pages II-B-34 to 37, TPI argued the well-established principle that comparable pricing among modes does not, by itself, constitute effective competition if the alternative has higher costs.[30] See e.g., DuPont (Plastics), slip op. at 7-8; FMC, 4 STB at 718; McCarty Farms, 3 I.C.C.2d at 831-32; Arizona Pub. Serv. Co. v. U.S., 742 F. 2d 644, 650-51 (D.C. Cir. 1984) ("APS"). TPI then proceeded to demonstrate that various truck and transload alternatives to CSXT for the issue traffic have much higher costs than CSXT.[31]

CSXT first mischaracterizes TPI's's position. According to CSXT, "TPI's theory would make it impossible for the Board to find that a carrier was not market dominant, for according to TPI evidence that rail rates are comparable to other alternatives only proves that the railroad has priced to the 'outer limit' of its market power."[32] That is not TPI's position. Correctly stated, TPI's position refers to "other higher cost alternatives." This is the same formulation that the Board itself used in DuPont (Plastics) and FMC. CSXT's omission of the underlined terms makes all the difference, because those terms contemplate that the Board would determine that a modal alternative has higher costs before making a finding of market dominance despite similar rates. The Board made such findings as to the direct trucking alternative in DuPont (Plastics), the truck-rail transload alternative in FMC, and the truck-barge transload alternative in McCarty Farms.

Although TPI provides a full discussion of the legal relevance of costs to a market dominance inquiry at pages II-34-37 of its Opening Evidence, CSXT charges that TPI provides

---

[30] CSXT's Reply to this argument is difficult to follow because CSXT uses the term "costs" in multiple instances when it appears to refer to "rates," especially at pages II-82-83. In some instances, it is not clear which term CSXT intended. This confusion in CSXT's presentation likely reflects CSXT's confused interpretation of agency precedent.

[31] See TPI Op. Ex. II-B-10. In Reb. Ex. II-B-9 and Part II-B-2.d.(7), infra, TPI applies that same analysis to the modal alternatives that CSXT contends provide effective competition in 78 of the case lanes. CSXT Reply at II-60-66 and Reply Ex. II-B-5.

[32] CSXT Reply at II-82.

no citation for this assertion.[33] In FMC at 718, the STB declared "the fact that [a carrier] matches prices set by alternatives with significantly higher costs, while maintaining a dominant market share, is not enough to demonstrate effective competition for the traffic at issue."[34] In DuPont (Plastics), slip op. at 7-8, the STB observed that "[a] carrier possessing market power might set its rates so high that it would begin to lose business to a higher-cost alternative (such as a trucking company)." The ICC's finding of market dominance in McCarty Farms, 3 I.C.C.2d at 831, was based in part upon complainant's studies indicating that truck/barge costs exceeded rail costs for comparable movements. Thus, CSXT's claim that there is no precedent for comparing the relative costs of providing transportation service via rail and alternative modes is wrong.

In the following statement, CSXT appears to have confused the concept of costs versus rates, which is a distinction that is fundamental to understanding the Board's precedent:

> The costs that are relevant in a market dominance inquiry aren't the internal costs of CSXT or the other rail and motor carriers who compete with CSXT – the costs that matter are the actual out-of-pocket costs that TPI incurs for transportation services. If the price that TPI has actually secured in the marketplace for a rail-truck transportation alternative is comparable to CSXT's tariff rate, then it is hard to imagine why either TPI or the Board should care about the relative margins of those alternate transportation providers.[35]

That simply is not true. It flies directly in the face of each precedent cited above. Moreover, taken to its logical conclusion, if all that matters are the rates (not costs) of the alternatives, then even the "horse and buggy" illustration in APS would provide effective competition. In order for this precedent to have any meaning, it must refer to costs, not rates.

---

[33] Id. at II-88, quoting TPI Op. Ex. II-B-10 at 4.

[34] Cf. Special Procedures for Making Findings of Market Dominance as Required by the Railroad Revitalization and Regulatory Reform Act of 1976, 353 I.C.C. 874, 929 (1976) ("the absence of any diversion after a reasonable time following a rate increase" is strong evidence of market dominance) ("Special Procedures").

[35] Id. at II-88 (underline in original).

CSXT's inability to distinguish between costs and rates has caused it to misconstrue both TPI's position and Board precedent. That precedent is abundantly clear that comparable pricing between rail and modal alternatives cannot demonstrate the existence of "effective" competition if the modal alternatives have much higher costs and/or rail has continued to maintain a dominant market share despite significant rate increases.

b. Rail is far superior to transloading.

Despite CSXT's contention that "[f]ew of the facts relevant to the Board's market dominance determination in this case are subject to legitimate dispute,"[36] there are very core disagreements over the dependency of both polymer suppliers and purchasers upon rail transportation and whether rail and transloading are equal alternatives. TPI presented both empirical evidence and testimony in its Opening Evidence to demonstrate the integral role of rail in the transportation of polymers and the very small, albeit important, role of trucks. The advantages of rail, particularly the ability to use rail cars as rolling storage, are pervasive, whereas the advantages of truck, mainly its speed and ability to go where rail cannot, limit its use to emergency shipments and shipments to non-rail locations. In its Reply Evidence, CSXT discounts TPI's empirical data supporting these conclusions and contends that truck and rail are equal alternatives for which price is the deciding factor when deciding which mode to choose. CSXT's position, however, is contrary to well-established facts known to, and understood by, all in the polymer industry and reflects either a naïve or deliberately obtuse understanding of the industry.

Because CSXT attempts to portray TPI as a shipper who has "chosen" to be captive and whose testimony is largely a self-serving attempt to reinforce its "choice," TPI has presented the

[36] CSXT Reply at I-1.

rebuttal testimony of Robert Granatelli, who has over 20 years of experience directing the transportation needs of LyondellBasell, and its predecessor company Basell, which is one of the world's largest polymer producers. See Part II-b-2.a.(1). Mr. Granatelli confirms the testimony of TPI's company witnesses and responds to the testimony of CSXT Witness Gordon Heisler, who had just 4.5 years of experience in polymer logistics with Sunoco. Mr. Granatelli's testimony also is validated by testimony that was presented to the Board by Larry Ruple, a former Southern Pacific employee, on behalf of the Society of the Plastics Industries, in Finance Docket No. 32760, Union Pac. Corp. et al.—Control and Merger—Southern Pacific Rail Corp. et al. (filed March 29, 1996). See Part II-B-2.a.(1)(d) and Reb. Ex. II-B-31.

CSXT inaccurately portrays rail as a mere "convenience" that any polymers shipper or receiver would exchange for truck transportation if it could get a lower price for truck delivery. Of course, the data does not bear that out because only a very small portion of polymer shipments are delivered by truck or ever have been delivered by truck.

As confirmed by the testimony of both Mr. Granatelli and Mr. Ruple, rail is not merely a convenience, it is a necessity. The entire polymer production process and distribution chain is designed around rail cars. See Part II-B-2.b(3). Rather than construct acres of storage silos for the hundreds of different polymer grades, suppliers produce their polymer in batches that are equal to the capacity of a rail covered hopper, load directly into a rail car, store their polymer in the rail car until it is purchased by a customer, and transport the polymer in the rail car to the customer. The customer, rather than construct storage silos for each grade of polymer that it purchases, also relies upon the rail car for storage.[37] The rail car is the primary, and often the sole, source of the customer's polymer inventory for its production process. Without rail cars for

[37] TPI has identified numerous circumstances in which storage is critical, such as shipments to high volume purchasers, shipments to compounders and third-party processors, {[redacted]} shipments, off-grade shipments, lease track shipments, and shipments to customer-selected bulk terminals and lease tracks. See Part II-B-2.b.

storage, customer production plants would be under the constant threat of shutting down. As evidence that its customers depend upon rail cars for storage, TPI presented data on the average number of days that each case customer held a TPI rail car at its facilities in 2010, which ranged from 8 to over 80 days.[38] CSXT has not even mentioned this evidence in its Reply.

In addition to its storage benefits, the rail car is the best means of preserving product integrity, which is essential to polymer purchasers. The slightest contamination from foreign objects or moisture can render an entire production batch unusable and can cause costly damage to customer machinery. Similarly, product degradation, which occurs whenever polymer is transferred from one vessel to another, clogs customer equipment and causes costly production down-time. Because rail cars are sealed upon loading and opened only upon unloading at the customer's production plant, they are the most secure form of transport for preventing contamination and degradation.

Trucks are not equal to rail cars for either of these purposes. First, trucks cannot be used for storage. Whereas polymer producers own or lease their rail cars so that they can be used for storage, trucks must be unloaded immediately upon delivery to the customer or incur costly demurrage and detention charges. Second, the transload alternatives proposed by CSXT require transferring polymer from rail cars to trucks, which creates opportunities for contamination and causes product degradation. See Part II-B-2.c.(4). Although a single transload, when performed properly, can avoid contamination and keep product degradation within acceptable tolerances for many purchasers, those purchasers who use polymers in medical applications or spun-bound woven applications are extra sensitive to even a single transload. See Part II-B-2.b.(7). Moreover, all customers are sensitive to multiple transloading of a single shipment.

---

[38] See TPI Op. Ex. II-B-6 and Op. Electronic Workpaper "2010 Cust Hold Days".

CSXT's contention that truck and rail are equal alternatives utterly fails to address the storage problem. If a rail-served customer must suddenly rely upon truck deliveries, where will that customer store its inventory? CSXT merely assumes away the problem.[39]

CSXT's only acknowledgment of the storage issue comes in the form of a suggestion that, if storage remains a problem for any customer, TPI can pre-position empty rail cars to transload from trucks back into rail cars.[40] But, by definition, a truck-to-rail transloading constitutes a second transload, which is unacceptable, since the first transload was from a rail car into the truck. Moreover, pre-positioned rail cars impose additional costs that CSXT fails to include in its analysis. See Part II-B-2.b.(3). There is the cost of transporting the empty rail car to the customer and of regularly swapping it out for a clean car, because repeated transloading will cause a build-up of the dust, fines and streamers associated with product degradation. Because most customers will not accept mixed batches, and each rail car constitutes a single batch, one empty rail car would have to be pre-positioned for each loaded rail car (*i.e.* 4-5 trucks). In other words, TPI would have to pay CSXT to ship an empty rail car to the customer for each loaded rail car that is transloaded with the objective of by-passing CSXT. For obvious reasons, this is self-defeating. Finally, truck-to-rail transloading cannot occur during any form of precipitation because this form of transloading requires opening the top hatch of the rail car, which subjects the customer's production process to the vagaries of the weather. According to Mr. Granatelli, truck-to-rail transloading is an act of desperation to prevent a customer plant from shutting down and he cannot recall ever doing this in his 20 years of experience.

---

[39] CSXT also takes the illogical position that, if TPI has ever shipped a single truck to any location that requires rail deliveries for whatever reason, then TPI's claims are without merit. CSXT Reply at II-52-53. Of course this is not true because there are many reasons why an isolated truck shipment may be acceptable even when routine truck shipments are not. Most importantly, a customer who is facing a shut-down because it is low on polymer will not need to store an emergency truck shipment.

[40] CSXT Reply at II-51.

Moreover, although CSXT has presented multiple statistics based upon its TRANSFLO operations, it notably has not presented any statistic at all on truck-to-rail transloading.

TPI does not dispute that polymers are shipped by trucks and are transloaded in certain circumstances. But truck shipments occur in very narrow circumstances that seldom overlap with circumstances that are dominated by rail. See Part II-B-2.a.(1)(c). The vast majority of truck shipments are to customers who do not have access to rail. This is evident in TPI's traffic data for the last five years.[41] Over 95% of all polyethylene truck shipments by TPI were delivered to non-rail customers in each of the last five years; no fewer than 89% of all polypropylene truck shipments by TPI were delivered to non-rail customers in each year; and at least 91% of all polystyrene truck shipments by TPI were delivered to non-rail customers in each year. For the issue movements, trucks accounted for as few as 0% and never more than 15% of the total volume delivered to any case destination over the past five years.[42] Truck shipments to rail-served customers typically occur only on an expedited basis when it is necessary to prevent a customer's plant from shutting down due to a lack of polymer. In that scenario, the other major advantage of trucks, which is speed, effectively forecloses the ability of rail to compete. Thus, the two principal advantages of trucks, which are the ability to deliver polymer where rail cannot and speed, have enabled trucks to carve out a small niche in the polymer distribution, but do not enable trucks to compete effectively with rail for the overwhelming majority of polymer shipments. See Part II-B-2.b.(1).

CSXT submits two responses to TPI's historical traffic data. First, it alleges that "a complainant must do more to prove market dominance than simply allege that it or its customers have historically shipped most traffic by rail or, under certain conditions, prefer rail deliveries

[41] See Part II-B-2.b.(1) and TPI Op. Ex. II-B-3.

[42] See Part II-B-2.b.(1) and TPI Op. Ex. II-B-11.

over truck deliveries."[43] As a threshold matter, although this historical traffic data is a major part of TPI's evidence, it is far from being TPI's only evidence. More importantly, however, this data is directly responsive to the Board's long-established "market dominance guidelines," which specifically declare that effective competition "may be deduced from...(1) the amount of the product in question that is transported by motor carrier where rail alternatives are available." Market Dominance Determinations, 365 I.C.C. at 133; see also, Product & Geographic Competition, 2 I.C.C.2d 1, 21 (1985). Having submitted probative evidence of precisely the kind that the Board's rules encourage complainants to submit, neither CSXT nor the Board may refute that evidence with the bald statement that it is not absolutely conclusive on the issue. APS, 742 F.2d at 650 (applying this rationale to overturn ICC's rejection of similar market share evidence submitted by complainant).

Second, CSXT argues that, instead of reflecting a customer preference for rail, the data reflects a customer's preference for lower rates, because {{ [redacted] }}.[44] The flaw in this logic is that it ignores the storage benefit of rail cars and it does not address how or where customers would store their polymers without rail cars. The storage advantage of rail is what drives TPI's customers to choose rail deliveries, {{ [redacted] }}. Moreover, only some of the issue movements are subject to {{ [redacted] }} and those that are not subject to them received a smaller portion of shipments by truck than those that are, which completely debunks CSXT's hypothesis.

To say that TPI's customers choose rail delivery because {{ [redacted]

[43] CSXT Reply at I-8.

[44] CSXT Reply at II-31, 48.

[redacted] }} This is common practice in the polymer industry, because bulk terminal networks are designed and optimized to serve truck-only customers, not the occasional truck delivery to a rail customer. Consequently, there may not be inventory available at a nearby bulk terminal (assuming that there is a nearby bulk terminal) to truck to the rail-served customer. When that occurs, the truck shipment must originate at the production facility or SIT yard, which is much more costly than rail transportation at such long distances.[45] {{ [redacted] .}}

In the face of TPI's testimony, which is supported by empirical evidence, CSXT has presented anecdotal examples from its own experience of what it claims to be effective competition between rail and truck.[46] Upon closer scrutiny, however, there is very little substance to CSXT's examples. See Part II-B-2.a.(2). The vast majority of these examples are evidence of a customer threat to use trucks, but without any indication as to whether that threat was credible, how CSXT reacted to the threat, or whether the traffic ultimately did shift to trucks. Because "[s]tatements made...in rate negotiations can only be regarded as posturing in aid of [the shipper's] negotiation position," CSXT has not offered meaningful or compelling evidence of actual competition between rail and trucks. FMC, 4 STB at 718. In addition, several of CSXT's examples are not of competition between rail and truck, but between two transload

[45] See TPI Op. Ex. II-B-4.

[46] CSXT Reply at II-23-28.

options. Furthermore, CSXT relies upon examples of commodities other than polymers, which similarly are meaningless.

In the final analysis, CSXT's Reply boils down to its claim that "TPI has presented no evidence that customers insist upon rail deliveries over truck deliveries regardless of the price."[47] This is a red-herring because TPI has presented extensive evidence of multiple reasons in addition to price that are very important to its customers (*e.g.* storage, product integrity). CSXT is the one who is blinded to those facts by attempting to make this market dominance inquiry all about price.

CSXT's argument is that a transportation alternative need only be physically feasible and comparably priced to rail in order to constitute effective competition. But, a comparable transportation price is not the dispositive factor in a market dominance analysis because:

> even a monopolist finds that there is a profit-maximizing price beyond which it cannot raise prices without adversely affecting its bottom line. A carrier possessing market power might set its rates so high that it would begin to lose business to a higher-cost alternative (such as a trucking company).

DuPont (Plastics), STB Docket No. 42099, slip op. at 7-8. See also, APS, 742 F. 2d at 651 ("At some point the availability of an alternative such as the horse and buggy or even people carrying oil in buckets theoretically prevents railroads from raising their rates beyond an outer bound."). The question is whether alternative modes "constrain [CSXT] from charging rates far in excess of the just and reasonable rates that Congress thought the existence of competitive pressures would ensure." Id. In order to address this question, it is necessary to consider all of the relative advantages and disadvantages of alternative modes. While TPI's evidence considers both the costs of other modes and the relative advantages of those modes, CSXT considers only the

[47] CSXT Reply at II-37 (underline in original).

former, which leads it to the unrealistic and over-simplistic conclusion that TPI's customers would "change their preferences if they could receive product by truck cheaper than they can receive it by rail."[48]

c. CSXT's criticisms of TPI's {[redacted]} are meritless.

CSXT incorrectly contends that the {[redacted]} are the only evidence that TPI's customers require rail service. CSXT then proceeds to denigrate that evidence as meaningless "boilerplate."[49] As noted above, TPI has presented far more evidence of market dominance than just {[redacted]}. Moreover, CSXT has completely misrepresented TPI's expressly stated purpose in submitting those {[redacted]}.

{[redacted]} DuPont (Plastics), slip op. at 7 (Board notes that it

[48] CSXT Reply at II-35.

[49] CSXT Reply at II-36.

"considered a number of factors" in determining that market dominance existed over lane where trucks had previously been used for a small percentage of shipments). See Part II-B-2.b.(11).

{ [redacted] } See Part II-B-2.b.(11)(a).

{ [redacted] } This footnote functions as the final act of CSXT's three-part strategy to create an impossible market dominance standard. The first two parts consisted of CSXT simultaneously (1) ignoring the ample objective evidence submitted by TPI in response to the guidelines in Market Dominance Determinations, 365 ICC 118; and (2) repeatedly claiming that TPI has submitted "no evidence" regarding the requirements of its customers.[50] In other words, CSXT has, first, disregarded all of the evidence TPI offered. { [redacted]

[50] See, e.g., CSXT Reply at I-16, I-17, II-16, II-35, II-36, II-37, II-50, II-51, II-52, and II-55.

[redacted]}[51] It is a classic case of "heads I win, tails you lose." CSXT is not only disregarding the ICC's decision in Market Dominance Determinations, CSXT is also attempting to create an impossible market dominance standard. See Part II-B-2.b.(11)(c).

d. Mr. Heisler has not presented effective competitive alternatives to CSXT rail transportation of TPI's movements under the challenged rates.

CSXT Witness Gordon Heisler has proposed alternative intermodal transportation for 78 of the 104 issue movements. For every movement, he has proposed a rail-to-truck transload via one of 18 different bulk terminals. He contends that these are effective competitive constraints upon CSXT's pricing because the rates are similar to CSXT's rates for the same service. There are multiple problems with Mr. Heisler's alternate transportation proposals.

First, many of the alternative transportation proposals violate STB precedent regarding intermodal competition for movements that are the subject of "bottleneck" rates. Market dominance "means an absence of effective competition from other rail carriers or modes of transportation for the transportation to which a rate applies." 49 USC § 10707(a) (emphasis added). Under established precedent for "bottleneck" rate challenges, market dominance is to be evaluated solely between the origin and destination covered by the bottleneck rate. DMIR, 4 STB at 292 (n. 13). Because only the CSXT bottleneck rate is subject to Board jurisdiction,[52] the Board may only consider market dominance for the movement between the points covered by the challenged CSXT rate. Id. at 293 ("we will not consider the movement prior to the interchange

[51] {[redacted]}

[52] Cf. Central Power & Light Company v. Southern Pacific Transportation Company, et al., 1 STB 1059, 1074 (1996), aff'd sub nom. MidAmerican Energy Company v. Surface Transportation Board, 169 F.3d 1099 (8th Cir. 1999) ("when one of the components of service over the through route is embodied in a transportation contract, we cannot assess the reasonableness of the through rate in its entirety") ("Bottleneck Decision").

point for rate complaint purposes because that movement is governed by a rail transportation contract and is thus beyond our regulatory purview"). CSXT concedes that many of its "alternatives" do not provide an actual alternative to the transportation covered by the challenged tariff rate. CSXT Reply at II-68 (n. 81). In Part II-B-2.c.(1), TPI has identified 35 of Mr. Heisler's proposed alternatives that are not between the same origin and destination to which the challenged rate applies, and thus should be rejected by the Board.

Second, Mr. Heisler's rate comparisons improperly disregard the additional costs that his proposed transload alternatives would impose upon TPI. Although TPI's opening evidence identified and calculated additional rail car storage costs, rail car maintenance and lease costs, personnel costs, and inventory carrying costs associated with transloading, CSXT claims that none of those are appropriate.[53]

A common issue to all of these costs, except personnel costs, is TPI's use of the actual average number of days in 2010 that its loaded rail cars spent in a bulk terminal before transloading. CSXT contends that TPI's actual experience with transloading is irrelevant because TPI forward stages rail cars to bulk terminals in advance of a truck purchase, whereas Mr. Heisler would wait for a truck order to be received before shipping the rail car to a bulk terminal.[54] As explained by TPI in Part II-B-2.c.(2)(a), Mr. Heisler's proposal is unworkable because polymer purchasers expect to receive truck orders within 48 hours, whereas rail transportation to the bulk terminal alone would take {{[redacted]}} days or more.

Unlike rail cars, which customers order well in advance of their needs because they can use the cars for storage, trucks are ordered just days before they are needed due to minimal, if any, on-site storage. Therefore, TPI must maintain a minimum number of rail cars at a nearby

[53] CSXT Reply at II-70.

[54] CSXT Reply at II-72.

bulk terminal in order to ensure a readily accessible and reliable supply. TPI must forecast each customer's needs and store a sufficient amount of every polymer grade and specification used by that customer at the bulk terminal to meet its projected demand. Thus, despite CSXT's attempt to portray TPI's bulk terminal operation as inefficient, it in fact represents a highly efficient real-world operation based upon real-world parameters that CSXT would have this Board completely ignore.

CSXT also criticizes TPI's inventory carrying costs as an "accounting gimmick" and a "made-for-litigation cost that is not something TPI considers in the real world."[55] In Part II-B-2.c.(2)(b), TPI shows that inventory carrying costs are very real costs that not just TPI, but the logistics industry in general, regularly consider. Moreover, inventory carrying costs explain why even lower-priced transportation modes cannot compete for significant market share against higher-priced alternatives. This would apply to Mr. Heisler's allegedly lower cost transload alternatives.

Furthermore, as discussed in Part II-B-2.c.(3), because only 8 of the 18 bulk terminals proposed by Mr. Heisler are part of TPI's current bulk terminal network for serving truck customers, his proposals would increase TPI's current network by nearly 50%. TPI's network is carefully optimized to serve the most customers cost-effectively in accordance with their transportation needs with minimal overlap in coverage. TPI cannot simply expand its network by adding bulk terminals just because it might get a lower transportation cost. The existing network has been rationalized to minimize <u>total</u> costs, including but not limited to transportation costs, by concentrating TPI's truck volumes in the fewest terminals possible without

[55] CSXT Reply at II-77.

jeopardizing service. As the number of bulk terminals in the network increases, so do TPI's inventory and rail car storage costs. Mr. Heisler has failed to consider those costs.

Third, even before adding the costs that Mr. Heisler improperly omitted, the rates for his alternative transportation options are too high to be effective competitive constraints. In 15 case lanes, the alternative rates exceed the challenged tariff rates by 10-25%. See Part II-B-2.c.(6). In DuPont (Plastics), slip op. at 7, the Board found market dominance where there was at least a 10% rate difference after a substantial CSXT rate increase. The rate differences calculated by Mr. Heisler are after substantial rate increases by CSXT since 2007. See TPI Op. Ex. II-B-7.

Fourth, and finally, Mr. Heisler's transloading alternatives have much higher costs (not rates) than CSXT rail service. TPI has demonstrated this in Part II-B-2.c.(7) and in Rebuttal Exhibit II-B-9. The objective of that analysis is to demonstrate that similar rates for transload alternatives to the issue movements are not effective competitive constraints upon CSXT's pricing because CSXT has increased its rates significantly to match the prices of alternatives with substantially higher costs. See e.g., DuPont (Plastics), slip op. at 7-8; FMC, 4 STB at 718 (2000); McCarty Farms, 3 I.C.C.2d at 831-32; APS, 742 F. 2d at 650-51.

As further evidence that CSXT is merely matching the rates of higher cost alternatives, TPI also presented evidence that there has been no diversion of traffic from rail to transloading since 2007, when CSXT imposed its first major rate increase—a volume weighted average of {[redacted]}—upon TPI.[56] This is highly relevant evidence because "the fact that [a carrier] matches prices set by alternatives with significantly higher costs, while maintaining a dominant market share, is not enough to demonstrate effective competition for the traffic at issue." FMC at 718

[56] TPI Op. Ev. at II-B-35-36; Op. Exs. II-B-11 and Op. Workpaper "Truck and Rail Volumes" (showing rail and truck volumes for each case customer at each destination from 2006-2010); and Op. Ex. II-B-7 (showing CSXT's rate history for each lane since the 2007 increase).

(underline added). Moreover, "the absence of any diversion after a reasonable time following a rate increase" is strong evidence of market dominance." Special Procedures, 353 ICC at 929.

CSXT attempts to justify its substantial rate increases as a reflection of changed market conditions, such as tightening capacity and higher costs for key inputs, which CSXT alleges has raised both rail and truck rates across the transportation industry.[57] By comparing itself to the transportation industry as a whole, CSXT grossly overplays its hand. TPI Rebuttal Exhibit II-B-16 shows that {{ [redacted] }} Indeed, the fact that CSXT can increase its rates by {{ [redacted] }} in the face of alleged transload competition, while such increases were kept to no more than {{ [redacted] }} in the face of rail-to-rail competition, illustrates how little of a constraint truck competition truly is and how much higher truck costs must be.

C. CONCLUSION

For the foregoing reasons, TPI requests that the Board find that CSXT possesses market dominance over each of the 104 lanes covered by the challenged rates.

[57] CSXT Reply at II-86-87.

Respectfully submitted,

Jeffrey O. Moreno
David E. Benz
Thompson Hine LLP
1920 N Street, N.W., Suite 800
Washington, D.C. 20036
(202) 331-8800

September 6, 2011

PUBLIC VERSION

CERTIFICATE OF SERVICE

I hereby certify that this 6th day of September 2011, I served a copy of the foregoing upon Defendant via hand-delivery at the address below:

G. Paul Moates
Paul A. Hemmersbaugh
Sidley Austin LLP
1501 K Street, NW
Washington, DC 20005

Counsel for CSX Transportation, Inc.

Jeffrey O. Moreno

Part II-A

PART II: MARKET DOMINANCE

In this Part II, TPI responds to CSXT's quantitative and qualitative market dominance evidence. Part II.A. addresses quantitative market dominance issues and Part II.B. addresses qualitative issues.

TPI has challenged CSXT's rates for the transportation of five different products in a combination of 104 origin-destination pairs. The five products are polypropylene, polyethylene, polystyrene, aromatics, and styrene. The first three products are plastic polymers and the last two products are hazardous liquids.

As a threshold matter, CSXT has only contested TPI's market dominance evidence with respect to 78 of the 104 issue movements and only the three polymer products.[1] Therefore, TPI has established market dominance for the remaining 26 issue movements, including all movements of aromatics and styrene.[2] TPI's rebuttal evidence thus addresses only the 78 movements and three products that are the subject of CSXT's Reply Evidence.

A. QUANTITATIVE MARKET DOMINANCE.

CSXT disagrees with two factors included in TPI's Opening presentation related to the calculation of variable costs for the issue movements for purposes of determining the jurisdictional threshold under 49 U.S.C. §§ 10701 (d)(1) and 10707.

In their Reply, CSXT agrees with TPI on seven of the nine inputs required to run the STB's URCS Phase III model for each issue movement, i.e., CSXT agrees with each of TPI's inputs, except net tons per car and loaded miles. In addition, CSXT agrees with TPI's calculation of the tariff rates including fuel surcharges for each issue movement for each quarter from 3Q10 through

[1] CSXT Reply at I-2, notes 2 and 3.

[2] The 26 movements for which CSXT's market dominance is not in dispute are Lanes A-2 and B-11, 12, 13, 16, 19, 30, 32, 34, 38, 42, 45, 46, 51, 55, 58, 64, 76, 77, 83, 87, 104, 116, 117, 118 and 119.

1Q11[3]. CSXT also agrees with the indexes developed by TPI to adjust calendar year 2009 CSXT URCS costs to third quarter of 2010, fourth quarter of 2010 and the first quarter of 2011[4].

1. Loaded Mile Differences

The difference between TPI and CSXT's calculation of loaded miles centers on the CSXT traffic records forwarded to TPI in discovery. Specifically, CSXT's criticism of TPI's calculation of loaded miles centered on the following three specific themes:

1. TPI did not include all CSXT provided records in its mileage calculations;
2. The STB's FMC decision supports a weighted average mileage approach; and
3. TPI's predominant route approach produced results that were lower than actual.

Each of these CSXT criticisms is discussed below and followed by a specific lane-by-lane analysis explaining the reasons for the mileage differences.

CSXT correctly observed that TPI inadvertently failed to include some of the provided car event records when calculating loaded miles. In this Rebuttal evidence, TPI has corrected the mileages on the few involved issue lanes.

In an attempt to justify the use of some extremely high loaded mileages, CSXT claims that their operating practices result in these extraordinary long distances between rail stations and

---

[3] In Reply, CSXT used the rates and fuel surcharges developed by TPI in Opening even though a difference in loaded mileages exists for a number of issue lanes. In this Rebuttal, we have updated the rates and fuel surcharges to reflect the compromised loaded miles that we use in Rebuttal. The details of these calculations are shown in Rebuttal Exhibit II-A-5.

[4] In Opening, TPI used a Producer Price Index for All Commodities ("PPI-AC"), which was downloaded on April 14, 2011, to calculate the "other indexable expenses" component of the composite index. This PPI-AC index contained preliminary values for December 2010 through March 2011. In Reply, CSXT accepted TPI's PPI-AC values and index. In Rebuttal, TPI has updated the PPI-AC index with a version downloaded on August 26, 2011 that contains actual values through March 2011. These updated results are included in TPI's Rebuttal workpapers at "CSXT09 to 1Q11 Phase III Index_Rebuttal.xlsx".

therefore the longer miles should be used for costing purposes. CSXT's inclusion of these circuitous routings and their weighted average mileage approach is based on the STB's FMC decision[5].

The FMC decision does not support CSXT's weighted average approach used in Reply. The difference in loaded miles for the routes CSXT includes in its weighted average approach is not comparable to the loaded mileage differences in FMC. The reasons FMC does not apply in this case include:

1. FMC resolved a dispute regarding a single specific movement and did not set a general precedent. Both parties in FMC presented explanations for how the issue traffic moved and submitted a total of three special studies regarding the movement of the issue traffic. The STB did not decide that "actual" mileage or "weighted average" mileage was superior in FMC but rather reviewed the three special studies presented by the parties and selected the study it found most convincing. No similar special studies have been submitted by CSXT in this proceeding and CSXT did not provide the data necessary for TPI to perform a special study;

2. The movement in FMC involved a local turn train that served a specified route each trip and always served the issue location of Don, ID because Don, ID is located on the local train's specified route. The local turn train in FMC moved from Pocatello Yard, ID to Borah, ID and returned to Pocatello Yard, ID.

3. The movement referenced in the FMC decision dealt with how the issue traffic was handled by the local train turn crew. The FMC dispute was whether or not the issue traffic was picked up by the local train on the way out to Borah or on the way back from Borah to Pocatello Yard. CSXT has not provided any information regarding whether or not local trains served any of the involved facilities and if they do, how does CSXT rationalize these extremely circuitous routings; and

4. The issue location in FMC (Don, ID) is located approximately 8 miles from Pocatello Yard, ID. The differences in distance for the involved issue traffic movements are too great for a local train turn crew to operate and therefore the TPI movements are not operationally similar to the movement in FMC.

[5] See, FMC Wyoming Corp. Wyoming Pacific R. R. Cp. ("FMC"), 4 STB 699 (2000).

CSXT was critical of TPI's predominant route approach to develop loaded miles. TPI's predominant route approach was designed to eliminate CSXT records with obvious data errors. While CSXT is critical of TPI's approach to developing loaded miles by eliminating unexplained, anomalous routings, CSXT itself arbitrarily removed some records from its calculation of loaded miles. CSXT recognized (but did not highlight) the fact that the CSXT produced traffic records contained records with data errors and excluded "these data anomalies from its mileage calculations"[6]. CSXT's approach to identifying anomalies was based on the application of an arbitrary "10% rule". Specifically, any route that handled less than 10% of the issue traffic for each issue origin/destination pair was arbitrarily eliminated from CSXT's loaded-mile calculations without explanation or analysis.

After advocating a 10% rule, CSXT failed to uniformly follow its own arbitrary rule. CSXT does not mention this or provide an explanation why certain lanes were excluded from its calculations in its Reply testimony or workpapers. One example of CSXT not implementing its own "10% rule" can be found in CSXT's handling of Lane B118, Social Circle, GA to Conyers, GA. CSXT's data[7] shows that {{[redacted]}} traveled 87 miles, {{[redacted]}} traveled 221 miles, {{[redacted]}} traveled 402 miles, and {{[redacted]}} traveled 909 miles for the issue traffic moving from Social Circle to Conyers. CSXT manually flagged each movement with miles greater than 87 as lanes "Not included", with no explanation of why these records were not included in their mileage analysis. Apparently, CSXT believed that any movements with miles greater than 87 should be excluded as they are in fact "data anomalies". This example, as well as Lanes B35, B44, and B105, demonstrate that CSXT's arbitrary "10% rule" does not identify all errors in the CSXT data. It is possible for CSXT to have included lanes in its weighted average mileage calculation that

[6] See CSXT Reply, p. II-7, footnote 8.

[7] See CSXT Reply workpaper "CSXT Reply-Complaint Traffic Summary.xlsx" on the "Predom. Miles 1Q10-2Q10 STCC" level.

should potentially be removed. It is impossible to determine from the data provided by CSXT whether or not other issue lanes contain these same types of mileage problems. CSXT's mileage analysis demonstrates that its 10% rule does not account for all the data anomalies included in the records it provided to TPI.

A lane-by-lane critique of the differences in loaded mileages and net tons per car included in TPI's Opening presentation versus those included in CSXT's Reply presentation follows. This lane-by-lane critique demonstrates why TPI's mileages and net tons per car should be used for rail costing purposes.

While TPI does not fully agree with CSXT's approach for calculating loaded miles, the difference between the parties for most issue lanes is relatively small. After updating the CSXT car event data to include all segments used to calculate the loaded miles[8] and in order to minimize disputes, TPI will accept CSXT's calculations of loaded miles for 87 issue lanes but will not accept CSXT's calculation for the 17 issue lanes summarized in Rebuttal Table II-A-1 below.

[8] See TPI workpaper "CSXT CarEvents Data for TPI Traffic 1Q09 to 2Q10 Rebuttal.xlsx"

Rebuttal Table II-A-1
Comparison of TPI Rebuttal And CSXT Reply
Loaded Miles For Issue Traffic Lanes Still In Dispute
(Arrayed Largest to Smallest On Column (6))

Complaint Lane ID (1)	Origin (2)	Destination (3)	TPI Rebuttal Miles 1/ (4)	CSX Reply Miles 1/ (5)	Loaded Mileage Difference 2/ (6)
1. B51	Memphis, TN	Gallaway, TN	31	493	463
2. B69	Memphis, TN	Gallaway, TN	31	493	463
3. B100	Memphis, TN	Gallaway, TN	31	493	463
4. B75	Memphis, TN	Jackson, TN	119	394	275
5. B60	New Orleans, LA	Baltimore, MD	1,288	1,541	253
6. B89	Memphis, TN	Horse Cave, KY	342	504	162
7. B91	New Orleans, LA	Matthews, NC	775	887	112
8. B33	Chicago, IL	Terre Haute, IN	389	477	88
9. B56	Chicago, IL	Terre Haute, IN	389	477	88
10. B42	Effingham, IL	Ivyland, PA	1,043	1,125	82
11. B118	Social Circle, GA	Conyers, GA	21	87	66
12. B38	New Orleans, LA	Deland, FL	862	923	61
13. B45	New Orleans, LA	Hollywood, FL	1,185	1,243	58
14. B30	East St. Louis, IL	Painesville, OH	600	645	45
15. B11	New Orleans, LA	Hope Hull, AL	327	361	34
16. B03	New Orleans, LA	Covington, GA	555	587	32
17. B43	New Orleans, LA	Covington, GA	555	587	32

1/ Miles represent movement between Column (2) and Column (3) stations.
2/ Column (4) minus Column (5)

The reasons why TPI's loaded miles are superior to CSXT's loaded miles for each of the 17 issue lanes summarized in Rebuttal Table II-A-1 are outlined below on a lane-by-lane basis.

a. **Complaint Lanes B51, B69, & B100 - - Memphis, TN to Gallaway, TN** – These three (3) issue lanes are interline received movements with the issue traffic being interchanged with the originating carrier at Memphis, TN and terminating on the CSXT system at Gallaway, TN. During the study period (1Q10-2Q10), {{[redacted]}} issue traffic carloads moved from Memphis to Gallaway. The rail distance from Memphis, TN to Gallaway, TN is 31 miles. Of the {{[redacted]}} issue movements, CSXT records suggest that {{[redacted]}} traveled 435 miles to

go from Memphis to Gallaway and the {{[redacted]}} issue carload traveled 668 miles from Memphis to Gallaway. CSXT offered no explanation for an operation that is 15 times longer that the actual distance. In Opening, TPI used PC Miler/Rail[9] recorded 31 miles between Memphis, TN and Gallaway, TN. In Rebuttal, TPI continues to use PC Miler/Rail because no operational justification was provided by CSXT for the longer, extremely circuitous routing that it relied upon.

b. **Complaint Lane B75 - - Memphis, TN to Jackson, TN** – This lane is an interline received movement with the issue traffic being interchanged with the originating carrier at Memphis, TN and terminating on the CSXT at Jackson, TN, a distance of 119 rail miles. During the study period (1Q10-2Q10), {{[redacted]}} issue traffic carloads moved from Memphis, TN to Jackson, TN, which CSXT records indicate moved 394 operating miles. CSXT offered no explanation for this operation that is over three times longer than the actual distance. In Opening TPI used 119 PC Miler/Rail miles between Memphis, TN and Jackson, TN. In Rebuttal, TPI continues to use PC Miler/Rail because no operational justification was provided by CSXT for the longer extremely circuitous routing that it relied upon.

c. **Complaint Lane B60 - - New Orleans, LA to Baltimore, MD** – This lane is an interline received movement with the issue traffic being interchanged with the originating carrier at New Orleans, LA and terminating on the CSXT system at Baltimore, MD. During the study period (1Q10-2Q10), {{[redacted]}} issue traffic carloads moved from New Orleans, LA to Baltimore, MD. Of the {{[redacted]}} issue movements, {{[redacted]}} moved northeast from New Orleans to Baltimore and traveled 1,288 miles according to CSXT records. CSXT also notes that {{[redacted]}} moved northeast from {{[redacted]}} for a total of 1,964 miles. This move contains a

[9] This is the same source the STB uses to develop routes and mileages used in the STB's Carload Waybill Sample.

back haul between {{[redacted]}} that adds an additional 379.5 miles to the total miles for this trip.[10] CSXT also included {{[redacted]}} that travelled 1,276 miles from New Orleans to Baltimore, and another that traveled 1,465 miles between New Orleans and Baltimore.

No explanation was provided by CSXT to support route miles that contain long back-hauls and/or other unexplained reasons why these miles can be justified for developing regulatory cost of service calculations. In Rebuttal, TPI continues to use 1,288 miles for this issue lane.

d. **Complaint Lane B89 - - Memphis, TN to Horse Cave, KY** – This lane is an interline received movement with the issue traffic being interchanged with the originating carrier at Memphis, TN and terminated on the CSXT system at Horse Cave, KY. CSXT data did not provide any traffic records for this lane. In Opening, TPI utilized 342 miles developed from PC Miler/Rail. In Reply, CSXT claims that it "developed mileages for these lanes [Lanes B37, B89 and B91] from the detailed Trip Plans that were produced for these lanes, which identify the actual CSXT operations, including routes and train assignments that would be used to move the traffic."[11] The trip plan produced in discovery by CSXT notes that these moves would travel 876 miles[12] but CSXT utilized 504 miles.

A combination of CSXT's unexplained mileage calculations plus a lack of actual data forced TPI to continue to use 342 rail miles developed from PC Miler/Rail in its Rebuttal evidence.

---

[10] These{{ [redacted]}}, traveled on the same days and under the same waybill.

[11] See CSXT Reply, p. II-13, footnote 21.

[12] See TPI Rebutttal workpaper "CSXT Trip Plan from Memphis to Horse Cave CSX-TPI-C-28871.pdf", bates number CSXT-TPI-C-028871

e. **Complaint Lane B91 - - New Orleans, LA to Matthews, NC**--This lane is an interline received movement with the issue traffic being interchanged with the originating carrier at New Orleans, LA and terminating on the CSXT system at Matthews, NC. CSXT data did not provide any traffic records for this lane. In Opening, TPI utilized 775 miles developed from PC Miler/Rail, while CSXT utilized its trip plan miles. In Rebuttal, TPI continues to rely on PC Miler/Rail as the mileage source for this lane because PC Miler/Rail corresponds to the CSXT time table mileage between these two stations.

f. **Complaint Lanes B33 & B56 - - Chicago, IL to Terre Haute, IN** --These two lanes are interline received movements with the issue traffic being interchanged with the originating carrier at Chicago, IL and terminating on the CSXT system at Terre Haute, IN. During the study period (1Q10-2Q10), {{[redacted]}} issue traffic carloads moved from Chicago, IL to Terre Haute, IN. Of the {{[redacted]}} issue movements, {{[redacted]}} moved south from {{[redacted]}} and traveled 389 miles according to CSXT records and is the basis for TPI's Opening evidence miles for these lanes.

CSXT also included {{[redacted]}} that traveled 829 miles from Chicago, IL to Terre Haute, IN. This {{[redacted]}} traveled past {{[redacted]}}, a total of six (6) times which accounts for the extremely long distance of 829 miles. This 829 mile movement constitutes a data anomaly and/or an operating mistake and should be removed from the mileage calculation. In Rebuttal, TPI continues to use 389 miles for these issue lanes.

g. **Complaint Lane B42 - - Effingham, IL to Ivyland, PA** -- This lane is an overhead movement with the issue traffic being interchanged with the originating carrier at Effingham, IL and interchanged with the terminating carrier at Ivyland, PA. During the

study period (1Q10-2Q10), {{[redacted]}} issue traffic carloads moved from Effingham, IL to Ivyland, PA. Of the {{[redacted]}} issue movements, {{[redacted]}} moved from {{[redacted]}}, and traveled 1,043 miles according to CSXT records.

The {{[redacted]}} traveled 1,206 miles from {{[redacted]}}. This routing includes a 78 mile back haul from {{[redacted]}}.

CSXT did not explain why this 78 mile backhaul should be considered a normal operating practice for this issue lane. In Rebuttal, TPI continues to reply upon the more direct routing resulting in 1,043 route miles for this issue lane.

h. **Complaint Lanes B118 - - Social Circle, GA to Conyers, GA** – This lane is an interline received movement with the issue traffic being interchanged with the originating carrier at Social Circle, GA and terminating on the CSXT system at Conyers, GA, a distance of 21 rail miles. During the study period (1Q10-2Q10), {{[redacted]}} issue traffic carloads moved from Social Circle to Conyers. Of the {{[redacted]}} issue movements, {{[redacted]}} moved from Social Circle to Conyers and traveled 87 miles according to CSXT records. As explained above, CSXT manually excluded {{[redacted]}} lanes from consideration and selected 87 miles for this lane without explanation.

In Opening, TPI utilized 21 PC Miler/Rail miles for the move from Social Circle to Conyers. In Rebuttal, TPI continues to use the actual rail distance between these two stations, i. e., 21 miles, as it is the best evidence of record.

i. **Complaint Lane B38 - - New Orleans, LA to Deland, FL** – This lane is an interline received movement with the issue traffic being interchanged with the originating carrier at

New Orleans, LA and terminating on the CSXT system at Deland, FL. During the study period (1Q10-2Q10), {{[redacted]}} issue traffic carloads moved from New Orleans, LA to Deland, FL. Of the {{[redacted]}} issue movements, {{[redacted]}} moved East and then South from New Orleans to Deland and traveled 862 miles according to CSXT records.

CSXT also included {{[redacted]}} that traveled 894 miles from New Orleans to Deland, {{[redacted]}} that traveled 843 miles, {{[redacted]}} that traveled 881 miles, and {{[redacted]}} that traveled 1,287 miles.[13] Clearly the anomalous 1,287 mile movement should be removed from consideration of loaded miles for this issue movement. In Rebuttal, TPI continues to use 862 miles for this issue lane.

j. **Complaint Lane B45 - - New Orleans, LA to Hollywood, FL** – This lane is an interline received movement with the issue traffic being interchanged with the originating carrier at New Orleans, LA and terminating on the CSXT system at Hollywood, FL. During the study period (1Q10-2Q10), no issue traffic carloads moved from New Orleans, LA to Hollywood, FL. Both TPI and CSXT reverted to a secondary study period (1Q09-4Q09) which showed {{[redacted]}} issue traffic carloads moving from New Orleans, LA to Hollywood, FL. Of the {{[redacted]}} issue movements, {{[redacted]}} moved East and then South from New Orleans to Hollywood and traveled 1,185 miles according to CSXT records.

CSXT also included the remaining {{[redacted]}}[14] carload movements in its loaded miles analysis with each going a different number of miles over different routes, i. e., {{[redacted]}} traveled 1,141 miles, {{[redacted]}}, traveled 1,166 miles, {{[redacted]}} traveled

[13] The carload that traveled 1,287 miles traveled on two different days. On the first day it traveled from New Orleans, LA to Deland, FL a distance of 881 miles, matching another carload movement. On the second day and included in the 1,287 miles, the carload moved from {{[redacted]}} for a total of 406 extra miles.

[14] Following CSXT's logic, CSXT should have included a {{[redacted]}} movement in its analysis. Without explanation or support, CSXT excluded {{[redacted]}} that travelled 1,037 miles from New Orleans, LA to Hollywood, Fl.

1,182 miles, and {{[redacted]}} traveled 1,596 miles.[15] Clearly the anomalous 1,596 mile movement should be removed from consideration of loaded miles for this issue movement. In Rebuttal, TPI continues to use 1,185 miles for this issue lane.

k. **Complaint Lane B30 - - East St. Louis, IL to Painesville, OH** --In Reply, CSXT stated that "TPI included shipments that did not move between the issue traffic's origin and destination"[16] when assigning TPI complaint lanes to specific CSXT traffic records. In Opening, TPI identified the issue traffic from a combination of CSXT waybill data and TPI provided waybill data[17]. CSXT's traffic data could not be utilized as the sole reliable source for determining TPI complaint traffic as CSXT itself admits that the traffic data contains "anomalies[18]."

An example of the CSXT traffic data that TPI determined was complaint traffic and CSXT took no issue with is Lane B116, Social Circle, GA to Covington, GA. In one waybill record for this local move where all origins and destinations should be the same, the CSXT traffic data shows two different origins (Ultimate Origin: Social Circle, GA and CSXT Origin: Madison, GA) and two different destinations (CSXT Destination: Social Circle, GA and Ultimate Destination: Covington, GA) plus an origin that is the same as the destination (Social Circle, GA).

---

[15] The carload that traveled 1,596 miles traveled the extremely circuitous route from New Orleans, LA north to Montgomery, AL though Mobile, AL, then east to Thomasville, GA though Dothan, AL and back to Montgomery, AL, then moved north to LaGrange, GA, then back south to Hollywood, FL via Waycross, GA. The trip of route trip from Montgomery, AL – Thomasville, GA added an additional 423 miles to the total distance.

[16] See CSXT Reply, p. II-10.

[17] See TPI workpaper in Opening and Rebuttal, "Market Dominance II Rail Shipments Data for CSXT_LEPA.xls"

[18] See CSXT Reply, p. II-7, footnote 8.

Also, TPI found 8,253 waybill records that could potentially be TPI complaint traffic[19]. Of those records, 5,411 were identified as TPI complaint traffic. In order to identify the TPI traffic in the CSXT data, TPI had to make changes to over 4,000 records in the CSXT traffic data. Of all those records and changes, CSXT took issue with TPI's selection of 184 records as complaint traffic. In order to minimize disputes, TPI is only taking issue with one of these lanes.

Specifically, TPI takes issue with the lane from East St. Louis to Painesville, OH. This lane is an interline received movement on CSXT with the issue traffic originating in Port Arthur, TX on the Union Pacific Railroad ("UP") and interchanged with the CSXT at East St Louis, IL and terminated on the CSXT system at Painesville, OH. During the study period (1Q10-2Q10), TPI identified {{[redacted]}} issue carloads that traveled from East St. Louis, IL to Painesville, OH, while in Reply CSXT identified {{[redacted]}} for the same lane. TPI's identified {{[redacted]}} issue carloads travelled 600 predominant route miles while CSXT's issue carload results increased the miles to the longest route available, i. e., of 645 miles. TPI identified the {{[redacted]}} movements summarized in Rebuttal Table II-A-2 in the CSXT waybill data.

[19] See TPI Opening, p. II-A-2.

Rebuttal Table II-A-2
Comparison of TPI Opening And CSXT Reply
Loaded Miles For Issue Traffic in Lane B30
(Arrayed Smallest to Largest On Column (1))

	Miles (1)	Carloads (2)	Percent of Lane Traffic (3)	UP Origin City (4)	CSXT Origin City (5)	CSXT Dest.City (6)
1.	390	{{[redacted]}}	{{[redacted]}}	Port Arthur, TX	Salem, IL	Painesville, OH
2.	574	{{[redacted]}}	{{[redacted]%}}	Port Arthur, TX	Salem, IL	Painesville, OH
3.	575	{{[redacted]}}	{{[redacted]}}	Port Arthur, TX	Salem, IL	Painesville, OH
4.	600	{{[redacted]}}	{{[redacted]}}	Port Arthur, TX	Salem, IL	Painesville, OH
5.	632	{{[redacted]}}	{{[redacted]}}	Port Arthur, TX	Salem, IL	Painesville, OH
6.	645	{{[redacted]}}	{{[redacted]}}	Port Arthur, TX	E St. Louis, IL	Painesville, OH
7.	Total	{{[redacted]}}	100%	xxx	xxx	xxx

Source: TPI Rebuttal workpaper "CSXT Car Waybills and Car Shipments Data for TPI traffic 1Q09 to 2Q10 Rebuttal.xls"

All {{[redacted]}} movements originate on the UP in Port Arthur, TX and terminate on CSXT at Painesville, OH. CSXT disagrees with TPI's designation of {{[redacted]}} movements marked in the CSXT waybill data as on the CSXT system at Salem, IL instead of East St. Louis, IL. Salem, IL is located 68.2 miles east of East St. Louis, IL. Both East St. Louis, IL and Salem, IL are CSXT interchange locations with UP.

As this lane is an interline received movement that is received in interchange from UP, the exact CSXT interchange location is not always the same. As shown on UP's website[20], Salem is an operating interchange for traffic originating in Texas and interchanging with CSXT in the E. St. Louis area. UP and CSXT routinely use Salem, IL as an interchange point for traffic instead of East St. Louis, which is what was shown in the CSXT waybill data and why the Salem traffic should be included for this lane. CSXT provides no justification for eliminating the traffic traveling through Salem, IL when it is clearly part of the TPI complaint traffic that terminates at Painesville, OH.

In Rebuttal, TPI continues to use 600 miles for this issue traffic.

[20] See http://www.uprr.com/customers/shortline/interline_agree.shtml and TPI workpaper "up_csx_routing.pdf"

l. **Complaint Lane B11 - - New Orleans, LA to Hope Hull, AL** – This lane is an interline received movement with the issue traffic being interchanged with the originating carrier at New Orleans, LA and terminated on the CSXT system at Hope Hull, AL. During the study period (1Q10-2Q10), {{[redacted]}} issue traffic carloads moved from New Orleans, LA to Hollywood, FL. Of the {{[redacted]}} issue movements, {{[redacted]}} carloads or 63.6% moved east from New Orleans to Hope Hull and traveled 327 miles according to CSXT records.

CSXT also included {{[redacted]}} additional carload movements in its loaded miles analysis, but excluded the other {{[redacted]}} carloads under its arbitrary 10% rule. The {{[redacted]}} remaining carloads included in CSXT's analysis traveled 521 miles. These {{[redacted]}} moves of 521 miles should be treated as a data anomaly and removed from the mileage calculation.

In Rebuttal, TPI continues to rely upon 327 miles for this movement.

m. **Complaint Lanes B03 & B43 - - New Orleans, LA to Covington, GA** – This lane is an interline received movement with the issue traffic being interchanged with the originating carrier at New Orleans, LA and terminating on the CSXT system at Covington, GA. During the study period (1Q10-2Q10), {{[redacted]}} issue traffic carloads moved from New Orleans, LA to Covington, GA. Of the {{[redacted]}} issue movements, {{[redacted]}} carloads moved northeast from New Orleans to Covington and traveled 555 miles according to CSXT records. CSXT also included {{[redacted]}} carloads in its loaded miles analysis that traveled 609 miles from New Orleans, LA to Covington, GA. These carloads were not included in TPI's predominant miles analysis as these miles included back hauls from {{[redacted]}} which adds the additional miles to the routing without explanation from CSXT.

CSXT included {{[redacted]}} of the remaining carload movements in its loaded miles analysis. The remaining {{[redacted]}} carloads were excluded from CSXT's analysis under its

arbitrary 10% rule. The {{[redacted]}} remaining carloads included in its analysis traveled 598 miles. These longer, more circuitous routings were included by CSXT without explanation.

In Rebuttal, TPI continues to use 555 miles for these issue lanes.

2. Net Tons per Car Differences

There are relatively minor differences between the net tons per car TPI presented in Opening and the net tons per car CSXT presented in Reply. In Rebuttal, TPI has accepted CSXT's tons per car calculations for all lanes except Lane B30 – East St. Louis, IL to Painesville, OH. TPI does not accept these tonnage calculations because CSXT excluded waybill records where the CSXT origin was Salem, IL instead of East St. Louis, IL for this lane. As discussed above, during the study period (1Q10-2Q10), TPI identified {{[redacted]}} issue carloads that traveled from East St. Louis, IL to Painesville, OH, while in Reply CSXT identified only {{[redacted]}} from the same lane. TPI's identified {{[redacted]}} issue carloads result in 90.5 average net tons per car, while CSXT's {{[redacted]}} contained 93 tons. CSXT disagreed with TPI's designation of {{[redacted]}} movements marked in the CSXT waybill data as originating on the CSXT system at Salem, IL instead of East St. Louis, IL. For the same reasons listed above, these {{[redacted]}} movements should not have been excluded from the calculation of tons per car. In Rebuttal, TPI continues to utilize all {{[redacted]}} lanes to identify 90.5 average tons per car for Lane B30.

3. Variable Costs

TPI Rebuttal Exhibit II-A-1 through Rebuttal Exhibit II-A-3 summarize CSXT's variable costs, jurisdictional thresholds and revenue to variable cost ratios for each issue TPI movement during each quarter from 3Q10 through 1Q11 based on the above. Rebuttal Exhibit II-A-1 through Rebuttal Exhibit II-A-3 also compares TPI's results to the corresponding results in CSXT's Reply Exhibit II-A-2 through Reply Exhibit II-A-4.

Rebuttal Exhibit II-A-4 shows the operating characteristics utilized to develop TPI's Rebuttal Exhibit II-A-1 through Rebuttal Exhibit II-A-3 while Rebuttal Exhibit II-A-5 summarizes the development of rates including fuel surcharges also utilized in Rebuttal Exhibit II-A-1 through Rebuttal Exhibit II-A-3.

Part II-B

B. QUALITATIVE MARKET DOMINANCE.[1]

In this Part II-B, TPI responds to CSXT's reply evidence on the effectiveness of both intramodal and intermodal competition for 78 of the issue movements. Part II-B-1 addresses CSXT's allegations of intramodal competition for five of the issue movements, which are based entirely upon a novel theory that is contrary to the law, illogical and impractical. Part II-B-2 addresses CSXT's allegations of intermodal competition, in the form of rail-to-truck transloading, for 78 lanes. Those allegations are based upon incomplete and inaccurate statements of the law and a refusal to acknowledge all of the evidence that rail is a far superior mode for transporting polymers. Finally, Part II-B-3 presents lane-specific summaries that link each of the 78 individual movements to the evidence and argument that demonstrate the non-existence or ineffectiveness of CSXT's alleged intramodal and intermodal alternatives.

1. Intramodal Competition.

a. CSXT uses an incorrect and unprecedented definition of intramodal competition.

The first part of the qualitative market dominance analysis measures intramodal competition, which involves an analysis of possible "competition from other rail carriers...for the transportation to which a rate applies." 49 USC § 10707(a). In other words, intramodal competition "refers to competition between two or more railroads transporting the same commodity between the same origin and destination." West Texas Utilities Company v. Burlington Northern Railroad Company, 1 STB 638, 645 (1996).

[1] The facts and evidence throughout this Part II-B are jointly sponsored by Allen Cast, TPI's Manager, Transportation & Distribution Strategy & Commercial; Mike Goins, TPI's General Manager - Supply Chain & Regulatory Affairs; Sheri Reynolds, a TPI Strategic Planning Advisor; and Melissa Richards, a TPI Advisor-Supply Chain Strategy. In addition, where separately indicated, various subparts within Part II-B are sponsored by other witnesses. All witness credentials are detailed in Part IV.

In this proceeding, CSXT claims that there is effective intramodal competition for five lanes: B-44, B-67, B-108, B-109, and B-110. CSXT Reply at II-16-19. But, CSXT does not contend that two rail carriers provide service between the interchange with the connecting carriers and the specific customer facilities. Rather, CSXT's position is that effective competition exists because the challenged tariff rate also applies to competitively served facilities at other locations within the destination city. CSXT argues that no market dominance exists over transportation to captive customers in a city if "CSXT's service to other customers is subject to intramodal competition" and CSXT charges the same rate for both. CSXT Reply at II-18. Thus, CSXT posits that TPI is a beneficiary of the intramodal competition to other locations in the destination cities, thereby making TPI's captive traffic subject to effective intramodal competition. CSXT Reply at II-19 ("The indisputable rail-to-rail competition to the dually-served destination is an effective constraint on the challenged rate to all customer locations for which that rate is applicable.").

CSXT's theory is legally incorrect, contrary to precedent, and would create epic implementation problems.

(1) Intramodal competition is based upon competitive options between the issue origin and destination.

CSXT's theory is contrary to the statutory language and agency precedent. Under 49 USC § 10707(a), the "transportation" to which the challenged "rate applies" is to the CSXT-captive destination locations. No railroad other than CSXT can provide this "transportation" and, consequently, there is no intramodal competition. In other words, TPI does not have "competitive alternatives available" to it. Arizona Public Service Company v. The Atchison, Topeka & Santa Fe Railway Company, 2 STB 367, 373 (1997) ("Arizona").

Contrary to CSXT's view, precedent shows that the evaluation of intramodal competition is not based on the entire destination city or geographic region. See, e.g., Arizona, 2 STB at 374 ("Arizona has shown that there is no intramodal competition for rail deliveries to Cholla Station. Santa Fe is the only carrier serving the plant."); Metropolitan Edison Company v. Conrail, 5 ICC2d 385, 411 (1989) ("Conrail is the only railroad providing service to Met Ed's Reading and Portland facilities. Accordingly, there is no effective intramodal competition."). Consequently, TPI cannot be "served by more than one railroad" for the issue lanes, and TPI does not have "rail alternatives" available to it. Market Dominance Determinations and Consideration of Product Competition, 365 ICC 118, 132 (1981) ("A shipper has rail alternatives when, for a given purpose, it can be served by more than one railroad or combination of different railroads.") ("Market Dominance Determinations").

(2) CSXT's tariffs are paper rates with respect to competitively served locations.[2]

CSXT has not provided any evidence that the challenged tariff rates are widely used for transportation to competitively-served locations. In other words, the tariffs may simply be "paper rates" for the allegedly competitive locations. If CSXT is in fact providing transportation to these competitively-served locations, such transportation might be pursuant to contract. CSXT has only provided a list of shipments via Norfolk Southern to these locations, not shipments via CSXT. CSXT Reply Exhibit II-B-7. Information regarding any CSXT shipments under these challenged tariffs is obviously within CSXT's control, yet CSXT has not submitted such evidence to the Board in support of its city-wide theory of intramodal competition. Consequently, the Board should reject CSXT's argument as unsupported.

[2] The facts and evidence in this Part II-B-1.a.(2) are sponsored by Thomas D. Crowley.

TPI has been able to develop this information for the first six months of 2010 from data produced by CSXT in discovery.[3] For Lanes B-67 and B-108 to Akron, Ohio, {{ [redacted] }} For shipments in Lane B-44 to Sidney, Ohio, {{ [redacted] }} of the total traffic moving under the challenged rate was not TPI issue traffic. Finally, for shipments in Lanes B-109 and 110 to Lima, Ohio, {{ [redacted] }} of the traffic was non-issue traffic. {{ [redacted] }} Therefore, CSXT's novel theory that there is effective intramodal competition, because the challenged rates apply to both competitive and captive locations, must fail.

Finally, the fact that CSXT's tariff rates apply to both competitive and captive locations, is a phenomenon entirely of CSXT's own making. If CSXT wants to charge the same rate to captive and competitive destinations, it can certainly do so. "[A] rail carrier providing transportation subject to the jurisdiction of the Board under this part may establish any rate for transportation or other service provided by the rail carrier." 49 USC § 10701(c). However, TPI should not be barred from rate relief simply because of CSXT's tariff rate structure, which can be changed on 20 days notice.

[3] See TPI Reb. Workpaper "CAR_WAYBILL_SHIPMENTS_SIDNEY_LIMA_1Q10-2Q10.xlsx".

(3) TPI is not seeking a prescribed rate that covers competitive movements.

TPI is not seeking prescribed rates for competitively-served destination locations. Thus, CSXT has apparently misread the TPI Opening Evidence, because CSXT believes that "TPI is arguing that it should be entitled to a rate prescription that would cover shipments to customers who indisputably have access to another rail carrier." CSXT Reply at II-19. TPI has argued no such point, and, indeed, CSXT cannot cite to any statement by TPI to that effect. The fact that CSXT's rate structure may apply the same tariff to both competitive locations and captive locations is entirely CSXT's decision, and should not bar TPI's ability to obtain rate relief on captive traffic.

(4) CSXT's position would extend the market dominance analysis to every location to which the challenged rate may apply.

Congress has decreed that "the Board shall determine whether the rail carrier proposing the rate has market dominance over the transportation to which the rate applies", 49 USC § 10707(b), but CSXT would let the railroad make this determination. Under CSXT's view, a railroad could defeat market dominance for dozens or even hundreds of captive shippers in a city if a single shipper in that city had competitive rail service. All the railroad would need to do is establish one tariff for the entire city or relevant geographic region.

Not only is CSXT wrong on the law, but its theory would be entirely unworkable and would cause the market dominance determination to spiral out of control. The Board would have to evaluate not just market dominance for the actual destination of the lane at issue, but also evaluate market dominance for all of the other untold consignee locations in the destination city covered by the challenged tariff in order to determine if effective competition exists for any one of them. The market dominance portion of a rate reasonableness case would mushroom into a colossus, the size of which would be based entirely upon the defendant railroad's decision about

how broadly to apply its tariffs. The Board could be forced to assess market dominance for dozens of other locations in the destination city, none of which would be an actual lane at dispute in the case.

b. Lane specific responses.

(1) Lane B-44: East St. Louis, IL to Sidney, OH

There is no intramodal competition on this lane because, as CSXT itself admits, the track leased by Advanced Composites in Ansonia Yard "is in CSXT's Ansonia yard and is not open to NS." CSXT Reply at II-17. Clearly, no rail alternative exists for shipments to the Ansonia Yard. In fact, CSXT has explicitly informed TPI that {[redacted]} See TPI Reb. Exhibit II-B-1.

As TPI has previously stated, the destination for shipments in Lane B-44 is either the Advanced Composites facility in Sidney or CSXT's Ansonia Yard. See TPI Op. Ev. at II-B-10-11. When shipping rail cars to the customer, TPI does not know at the time of shipping whether the customer will choose to have the cars delivered to the Advanced Composites facility or to the lease track at Ansonia Yard; thus, TPI must use CSXT to ensure that delivery will occur in either case.

Nonetheless, CSXT claims that intramodal competition exists because there have been three rail cars shipped via Norfolk Southern on this lane in the last four years. CSXT Reply at II-17; CSXT Reply Ex. II-B-7. These shipments do not show the existence of intramodal competition. All three shipments were delivered by CSXT to the captive Ansonia Yard. At Rebuttal Exhibit II-B-2, TPI has attached the car location message ("CLM") reports for these shipments, showing that CSXT made the deliveries to Ansonia Yard.

For all three shipments cited by CSXT, TPI attempted to use NS. These attempts were made before TPI learned that it was only the Advanced Composites facility, and not the Ansonia Yard track, that is open to NS via reciprocal switch. TPI Op. Ev. at II-B-11. The first attempt was in 2007, but the car had to be interchanged from NS to CSXT in Marion, Ohio in order to provide delivery to Advanced Composites at the Ansonia Yard. See TPI Reb. Ex. II-B-3. The second and third shipments were in November and December of 2010, after CSXT asserted that NS can provide rail service on this lane. See CSXT's Motion for Expedited Determination of Jurisdiction Over Challenged Rates (filed Oct. 1, 2010) at p. 10. Unfortunately, the results were no better than the attempt in 2007. Once CSXT and NS determined that NS could not make delivery to the Ansonia Yard, the cars were interchanged from NS to CSXT at Columbus, Ohio; CSXT made the delivery to Ansonia Yard. See TPI Reb. Ex. II-B-4.

As CSXT admits, the Ansonia Yard lease track is captive to CSXT. CSXT Reply at II-17. Therefore, the intramodal "alternative" proposed by CSXT for Lane B-44 does not and cannot terminate at the lease track. Instead, the alternative merely involves Norfolk Southern rail transportation to some unspecified location in Sidney, Ohio that is not the lease track. For this reason, the intramodal competition claimed by CSXT fails the threshold test of 49 USC § 10707(a) because it does not cover "the transportation to which...[the CSXT] rate applies." See also Minnesota Power, Inc. v. Duluth, Missabe and Iron Range Railway Company, 4 STB 288 (1999) ("DMIR"), and Part II-B-2.c.(1), infra.

(2) Lanes B-67 and B-108: Chicago, IL to Akron, OH

There is no intramodal competition on Lanes B-67 and B-108 because, as CSXT itself admits, the destination in Akron "is served by CSXT and not by WE [Wheeling & Lake Erie Railroad] or AB [Akron Barberton Cluster Railway]." CSXT Reply at II-17. Thus, CSXT

agrees that there is no intramodal competition in these two lanes. Nonetheless, CSXT invokes its city-wide theory of intramodal competition to claim that Lanes B-67 and B-108 have effective "competition."

As supposed proof for its position on intramodal competition, CSXT asserts that {{[redacted]}}. See also CSXT Reply Ex. II-B-7. These shipments are irrelevant, however, because TPI is not seeking rate relief for destinations that are not captive to CSXT. The fact that CSXT applies this tariff rate to an entire city is entirely within CSXT's control. CSXT certainly knows how to make tariffs that apply to some locations and not others. See, e.g., TPI Reb. Ex. II-B-5.

In addition to the new city-wide theory espoused by CSXT, the alleged intramodal competition also fails the threshold test of 49 USC § 10707(a) and DMIR, at both the origin and destinations. See Part II-B-2.c.(1), infra. The challenged tariff for Lanes B-67 and B-108 covers transportation from the Chicago, Illinois interchange with BNSF to the destination locations in Akron, Ohio. However, the intramodal "alternative" proposed by CSXT is transportation from E. St. Louis, Illinois to some unspecified location in Akron that is not the true termination point of the case lanes (because CSXT itself admits that the destination is captive). See CSXT Reply Ex. II-B-4. Thus, CSXT has not posed a true alternative for the issue movements.

(3) Lanes B-109 and B-110: Chicago, IL to Lima, OH

There is no intramodal competition on Lanes B-109 and B-110 because, as CSXT itself admits, Luckey Logistics in Lima, Ohio operates a "facility only served by CSXT." CSXT Reply at II-18. Thus, CSXT agrees that there is no intramodal competition in these two lanes.

Again, though, CSXT invokes its city-wide theory of intramodal competition to claim that Lanes B-109 and B-110 have effective "competition."

As TPI previously explained, Luckey Logistics has two sites in Lima, Ohio, one at 1750 North Sugar Street and one at 401 E. Robb Avenue. TPI Op. Ev. at II-B-11. The North Sugar Street location is served by both CSXT and the Indiana & Ohio Railway ("IORY"), but the Robb Avenue location is served only by CSXT. TPI is not challenging the rate to the North Sugar Street location because it is competitively-served. Nonetheless, CSXT claims that TPI has routed shipments to the Robb Avenue location via NS. CSXT Reply at II-18; CSXT Reply Ex. II-B-7. CSXT's assertion is incorrect.

TPI has researched all shipments listed in CSXT Reply Exhibit II-B-7 that, according to CSXT, were routed on NS to the Luckey Logistics location at 401 E. Robb Avenue. At Rebuttal Exhibit II-B-6, TPI has attached the car location message ("CLM") reports for each of the 45 shipments that purportedly were delivered to Robb Avenue via an NS routing.[4] Not a single CLM report shows that the car in question was delivered on an NS routing to 401 E. Robb Avenue. Instead, 44 of the CLM reports reveal that the shipment was delivered to "FORPK" in Ohio, which is the abbreviation for Ford Park in Lima and which, crucially, is simply another name used by the IORY for 1750 N. Sugar Street. See Reb. Ex. II-B-7. The other CLM report (for the September 14, 2007 shipment to {[redacted]}) reveals that the rail car was routed via CSXT, not via NS. See Reb. Ex. II-B-6 (CLM for car FINX 050123). See also Reb. Ex. II-B-8. Thus, none of the Lima shipments cited by CSXT were delivered to 401 E. Robb

[4] {[redacted]}

Avenue via NS routings. CSXT's claim of intramodal competition to the Luckey site at 401 E. Robb Avenue evaporates in the face of the CLM documentation.[5]

CSXT also asserts that TPI has made shipments via NS routings to the North Sugar Street location of Luckey Logistics (Reply Ex. II-B-7). But, like the shipments to competitively-served locations in Akron, these shipments are irrelevant. TPI is not seeking rate relief for competitively-served destinations. CSXT's attempt to rely on shipments to North Sugar Street in support of its city-wide theory of intramodal competition fails for the reasons previously described.

Finally, it is not entirely clear what transportation CSXT has proposed as an intramodal alternative for Lanes B-109 and B-110. According to CSXT Reply Exhibit II-B-3, CSXT is proposing that TPI could use an NS-Lima-IORY routing from Chicago, Illinois. However, Reply Exhibit II-B-4 shows that CSXT is proposing an NS route from E. St. Louis, Illinois to Lima, Ohio. TPI is unable to decipher the alternative being proposed by CSXT.[6]

If CSXT is relying on the alternative from E. St. Louis, IL, then the intramodal competition claimed by CSXT fails the threshold test of 49 USC § 10707(a) because it does not cover "the transportation to which...[the CSXT] rate applies." The challenged tariff for Lanes B-109 and B-110 involves transportation from the Chicago (not E. St. Louis) interchange with BNSF to the destination in Lima. See DMIR and Part II-B-2.c.(1), infra. Thus, CSXT has not posed a true alternative in Reply Exhibit II-B-4. Moreover, even if CSXT is proposing a

[5] The CLM documents easily correlate to CSXT Reply Exhibit II-B-7. {[redacted]}

[6] Unlike the intermodal alternatives in Reply Exhibit II-B-5, CSXT did not cite to any work papers in support of the intramodal alternatives in Exhibit II-B-3 or II-B-4.

Chicago-Lima route, it is not clear whether the alternative costs are for that route or the E. St. Louis route. Thus, there is no record on which to find effective intramodal competition.

2. Intermodal Competition.

a. CSXT fundamentally misrepresents the roles of rail and truck transportation in the polymer supply chain.

Although rail is integral to the polymers supply chain, CSXT portrays it as a mere "convenience" that any polymers shipper or receiver (except for TPI who has chosen to be captive) would throw over in an instant for a lower price if delivered by trucks. CSXT attempts to create this picture through a combination of testimony sponsored by Gordon R. Heisler, examples from CSXT's own experience, and examples of TPI's use of trucks. By focusing upon a microcosm of carefully selected scenarios, CSXT improperly attempts to draw macro conclusions regarding the relative roles of rail and truck in the polymers distribution chain. The reality is that rail has a dominant market share of polymers transportation because it is a far superior alternative in most transportation scenarios. Although trucks play an important role in the polymer distribution chain, it is a niche role. There is very little market overlap between rail and truck transportation for polymers. In this subpart, TPI demonstrates these facts through the testimony of Robert Granatelli, by exposing the inflated claims of competition based upon CSXT's own experience, and by correcting CSXT's gross misrepresentation of TPI's experience with trucks.

(1) TPI Witness Granatelli confirms the integral role of rail in the polymers distribution chain.[7]

CSXT's entire Reply Evidence reflects either a substantial naïveté concerning the polymers industry, deliberate misrepresentations, or a combination of both. CSXT attempts to

[7] This section and subparts (a)-(d) are sponsored by Robert Granatelli who recently retired from LyondellBasell, and its predecessor company Basell, where he directed the transportation needs of one of the world's largest polymer producers for almost 20 years before retiring in 2008. During this time, he was responsible for the operational management and economics of all transportation modes, which entailed the management of over 5000 hopper cars and 20,000 rail shipments of polymers annually, and the establishment and operation of intermodal transload facilities for polymer shipments.

cloak its claims with credibility based upon the experience of Gordon Heisler who also submitted a Verified Statement in support of CSXT's "Motion for Expedited Determination of Jurisdiction Over Challenged Rates," filed October 1, 2010. But according to TPI Rebuttal Witness Robert Granatelli, CSXT and Mr. Heisler have engaged in multiple distortions and made statements that are just plain wrong.

(a) CSXT Witness Heisler lacks credibility.

It is difficult for both TPI and Mr. Granatelli to fathom how anyone with any real knowledge or depth of experience in the polymer industry could sponsor some of the statements that CSXT has made in its Reply Evidence. One possible explanation is that Mr. Heisler really does not have the knowledge and experience that CSXT represents. Although CSXT has touted Mr. Heisler's 38 years of experience in the chemical and polymer industry with Sunoco, his polymer experience is not as extensive as CSXT would have the Board believe. Sunoco was not in the polymer business for most of Mr. Heisler's tenure. Sunoco bought into the polymer industry in November 2000 with the purchase of Aristech Chemical Corporation followed by additional acquisitions over the next few years.[8] Mr. Heisler retired just over four years later, in June 2005.[9] Thus, Mr. Heisler's experience in the polymer industry was very short-lived.

Moreover, Mr. Heisler appears to be taking very different positions now, as a consultant for CSXT, than he did as an employee of Sunoco.[10] In a September 2004 interview, he noted

---

[8] See TPI Reb. Ex. II-B-10.

[9] See TPI Reb. Ex. II-B-11.

[10] Indeed, Mr. Heisler appears to be taking different positions as a consultant for CSXT than he took as a consultant for TPI. In its "Reply of Total Petrochemicals USA Inc. In Opposition To Motion For Expedited Determination of Jurisdiction Over Challenged Rates" (filed Oct. 21, 2010), TPI noted that Mr. Heisler was part of a team that advised TPI in 2007 on its Eastern rail strategies, including the contract negotiations with CSXT that led to a {[redacted]} volume-weighted average rate increase. Neither Mr. Heisler nor his colleagues ever advocated the alternative transportation options that he now proposes on behalf of CSXT. If such options truly were feasible, one would expect a consultant that has been hired to develop rail negotiation strategies to propose them. The fact that these options were not proposed strongly suggests that Mr. Heisler's proposals in this proceeding are made solely for this litigation.

that, between Sunoco's four polypropylene plants, the company shipped "in excess of 12,000 carloads of plastics a year" and that "[v]irtually all of our polymer product is shipped by rail in hopper cars."[11] Indeed, CSXT's own Reply Exhibit II-B-10, which is dated July 26, 2010, notes that, {{ [redacted] }} There is no indication that Sunoco or Mr. Heisler have any experience actually employing the robust truck competition that Mr. Heisler now touts as an economically and operationally feasible competitive alternative for TPI. Indeed, Sunoco appears to have depended upon rail even more than TPI, and according to Mr. Granatelli, more than LyondellBasell.

Mr. Heisler also has a history of advocating for rail regulatory reform at Sunoco because of railroad monopoly power. TPI Rebuttal Exhibit II-B-13 is a Sunoco document, distributed by Mr. Heisler to Sunoco customers, that lobbies for rail reform legislation because "[t]he chemical industry is dependent on the railroads" and "[t]he railroads exercise monopoly power over the majority of our industry."

Mr. Granatelli, who was acquainted with Mr. Heisler through various industry organizations, recalls several conversations in which Mr. Heisler noted that "the bulk truck option" as an alternate supply chain was not economically or operationally feasible. In one specific instance, {{ [redacted] }} Apparently, trucking the

[11] See TPI Reb. Ex. II-B-12.

short distance to CSXT was not a competitive option for Sunoco, which of course presents the question why Mr. Heisler believes it is any more of an option for TPI.

CSXT's Reply Evidence is rife with both direct statements and inferences that TPI's captivity is of its own making, which CSXT attempts to back-up with Mr. Heisler's testimony. Although TPI has presented extensive evidence of its customers' rail service needs, their actual demand for rail, and the increased costs to both TPI and its customers associated with trucking, CSXT portrays those as overblown statements designed to create the appearance of captivity. Mr. Granatelli, who has more than four times the experience of Mr. Heisler in polymer logistics, confirms that these are not issues manufactured by TPI or even unique to TPI, but rather are common issues within the polymer industry that demonstrate the market dominance of rail over the vast majority of polymer shipments. In the following subparts, Mr. Granatelli describes the integral role of rail transportation in the polymers distribution chain, discusses the niche role played by trucks, and responds to various statements purportedly sponsored by Mr. Heisler.

(b) The polymer industry supply chain is designed around rail transportation and the use of rail cars for storage.

The entire polymer production process and distribution chain is designed around rail cars. A polymer plant may produce as many as 300 different grades of product that are not interchangeable. These grades are often refined further to meet the specifications of individual customers. Each grade is produced in a continuous production process called "blocks" or "campaigns." Because only a few grades are typically produced at any one time, each campaign must produce sufficient inventory to meet demand until the next campaign for that grade occurs. This requires an enormous amount of storage capacity. Rather than construct acres of massive storage silos (which are very expensive), the industry uses privately-owned or leased rail cars for storage. In addition, both railroads and polymer producers have invested in massive rail car

storage yards that hold tens of thousands of loaded hopper cars.[12] This massive infrastructure investment in both rail cars and storage yards is evidence of the polymer industry's dependence upon a rail-centric supply chain.

This dependence does not end with polymer producers. Most polymer purchasers also have designed their processes around rail transportation. They too rely upon the rail car for storage, which minimizes the need to construct large numbers of storage silos at their plants. In addition, rail cars provide a surge vessel from which customers can feed their production lines. Rail cars also are superior at preserving product integrity, which is absolutely essential to polymer purchasers, because the actual polymer is handled only by the polymer supplier and the customer. This provides a greater assurance of product quality from the cradle to the end-user.

Despite the best supply chain plans of both the polymer producer and purchaser, upsets in production at their respective facilities are to be expected in the normal course of business. Disruptions to the supply chain can be caused by weather, transit delays, supplier production problems, and supplier inventory shortages to name but a few. The parameters of production at both the producer and purchaser plants are fine-tuned to very close tolerances. When this continuous process falls outside of those close tolerances, delays in production result, often at substantial cost, and the process has to be brought back into line, which can take days and sometimes weeks depending upon the scope of the disruption.

In order to avoid or mitigate the effects of such supply chain disruptions, polymer purchasers routinely retain hopper car inventory at or near their plants. A single hopper car contains enough polymer to support most medium to high output extrusion or molding lines for about 24 hours of production. In Mr. Granatelli's experience, customers desire to keep several

[12] See TPI Reb. Work Paper "SIT Yard Photos" for photos of railroad-owned and privately-owned SIT yards.

weeks of inventory in their control to minimize the risk of a supply chain disruption. Customers also buy large quantities at a time in order to hedge against polymer price fluctuations, which requires rail cars to store those volumes. It is not unusual for a customer to retain a loaded rail car for thirty days or more.

(c) Bulk trucks play a niche role in the polymer supply chain.

Although CSXT and Mr. Heisler contend that trucks can replace rail cars and that TPI's customers would readily switch to truck deliveries if they could get a lower polymer price when delivered by truck, they do not tackle the storage question by explaining where the customers would store the polymers if they no longer have rail cars. Unlike rail cars, bulk trucks must be unloaded when they arrive at the customer sites. Therefore, a customer must construct additional silo storage or TPI must assume the responsibility of maintaining the customer's inventory by storing the rail cars at bulk terminals near the customer. Although this adds costs (*e.g.* inventory, rail car storage) to the trucking alternatives that Mr. Heisler has proposed, he has failed to include those costs in his alternative transportation analysis and, in fact, he criticizes TPI's inclusion of those costs as "inefficient," "incompetent," "manufactured" and "made-for-litigation."[13]

Because a bulk truck supply chain does not permit polymer users to retain the inventory levels that are essential to their operations, their risk of supply disruptions increases because truck deliveries must be continuous and carefully timed with the customer's production schedules. Consequently, customers expect and need their bulk truck orders to be filled within 48 hours. There are only two ways for a polymer producer, like TPI, to meet this requirement. TPI could truck directly from its production facility or rail car storage track to the customer

[13] CSXT Reply at I-18-19 and II-71.

location. But this typically is cost-competitive with rail only at distances up to 250 miles, which Mr. Heisler has tacitly recognized by not proposing any direct truck alternatives for the issue movements, which are all greater than 250 miles.[14] Therefore, TPI would have to forward stage inventory in rail cars to bulk terminals within 250 miles of the customer locations.

The alternative transportation options that Mr. Heisler has proposed for TPI will not satisfy customer needs. Although he proposes to transload trucks through bulk terminals, Mr. Heisler would not forward stage rail cars at the bulk terminals in order to enable TPI to respond to customer orders within 48 hours. In fact, he specifically disavows this operation:

> Currently TPI often uses its bulk terminals as staging areas to hold product until requested by customers. TPI admits as much at Opening II-B-7, where it explains that when asked to deliver a truck shipment it first determines whether the requested product is available at any of its bulk terminals. That distribution system—in which product sits at bulk terminals accumulating storage charges until a customer requests it—has no relevance to the alternative transportation system proposed by Mr. Heisler, in which the transloading facility is one stop in a continuous movement to the customer.[15]

Consequently, under Mr. Heisler's proposed operation, upon receiving a customer order for trucks, not before, TPI would have to ship a rail car to a bulk terminal near the customer and then transload into trucks for delivery to the customer, which is a process that would require a minimum of ten days for just the shortest distance issue movements (all of which involve at least two railroads), and even longer for most issue movements, depending upon rail transit time, truck transit time, and bulk terminal dwell time before the rail car is available for transloading.

Mr. Heisler should know better than to suggest that this would be an acceptable transportation alternative to routine rail delivery for any customer. Indeed, it is notable that he

---

[14] CSXT Reply at II-60, note 79.

[15] CSXT Reply at II-72-73 (underline added).

nowhere states that Sunoco ever used such a distribution chain to regularly serve any of its customers. If it did so, Sunoco would lose that customer in a heart beat. No customer can plan its production that far in advance with the precision required for scheduling truck deliveries. But, only by proposing such an option can Mr. Heisler eliminate the additional rail car storage costs and inventory carrying costs to TPI that would destroy his comparative cost analysis. Although CSXT and Mr. Heisler have no qualms citing to the instances when TPI has delivered trucks to customers, they choose to ignore the operational requirements that are necessary to provide that service in a manner that is acceptable to TPI's customers. CSXT cannot have its cake and eat it too.

Moreover, Mr. Heisler and CSXT ignore the narrow circumstances in which truck transportation is provided through bulk terminals. TPI, like many polymer producers, uses a network of approved bulk terminals to serve its truck-only customers, because rail simply is not an option to reach those customers. Very few customers with access to rail would ever choose bulk trucks. According to Mr. Granatelli, all it takes is a single shut down caused by a missed truck delivery, for whatever reason, to send a former direct rail customer scurrying back to a direct rail supply chain.

Nevertheless, CSXT suggests that TPI's customers choose rail delivery because {{ [redacted] }} This is common practice in the polymer industry, because it costs more to deliver polymers by truck to a customer that has chosen rail delivery. This is because bulk terminal networks are designed and optimized to serve truck-only customers, not the occasional truck delivery to a rail customer.

Consequently, there may not be inventory available at a nearby bulk terminal (assuming that there is a nearby bulk terminal) to truck to the rail-served customer. When that occurs, the truck shipment must originate at the production facility or SIT yard, which is much more costly than rail transportation at such long distances.[16] {{ [redacted] .}}

Bulk trucks also add costs for the polymer purchaser. Mr. Heisler is simply wrong when he asserts that trucks are less labor for customers.[17] That assertion is based upon the fact that the truck driver unloads trucks whereas the customer unloads rail cars. But, even though the customer does not have to unload a truck, the customer must coordinate truck deliveries with its production schedule and ensure that someone is available to meet the truck and direct the driver to the correct silo for unloading.[18] Many customers will not permit truck drivers to roam their facilities without an escort. If the customer is not able to immediately unload a truck, detention and demurrage charges will accrue. Some customers also require quality testing before unloading, which means testing four trucks instead of just one rail car. Finally, the customer must process four times more orders and track four times more shipments than with rail. In contrast, a single rail car can be delivered and spotted by the railroad at anytime without coordination with TPI or the railroad and can be unloaded at the customer's convenience. The rail car unloading process also is highly automated and requires very little human supervision.

---

[16] See TPI Op. Ex. II-B-4.

[17] CSXT Reply at I-6, II-38-39, 51.

[18] TPI Reb. Ex. II-B-14 exemplifies the extra coordination that is required for truck deliveries.

Mr. Heisler's statement that trucks are less labor than rail for polymer purchasers, more than any of his other statements, reveals how little experience he truly has with truck transportation of polymers.

(d) Product integrity concerns require that transloading be kept to a minimum.

Almost as an afterthought, CSXT and Mr. Heisler suggest that, if a customer truly requires rail cars for storage, TPI can spot empty rail cars at the customer location and blow polymer from trucks into rail cars.[19] CSXT, however, ignores the fact that transloading increases the risk of product contamination and degradation, which is a matter of the utmost concern to polymer users. That is a major reason why customers who can receive rail cars almost always insist upon rail delivery. CSXT's claim that "there are no legitimate product contamination concerns with the closed-system transloading that can be performed by vacuum pneumatic trucks" is a preposterous statement for anyone with any experience in the polymers industry to make.[20] While the risk can be mitigated, it cannot be eliminated.

The single greatest tool for protecting product integrity is a clean hopper car. These cars are lined with an epoxy resin to create a hard, smooth surface that permits them to be water washed between loads to prevent contamination from previous loads of a different polymer type or grade or from the metal and metal oxides from which the car is constructed. Notably, hopper cars used for grain shipments do not contain this lining, which is indicative of the fact that more measures are taken to protect the integrity of polymers than to protect our food supply.

The second significant method to protect polymer product integrity is to handle the product as few times as possible between production and consumption. The clean hopper car

[19] CSXT Reply at II-B-51.

[20] CSXT Reply at II-43, note 52.

once again is ideal because it serves as a mobile storage vessel that is sealed immediately upon loading the polymer at the point of production and is not opened again until the purchaser is ready to consume the polymer.

Mr. Granatelli notes that transloading is in direct conflict with these precautions. Every transload exposes the polymer to heat, high velocity, and contaminants, such as dirt, foreign matter, and hose material, during the transfer process. For example, heat can change the properties of polymer; velocity creates the friction that causes the dusts, fines and streamers that clog customer's equipment; and just a single piece of foreign matter can cause very expensive downtime and damage to a customer's processing equipment.

Nevertheless, Mr. Granatelli acknowledges that a certain amount of transloading is unavoidable. Because some customers do not have access to rail, the only way to serve them is to transload polymer from rail to truck. Also, sometimes the faster transit time associated with trucks is necessary to prevent a customer from running out of polymer. To address these situations, the industry has developed "best practices" to mitigate the transfer risks. But Mr. Granatelli notes that "best practices" do not eliminate the problems with transloading; they merely bring them within acceptable tolerances. Dusts, fines and streamers still are created during the transload process, but to a lesser degree. Because the quantity accumulates with subsequent handling, the industry makes every possible effort to limit transloading to just once per shipment. In two decades of responsibility for the transportation of polymers by all modes of transportation, Mr. Granatelli cannot recall ever transloading a single shipment more than once.

Moreover, when transloading of polymers does occur, it almost always is from rail to truck. Since every polymer shipment begins in a rail car, a transload from truck to rail car is always at least the second transload of a shipment, thereby doubling the risk of contamination

and the amount of product degradation. In Mr. Granatelli's experience, transloading from trucks back into rail cars rarely ever occurs, and when it does, it usually is an act of desperation to prevent the customer from running out of polymer. In those situations, the product contamination and degradation risks associated with a second transload are typically out-weighed by the cost of a certain shut-down.

Furthermore, Mr. Granatelli identifies several practical problems with truck-to-rail transloading. First, clean empty rail cars must be pre-positioned and waiting at a bulk terminal or customer location to receive the trucks. Not only is there a transportation charge associated with that, but the polymer producer must stage the empty rail cars before it even receives a customer order so that a rail car is waiting for the trucks when they arrive. The empty rail car also must be replaced regularly by a clean car because each transload into the rail car contributes to a build-up of unacceptable dusts, fines, and streamers. This is an inefficient practice that requires more rail cars and incurs storage charges from bulk terminals.

Second, the trail of product information that must follow every load of resin (*e.g.* certificate of analysis, billing, inventory) becomes complex. In a truck-to-rail transload scenario, the customer would place an order for a rail car of polymer. All of the necessary documentation is prepared for that rail car. When the rail car contents are transloaded into four bulk trucks at the production facility, the documentation has to be reissued for each truck, and then re-issued again when the trucks are transferred back into a rail car at an intermediate bulk terminal. Moreover, although a practical rule of thumb is four trucks per rail car, the actual figure is somewhere between 4 and 4.5 trucks. Thus, either a portion of the contents must be left behind in the first rail car (which is called a "heel"), in which case the customer does not truly receive a full rail car and TPI must scrap the residual polymer, or a light-loaded fifth truck must be

employed to haul the remaining polymer between the two rail cars. This process is unsustainable on a routine basis.

Third, transloading from trucks into rail cars requires opening the top hatch of the rail car. That creates even greater opportunity for contamination from dust, insects and moisture than a more typical rail to truck transload. In fact, unless the rail car is under cover, it is not possible to transload at all into a rail car from a truck whenever there is precipitation. Since lease tracks and customer facilities typically do not have covered areas, it would be impossible to deliver trucks into rail cars whenever it is raining or snowing. Moreover, some customers prohibit employers from climbing on top of rail cars during the Winter for safety reasons. This additional wrinkle only further complicates the already complex coordination of truck delivery schedules and increases the potential for detention and demurrage charges, and plant shut-downs.

Mr. Granatelli recalls that a polymer plant (now a TPI facility) in Bayport, Texas, attempted to use a truck-to-rail transload approximately 20 years ago in order to truck around the Southern Pacific to reach Burlington Northern, after SP had proposed significant rate increases. That experiment ran into all of the above issues and was abandoned after just two weeks.

Furthermore, if truck-to-rail transloading was practical and economically feasible, TPI and other polymer producers at Bayport, including Mr. Heisler's former employer Sunoco, would not have needed to pursue the more costly San Jacinto build-out project to BNSF at Bayport from 2000 to 2004.[21] Mr. Granatelli was heavily involved in that process on behalf of LyondellBasell, which owned one of the Bayport plants. The fact that these polymer producers spent the time, effort and money on that project serves to highlight the impracticality of truck-to-rail transloading. If such transloading were truly the practical and lower cost alternative that

[21] See, e.g., STB Docket No. 34079, San Jacinto Rail Limited Construction Exemption and The Burlington Northern and Santa Fe Railway Company Operation Exemption – Build-out to the Bayport Loop near Houston, Harris County, TX.

CSXT and Mr. Heisler contend, it would not have made any sense for those polymer producers, including Sunoco, to spend millions of dollars over several years attempting to construct a new rail line.

Although CSXT attempts to minimize product integrity concerns, Mr. Granatelli confirms that those concerns are very real, very important, and strongly influence modal transportation decisions.

(e) Prior STB testimony confirms the testimony of Mr. Granatelli and TPI company witnesses in this proceeding.

As much as CSXT would like this Board to believe that TPI has trumped up its arguments concerning the importance of rail transportation throughout the entire polymer industry to both producers and receivers, it cannot avoid the confirming testimony that was presented over 15 years ago by a former railroad employee on behalf of the Society of the Plastics Industry ("SPI") in the Union Pacific/Southern Pacific merger proceeding.[22] As part of its Comments, SPI presented the Verified Statement of Larry D. Ruple, a 17-year employee of the Southern Pacific ("SP") and its predecessor companies, whose responsibilities included "the development production and implementation of market based strategic initiatives and overall market plan to enhance Southern Pacific's position and market share of transportation and logistic needs relative to [plastics]".[23] TPI has attached Mr. Ruple's verified statement as TPI Rebuttal Exhibit II-B-31. At pages 12-15, Mr. Ruple presents an overview of modal competition for the transportation of plastics that closely resembles the testimony of Mr. Granatelli and TPI company witnesses in this proceeding.

---

[22] See, "Comments of the Society of the Plastics Industry, Inc.," Verified Statement of Larry D. Ruple, filed March 29, 1996 in Union Pacific Corp. et al.—Control and Merger—Southern Pacific Rail Corp. et al., Finance Docket No. 32760 ("SPI Comments").

[23] Id. at 1-2.

First, Mr. Ruple described the logistics hurdles face by plastic producers:

> To meet the demand for customer product specifications, resins producers may in any given period of time have to produce multiple grades of each resin. A producer's customer base usually consist [sic] of large amount of customers usually requiring a relatively small volume of product per year. Therefore, to avoid continual production changeover as to product makeup and the high costs associated with plant idling, producers forecast the demand/sales or amount of each specific product anticipated during a specific period of time, usually 90 to 120 days, and produce in what is referred to as product runs. These product runs are usually at a minimum of 6 to 10 cars and can go much higher in volume. To produce such a variety of products, with varying characteristics, to eliminate or reduce the large cost of plant shutdown or change over from one product to another, an attempt to find an economical way to store each product individually became very apparent. It was obvious that construction of multiple storage silos that could meet and maintain the high product integrity standards was economically not feasible, not to mention the requirement to shuttle product from production to each silo and then establish a network allowing access to load from these silos.

SPI Comments at 12-13.

Having identified the challenge faced by plastic producers, Mr. Ruple described both the significant role of rail in providing the solution and the limited role of trucks:

> To accomplish these tasks, to insure product integrity, minimize the need for multiple storage silos or facilities, along with provide the producers with a vehicle to effectively transport their product to the end users, the rail car was adopted as the primary means of not only transportation but storage. Producers are almost totally reliant on the rail car for loading production, storage track for both loaded and empty cars, and movement to final destination and return of empty cars.
>
> * * *
>
> [W]hile there is a relatively small share of product moving via truck, most likely it first began its journey via rail and subsequently is transferred from a rail car in order to service a non-rail customer, to meet an emergency shipment need (often due to the failure to achieve timely delivery of a rail car), or packaged and loaded into containers needing to be shuttled to the port.

* * *

> No other form or combination of transportation alternatives can provide the services currently offered by rail. Rail is the most economical and efficient means of providing product storage, minimization of product degradation and contamination, and effective long haul transportation.

Id. at 13-14.

Next, Mr. Ruple proceeded to describe the end users' dependence upon rail. First, he stressed the importance of product integrity:

> Assuring product integrity and minimizing handling to insure purity and product performance are of utmost important [sic]. Customers require specific product compositions to meet production standards along with timely delivery to maintain operations.

Id. at 12. Then, Mr. Ruple describes the many needs of end-users that are satisfied by rail:

> Each product purchased must have exacting requirements in order to meet final product performance expectations. End users…are usually characterized by requiring each product be produced with a specific chemical composition designed to meet specific performance needs; have limited on-site storage capability; require just in time inventory supply, are located on rail in order to receive the advantages of rail transportation; universally accept a rail car load as the industry standard order quantity, and utilize the rail car as their "rolling silo/warehouse".

Id. at 14-15 (underline added). Both TPI company witnesses and Mr. Granatelli have identified each of these needs as reasons why TPI's customers require rail car deliveries. These are not needs that are sporadic or that apply to just a few customers. These needs are pervasive throughout the polymer industry. Any implications to the contrary by CSXT or Mr. Heisler are simply not true and should be rejected.

Mr. Ruple's final conclusion affirms all the evidence that TPI has presented in this proceeding:

> From both the producer/shipper and the end user/receiver standpoint, rail continues as the dominant means of resin storage and transportation. No other means can be substituted or supply the multitude of logistics characteristics that rail represents.

Id. at 15 (underline added). This statement remains as true today as it was 15 years ago. Indeed, the polymer industry's dependence upon rail transportation today is even greater.

(2) CSXT's own experience illustrates the limited role of trucks.

CSXT points to a few examples, based upon its own experience, where trucks or transloading were used or threatened, and proclaims that such options must be effective for all polymer traffic.[24] There is no attempt by CSXT to explore the facts behind those options. For the vast majority of examples, CSXT relies solely upon evidence of a customer threat to use trucks, without any indication as to whether that threat was credible, how CSXT reacted to the threat, or whether the traffic ultimately shifted to trucks. Moreover, many of CSXT's transloading examples are of other commodities, not polymers, which says nothing about the effectiveness of transloading polymers.

CSXT begins with three exhibits as examples that { [redacted] } CSXT Reply at II-23-24. While these examples appear to contain customer threats to use truck options, they do not say anything about the credibility of those threats or CSXT's response.

For example, {{ [redacted] }}

[24] CSXT Reply at II-23-28.

CSXT Reply Exhibit II-B-10 is a letter from a CSXT customer, but CSXT has not presented any evidence as to how it responded to that letter or whether it lost the business. Moreover, the letter refers specifically to direct truck alternatives, not transloading, to just two locations, {{ [redacted] }} This is precisely the type of short distance movement where trucks are most competitive.

Similarly, {{ [redacted] }}

At pages II-24-25, CSXT identifies {{ [redacted] }}as a customer who extensively uses trucks to ship plastic resin, and "historically has exercised substantial negotiating leverage with CSXT as a result of that intermodal competition." {{ [redacted] }} If {{ [redacted] }} truck shipments in 2008 are indicative of "substantial negotiating leverage," then TPI's {{ [redacted] }} truck shipments in 2008[25] should indicate that TPI also has been able to use such

[25] See CSXT Reply at II-30, Table 1.

leverage in its negotiations with CSXT, which clearly is not the case.[26] The conclusions that CSXT attempts to draw from these numbers lack a rational basis.

On page II-25, CSXT refers to a plastic resin transload for {{ [redacted]. }} This clearly was a non-rail customer who did not have the option to receive direct rail shipments. The fact that CSXT was able to win this transload business from another transload via NS reveals absolutely nothing about the competitiveness of truck against rail; just one transload option versus another.[27]

At page II-26, CSXT presents transloading examples for products that have no similarity to polymers. Styrene is a liquid, as opposed to polymers, which are solid pellets. Sulfur and phosphoric acid do not have the same product integrity concerns as polymers. Furthermore, the transload example presented by CSXT involves a loaded back-haul, which significantly improves the efficiency of trucking, unlike polymer service which has close to a 100% empty return. Soda ash transfers occur in an "open" system, unlike polymers, which require a "closed" system to protect product integrity. Simply put, these examples are irrelevant. See Southwest R.R. Car Parts Co. v. Missouri Pac. R.R. Co., STB Docket No. 40073, slip op. at 3 (served Feb. 20, 1998) ("We base our analysis on the specific market(s) involved, and not broad-brush generalities about competitive conditions in unspecified markets.").

---

[26] At page II-25, note 36, CSXT cites to additional documentation in its work papers of {{ [redacted] }} use of truck transloading to improve its competitive options. {{ [redacted] }} See CSXT Reply Workpapers folder "Competition Examples," pages CSX-TPI-HC-029176 and 029189.

[27] At page II-26, note 38, CSXT cites to the "Competition Examples" folder in its workpapers for "other instances where CSXT customers have used truck and rail-truck transportation to create a competitive alternative to all-rail service or to negotiate more favorable rates for all-rail transportation." Upon examination, most of those workpapers are not what CSXT represents them to be. {{ [redacted] }}

CSXT's supposed real-world examples do not support its claims of extensive truck competition. If trucks provide the "vigorous" competition that CSXT contends,[28] where is all the truck transportation? As demonstrated by TPI's own shipment history and confirmed by TPI Witness Granatelli, trucks deliver only a small portion of polymer traffic, most of which is transported to customers without rail access. CSXT's evidence consists mostly of customer threats, rather than actual examples of CSXT losing polymer traffic to, or winning it from, trucks.

Since CSXT has chosen to present a litany of examples to support its claims of extensive truck competition, presumably it would have presented more polymer examples if they existed. The fact that CSXT has instead relied upon many non-polymer examples should be viewed as a concession that no other polymer examples exist. Most of the examples that CSXT has presented are simply inapposite or misrepresented by CSXT. Those that appear to demonstrate customer threats do not indicate whether those threats were credible, whether CSXT reduced rates in response to those threats, or whether the customers actually shifted their traffic to trucks. Because "[s]tatements made...in rate negotiations can only be regarded as posturing in aid of [the shipper's] negotiation position," CSXT has not offered meaningful or compelling evidence. FMC, 4 STB at 718.

(3) CSXT misrepresents the extent to which TPI uses trucks.

CSXT seems to claim that, because TPI uses trucks to deliver polymers to certain customers, trucks must be feasible for TPI's shipments to all customers. But CSXT's approach ignores why, when, and how truck shipments occur in the polymer industry, for TPI, and for the issue movements. Furthermore, CSXT loosely tosses around absolute numbers as if they

[28] CSXT Reply at II-23.

represent significant amounts when in fact those numbers represent very small portions of overall polymer shipments. Thus, when CSXT contends that trucks are effective competition because TPI ships some trucks annually, it is ignoring the glaring fact that those shipments are minor compared to the total amount of polymers that are shipped by rail and occur in limited circumstances.

For example, CSXT touts the fact that, in 2010,[29] TPI shipped an average of {{[redacted]}} truckloads of the issue commodities (not just polymers)[30] daily and that {{[redacted]}} of those trucks were transloaded.[31] But, CSXT then misrepresents that {{[redacted]}} of those 2010 trucks were delivered to an issue destination over the five years between 2006 and 2010. This mismatch of a single year of data with five years is meaningless. When viewed on an apples-to-apples basis using data for all five years, these {{[redacted]}} trucks out of {{[redacted]}} represent just {{[redacted]}} of all of TPI's truck shipments over five years. When averaged across all 104 case lanes, this is less than {{[redacted]}} trucks per lane annually, which is less than {{[redacted]}} rail car annually. These are hardly staggering numbers.[32]

CSXT also grossly exaggerates the extent to which TPI actually uses transloading based on a handful of examples where TPI considered, but did not implement, truck alternatives. According to CSXT, "TPI produced documents in discovery indicating that it regularly considers

---

[29] Although CSXT does not state that these are 2010 numbers, only CSXT's Table 1 estimate of {{[redacted]}} trucks in 2010 divided by 365 days produces {{[redacted]}} trucks per day.

[30] Although CSXT has contested market dominance over only the three polymer products, it has chosen to include the two hazardous liquids, aromatics and styrene, in its truck counts, which misrepresents the relevant data. Those commodities account for {{[redacted]}} of the {{[redacted]}} truck shipments from 2006-2010.

[31] CSXT Reply at II-30.

[32] CSXT accuses TPI of ignoring truck volumes in the case lanes for 2006 and 2007. CSXT Reply at II-30. This is not true. TPI Opening Exhibit II-B-11 contains the complete trucking history for every case lane from 2006 to 2010, and TPI Op. Workpaper "Truck and Rail Volumes" contains the truck totals for each case lane, and each customer within a lane, by year.

rail-truck transportation options."[33] There are just five documents to which CSXT refers, over a five year period, and the only one that even contemplates converting rail-served customers to truck is an incomplete study that was abandoned when the TPI business units concluded that most rail-served customers would not or could not accept bulk trucks as their primary mode of delivery. This hardly constitutes "regular" consideration. Moreover, these documents confirm that transloading is used only in limited circumstances that are not applicable to the case lanes.

The very first example that CSXT provides, which is CSXT Reply Exhibit II-B-15, is not even a transload alternative to direct rail, because the customer is not rail-served. {{ [redacted] }} For a full discussion of this issue, see Part II-B-2.b.(10), infra. Therefore, Reply Exhibit II-B-15 is nothing more than an example of TPI evaluating different transload options to serve a customer that does not have rail access.

CSXT next cites to {{ [redacted] }} which CSXT attaches as Reply Exhibit II-B-16. {{ [redacted]

[33] CSXT Reply at II-27 (underlined added).

[redacted] }} None of the case lanes fit that description.

CSXT also cites to Reply Exhibit II-B-17, which is a {{ [redacted] }} Therefore, this document does not show that TPI considered transloading as an option for any direct rail lane.[35]

Next, CSXT misleadingly states that TPI gave "serious consideration" to {{ [redacted]

[34] There are nine case lanes {{ [redacted] }} for which CSXT has contested market dominance. {{ [redacted] }}

[35] CSXT similarly attempts to portray its Reply Exhibit II-B-18, {{ [redacted] }}, as another example of TPI considering the conversion of rail-direct shipments to rail-truck transloading, when it does nothing of the sort. {{ [redacted] }}

[redacted] }} Thus, CSXT's claim that TPI gave this option "serious consideration" stretches the bounds of credulity, when in fact this evidence illustrates how ineffective and risky transload alternatives to rail truly are.

Finally, CSXT claims that it lost business to a transload alternative when TPI recently converted a customer in {[redacted]} from direct-rail service.[37] In fact, TPI's experience with that experiment has proven precisely why transloading is not an effective competitive constraint. [redacted]

[36] CSXT Reply at II-28, note 40, citing CSXT Reply WP "38.Carville.Nov.30.Bernadette.HC.ppt" at 11.

[37] CSXT Reply at II-24

[38] {{[redacted]}}

[redacted] }}

When TPI does ship by truck or rail-truck transload, it occurs in the following limited circumstances. The vast majority of TPI's truck shipments are to customers who do not have direct rail service.[42] TPI reaches these customers via rail-truck transloading through an approved network of bulk terminals that enables TPI to respond to truck orders within 48 hours. This is essential because the minimal silo storage at most customer facilities means that truck shipments are ordered on a just-in-time delivery basis. This network was described at pages II-B-7 and 31 of TPI's Opening Evidence.

TPI ships trucks to rail-served customers when it is necessary to send an expedited shipment, there are rail service problems, or the customer orders in less than rail car quantities. If TPI can do so from a nearby bulk terminal without depleting the inventory kept at the terminal for TPI's truck-only customers, it will ship a truck from the nearest bulk terminal in TPI's network. Otherwise, the truck must be shipped from the production plant or storage-in-transit yard, which is always more costly.

---

[39] {{ [redacted] }}

[40] {{ [redacted] }}

[41] See TPI Reb. Ex. II-B-14 {{ [redacted] }}

[42] See TPI Op. Ex. II-B-3.

Even if TPI could persuade a rail-served customer to accept truck shipments, it seldom would make economic sense to convert rail-served customers to TPI's bulk terminal network. First, until CSXT's surge in rates over the past three years, the alternative transportation rates alone would have been much higher, and still are in many lanes even after those rate increases. Second, in addition to the transportation costs, TPI would have to assume the inventory costs from its customers who currently bear that cost. Whereas rail-served customers currently store their inventory in rail cars on their own siding or lease track at their own expense and carry this inventory on their own books, TPI would have to store those cars at nearby bulk terminals at its expense and carry the inventory on its books.[43] This can add several thousand dollars on top of the transportation costs.[44] Third, TPI would have to redesign and expand its bulk terminal network to handle the surge in rail cars and trucks, which cannot be undertaken easily or quickly.[45]

CSXT has not shown, nor can it, that TPI uses trucks extensively to deliver polymers to rail-served customers or that TPI regularly considers such options. TPI does not do so because its rail-served customers will not, or cannot, accept bulk trucks, and it is not economically feasible for TPI to convert those customers to trucks.

---

[43] See TPI Op. Ev. at II-B-32-34 and Part II-B-2.c.(2) and (3), infra.

[44] See TPI Op. Exs. II-B-5 and 6; TPI Rebuttal Workpaper "Inventory Carrying Costs Contested Lanes"

[45] See TPI Op. Ev. at II-B-31, note 23.

b. TPI has presented extensive credible and relevant evidence that its customers' rail needs establish market dominance.

At pages II-B-15 to 27 of its Opening Evidence, TPI presented evidence that its customers need and, therefore, require rail transportation as their primary mode of delivery. Consequently, despite the physical feasibility of truck options, TPI is constrained in its ability to use those options by the needs of its customers, which have the ability to purchase product from TPI's competitors if TPI cannot accommodate those needs.

TPI presented eleven different forms of evidence to demonstrate that its customers need rail service. First, TPI presented five years of historical data to show that, when its customers have the option of rail or truck delivery, they overwhelmingly choose rail. Second, TPI presented contracts in which several case customers expressly require rail delivery. Third, TPI explained the industry's pervasive reliance upon rail cars for storage. Fourth, TPI explained why customers who purchase { [redacted] } cannot receive truck deliveries. Fifth, TPI explained the importance of rail when serving high volume customers. Sixth, TPI explained why rail cars are critical when the destination is a compounder or third-party processor. Seventh, TPI described the product integrity concerns that preclude transloading of polymers used in medical applications. Eighth, TPI explained the role of leased tracks for some case lanes and why trucking to and from a leased track does not make sense. Ninth, TPI explained that sales of off-grade polymers are only made in rail cars. Tenth, TPI explained why customer-selected transload facilities or leased tracks are captive. Finally, to reinforce all of the above points with respect to specific case lanes, TPI presented { [redacted] }

(1) TPI's historical traffic data is compelling evidence of the ineffectiveness of truck competition.

As empirical evidence that its customers overwhelmingly require rail deliveries, TPI presented five years of historical traffic data for each issue commodity. That data showed how much of each commodity was delivered by truck and by rail to destinations with access to both modes. TPI presented this data for all of its North America shipments and for each of the issue movements.[46] That evidence also is directly responsive to one of the five factors in the Board's "market dominance guidelines" from which effective competition "may be deduced." Market Dominance Determinations, 365 I.C.C. at 133 (effective competition "may be deduced from...(1) the amount of the product in question that is transported by motor carrier where rail alternatives are available"). See also, Product & Geographic Competition, 2 I.C.C.2d 1, 21 (1985).

As part of its Opening Evidence, TPI showed that, in all 104 case lanes in the aggregate, only {{[redacted]}} of the deliveries were via truck during the last full 5-year period (2006-2010).[47] All the rest, over {{[redacted]}}, were via rail. Similarly, TPI Opening Exhibit II-B-3[48] presented the following data for all TPI shipments of polyethylene, polypropylene, and polystyrene during the 2006 to 2010 time period (compromised of lanes in this proceeding and lanes not at issue in this proceeding):

- For polyethylene, less than 5% of all TPI truck shipments were to rail-served destinations in every year.
- For polypropylene, less than 11% of all TPI truck shipments were to rail-served destinations in every year.

---

[46] See TPI Op. Exhibits II-B-3 and 11.

[47] See TPI Op. Workpaper "Truck and Rail Volumes" at tab "Pivot with Truck Origin", found in folder "Ex. II-B-11 Workpapers." This calculation, which assumes four trucks equal one rail car, is (1391 trucks / 4) / (20,117 railcars + (1391 trucks / 4)).

[48] TPI erroneously cited to Op. Ex. II-B-2 at page II-B-18 of its Opening Evidence.

- For polystyrene, less than 9% of all TPI truck shipments were to rail-served destinations in every year.

For the individual issue movements, TPI Opening Exhibit II-B-11 showed that less than 15% of all deliveries were by truck in every case lane, most had fewer than 10% and many had zero truck movements.[49]

Although it does not challenge this data, CSXT virtually ignores the small percentage of polymers actually transported by trucks. Its primary response is to allege that:

> a complainant must do more to prove market dominance than simply allege that it or its customers have historically shipped most traffic by rail or, under certain conditions, prefer rail deliveries over truck deliveries. If that were enough, complainants could readily manufacture "market dominance" for competitive traffic simply by asserting a subjective preference for rail.

CSXT Reply at I-8. This statement would require the Board to ignore its long-established "market dominance guidelines" that specifically establish the relevance of TPI's evidence. Having submitted probative evidence of precisely the kind that the Board's rules encourage complainants to submit, neither CSXT nor the Board may refute that evidence with the bald statement that it is not absolutely conclusive on the issue. APS, 742 F. 2d at 650 (applying this rationale to overturn ICC's rejection of similar market share evidence submitted by complainant).

Moreover, TPI clearly has not "manufactured" market dominance in this proceeding. In order for TPI to have "manufactured" market dominance, the Board would have to ignore the fact that TPI's customers, not TPI, determine the mode of delivery, and conclude that TPI plotted over five years ago to modify its shipping patterns just so it could allege market dominance in

[49] CSXT's assertion that TPI decided "to ignore 2006 and 2007 shipments" is belied by TPI Op. Ex. II-B-11, which is based upon all shipments from 2006-2010. See CSXT Reply at II-30.

this rate case. The first point is an indisputable fact, and the second is simply not credible because CSXT's substantial rate increases on TPI shipments began less than five years ago.[50]

CSXT also attempts to undermine the significance of TPI's historical traffic data by arguing that, instead of reflecting a customer preference for rail, the data reflects a customer's preference for lower rates. This contention is based on the fact that {{ [redacted] }}[51] The implication of this argument is that TPI is steering its customers to rail because that is TPI's preferred mode. That is either naïve or deliberately obtuse thinking by CSXT.

As noted by TPI Witness Granatelli in Part II-B-2.a.(1)(b), supra, the entire polymer distribution chain is built around rail. Consequently, it is the preferred mode of both suppliers and purchasers because of its much greater flexibility and lower costs. To say that TPI's customers choose rail because of the {{ [redacted] }} places the cart before the horse. As Mr. Granatelli explains, {{ [redacted] }}. This is common practice throughout the polymer industry. Because of the enormous investments that have been made in rail infrastructure, the industry cannot easily, quickly or cost-effectively switch to trucks. See Special Procedures for Making Findings of Market Dominance as Required by the Railroad Revitalization and Regulatory Reform Act of

[50] See TPI Op. Ex. II-B-7.

[51] CSXT Reply at II-31, 48.

1976, 353 I.C.C. 874, 929 (1976) ("If a market is to be truly competitive, shippers must be able to respond quickly to changes in transportation charges.") ("Special Procedures").[52]

Furthermore, the data simply does not support CSXT's contention. Of the 16 TPI supply contracts that apply to case customers, only 5 contain {{ [redacted] }} to rail-served locations in this proceeding.[53] Those 5 contracts apply to customers in just 15 of the 104 case lanes.[54] Another 7 supply contracts that do not have {{ [redacted] }} apply to customers in 7 case lanes.[55] The customers with a {{ [redacted] }} actually received a greater portion of their total polymer purchases from TPI by trucks at the case destinations {{ [redacted] }} than the customers without a {{ [redacted] }}, which received {{ [redacted] }}.[56] This is exactly the opposite of what CSXT's hypothesis presumes, and in both

---

[52] CSXT incorrectly asserts that Special Procedures does not accurately state the law. CSXT Reply at II-49, note 61. CSXT cites to two Board decisions for this proposition, neither of which overturned Special Procedures or is inconsistent with it. The quote from Southwest R.R. Car Parts Co. v. Missouri Pac. R.R. Co., STB Docket No. 40073 (served Feb. 20, 1998) is *dicta* that was completely unrelated to any facts in that case and contained no supporting citation. In FMC, 4 S.T.B. at 712, the STB concluded that "[t]here are significant costs associated with whatever method FMC chooses to use to store coke, but there is no evidence that the storage costs related to motor transport would exceed those related to rail transport." Moreover, the STB determined that the storage facility used for trucks could also be used for rail and would substantially improve FMC's production method. Id. at 713. There was no discussion of how fast the conversion to trucks could occur. But the STB noted that FMC had used the threat of switching to trucks credibly in the past to obtain rate reductions. Id. at 713-14. None of those facts are present in this proceeding.

[53] There are four additional contracts that contain {{ [redacted] }} for bulk truck deliveries to non-case destinations, but these do not apply to the issue movements.

[54] {{ [redacted] }}

[55] {{ [redacted] }}

[56] See TPI Reb. Workpaper {{ [redacted] }} TPI does not have the data to readily determine whether non-contract customers paid {{ [redacted] }} In total, those customers collectively received just {{ [redacted] }} of their polymer purchases from TPI by truck.

scenarios is extraordinarily low. The remaining four contracts that apply to case customers do not contain a {{ }} for any case lane.[57]

The reality is that {{ }}exist in contracts to compensate TPI for the higher costs associated with occasional truck shipments to a customer that has opted for rail as its primary transportation mode. Because TPI's bulk terminal network is designed and optimized for its truck customers, not its rail customers, truck shipments to a rail customer are less efficient (*e.g.* more administrative handling, longer hauls) and often require TPI to ship directly from its production facilities or nearby rail car storage yards in Texas and Louisiana.[58] TPI's Opening Evidence demonstrated that directly trucking from those locations was {{ }} more costly per rail car equivalent than direct rail service.[59] CSXT apparently agrees because it has not proposed any direct truck alternatives for the issue movements.[60] {{ }} For example, although {{ }} received {{ }} truck shipments from TPI at all locations from 2006 through 2010, {{ }}[61]

Moreover, {{ }} reflect a long-standing truism that both TPI and its customers have always understood: because truck transportation costs more, the customer should pay more. CSXT's rail rates to TPI, however, have risen so fast and

---

[57] {{ }} They collectively received just 1.63% of their polymer purchases from TPI by truck in the case lanes to which the {{ }} did not apply.

[58] Compare TPI Op. Ev. at II-B-7 (describing process for trucking to a rail-served customer) with II-B-31, note 23 (describing the design of TPI's bulk terminal network for truck-served customers).

[59] TPI Op. Ev. at II-B-28-29 and Exhibit II-B-4.

[60] See CSXT Reply at II-60, note 79 ("CSXT does not propose (and has not proposed) that direct truck transportation from TPI's production facilities would be a competitive alternative.").

[61] See TPI Reb. Workpaper {{ }}

so much that CSXT has literally turned this truism on its head for many of the issue movements.[62] Regardless, TPI's other evidence as to why customers prefer rail (*e.g.* explicit contract requirements, storage needs, etc.) belie CSXT's perversion of TPI's historical traffic data.

CSXT next contends that TPI's historical traffic evidence has no significance unless TPI can show "that its customers demand rail service over truck service regardless of the price."[63] To make its point, CSXT compares the choice between rail and truck with the choice between purchasing a Ford or a Honda.[64] Costs being equal, CSXT states that a consumer might prefer to drive a Ford over a Honda, but might change her mind if the Honda were less expensive. With this example, CSXT incorrectly implies that rail and truck are essentially equal alternatives, where rail is "an attractive option for...some of TPI's customers under some circumstances," while truck is more attractive under other circumstances.[65] In truth, however, rail is the most attractive option for most of TPI's customers under most conditions. Rail has far greater advantages over trucks that cause polymer purchasers overwhelmingly to opt for rail transportation whenever it is an option.[66]

---

[62] See TPI Op. Ex. II-B-7 to see the magnitude of CSXT's rate increases for each case lane since 2007. In addition, see TPI Reb. Ex. II-B-16 for a comparison of CSXT's rate increases to TPI with other Class I railroads.

[63] CSXT Reply at I-5 and II-37.

[64] CSXT Reply at II-38.

[65] CSXT Reply at I-6.

[66] Another problem with CSXT's analogy is that Fords and Hondas are both forms of the same transportation mode, whereas truck and rail are very different modes of transportation. This analogy would be more apt for intramodal competition between CSXT and NS. Nevertheless, this analogy can be modified to present a more accurate comparison.

- If the Ford had room for only one passenger and the Honda had room for five, that would be akin to the difference in capacity between rail cars and trucks.
- If the Ford had to be returned to the dealership at the end of each day, but the Honda could be kept in the purchaser's garage, that would be akin to the difference between a polymer purchaser's ability to use rail cars for storage but not trucks.

As CSXT itself acknowledges, the principal advantage of truck over rail is speed.[67] The faster transit times for trucks, however, is advantageous primarily in just three situations. First, a customer that is low on inventory will need a fast delivery of additional polymer to avoid a plant shut-down, in which case rail is not even considered. Second, customers who are within a short distance of their polymer supplier may consider trucks, instead of rail, as their primary mode of delivery because the faster transit times coupled with the short distances minimizes their need to maintain substantial inventory on-site. Finally, because trucks have the advantage of being able to go places where rail cannot, trucks are always used to serve those destinations. Except perhaps on some short distance movements, truck and rail operate in different spheres, a fact that is reflected in the low percentage of truck shipments relative to rail shipments of TPI polymers.

The principal advantage of rail transportation is that rail cars can be used by the customer to store its inventory of polymers at the destination. The customer does not have to construct and maintain costly storage silos at its facility for each grade of polymer that it purchases and it has the flexibility of adjusting its usage of different grades without concern for whether it has sufficient storage capacity for each. This is a distinct advantage over truck because trucks cannot be used for storage, but must be unloaded immediately upon delivery into the receiver's storage silos. In addition, rail cars can hold four times the volume of a truck, which minimizes handling and administrative costs. Also, rail car deliveries do not have to be scheduled, like truck

[67] CSXT Reply at I-6, II-38-39. Although CSXT also contends that trucks require less labor by the customer to unload, that is simply wrong. Trucks entail four times as much labor as a rail car because there are four times as many trucks. CSXT's contrary argument is primarily based on the allegation that drivers, not customers, unload the trucks. But as TPI Witness Granatelli explains in Part II-B-2.a.(1)(c), this ignores the fact that the customer must accompany the driver at all times to direct him to the correct silo, monitor the transfer, and supervise the driver while on the customer's premises. Very few companies would permit a driver to roam their manufacturing facility unsupervised. Also, because trucks must be unloaded immediately upon arrival, the customer must keep a receiver on stand-by for the truck's arrival. Rail cars do not entail any of these requirements. Furthermore, although CSXT intimates that unloading a rail car requires four hours of the customer's time, this ignores the fact that rail car unloading is a more highly automated process that requires very little supervision and can be performed at the customer's convenience. In addition to the extra labor, trucks are simply more hassle, as illustrated by Reb. Ex. II-B-14, due to the need to schedule truck deliveries.

deliveries, and the unloading of rail cars is more automated. Finally, the product integrity is much more secure in a rail car, because the quality of the polymer is certified by the supplier upon loading the rail car, which is sealed and remains sealed until the customer is ready to unload. In contrast, all truck shipments are transloaded, during which there is the risk of both contamination from outside particles and product degradation from the transload process itself.[68] Since even one contamination event can easily cause damages approaching $100,000, many customers greatly prefer rail cars simply to avoid that risk. Even if the risk is small, the consequences are great.

The advantage of trucks prevails only in limited situations, whereas the rail advantages are quite pervasive. Notably, the primary advantages of rail transportation are attributable to the use of private rail cars, which is a service that TPI provides at its expense, not CSXT. Therefore, those advantages cannot explain rail rates that are above or similar to truck rates. Another advantage of rail that CSXT itself touts in televised commercials is the greater fuel efficiency of rail transportation. But that efficiency should produce lower rail rates than truck rates.

Thus, CSXT creates a red-herring when it argues that "TPI has presented no evidence that customers insist upon rail deliveries over truck deliveries regardless of the price."[69] In fact, TPI has provided extensive evidence of multiple reasons in addition to price that are very important to its customers. CSXT is the one who is blinded to those facts by attempting to make this market dominance inquiry all about price. CSXT has not explained how the single

---

[68] CSXT's assertion that "there are no legitimate product contamination concerns with the closed-system transloading that can be performed by vacuum pneumatic trucks," CSXT Reply at II-43, note 52, is belied by TPI's real-world experience. TPI Rebuttal Exhibit II-B-17 contains recent claims filed by TPI against bulk truck carriers for contaminated product. TPI Rebuttal Exhibit II-B-18 is a news article that describes concern for contamination even with rail cars, which the article notes, on page 2, are "more secure against loss and contamination than any other method of shipment." Moreover, this article thoroughly describes the consequences of any contamination to TPI's customers.

[69] Id. at II-37 (underline in original).

advantage of trucks, which is speed, overcomes all of the advantages lost when not using rail; nor has CSXT explained how polymer purchasers will replace the storage needs that rail cars currently fulfill. Instead, CSXT merely assumes that a lower price for truck deliveries will somehow make all these customer needs vanish.

Unfortunately for CSXT, a comparable transportation price is not the dispositive factor in a market dominance analysis, because:

> even a monopolist finds that there is a profit-maximizing price beyond which it cannot raise prices without adversely affecting its bottom line. A carrier possessing market power might set its rates so high that it would begin to lose business to a higher-cost alternative (such as a trucking company).

DuPont (Plastics), STB Docket No. 42099, slip op. at 7-8. See also, APS, 742 F. 2d at 651 ("At some point the availability of an alternative such as the horse and buggy or even people carrying oil in buckets theoretically prevents railroads from raising their rates beyond an outer bound."). The question is whether alternative modes "constrain [CSXT] from charging rates far in excess of the just and reasonable rates that Congress thought the existence of competitive pressures would ensure." Id.

In order to address this question, it is necessary to consider all of the relative advantages and disadvantages of alternative modes. CSXT wrongly accuses TPI of taking a static view toward customer preferences and assuming that a customer's selection of a transportation mode is entirely independent of and unaffected by the cost of that mode.[70] But TPI's evidence is far from static; it considers both the costs of other modes and the relative advantages of those modes. CSXT considers only the former, which leads it to the unrealistic and over-simplistic

[70] CSXT Reply at II-35.

conclusion that TPI's customers would "change their preferences if they could receive product by truck cheaper than they can receive it by rail."[71]

TPI's historical traffic data is both relevant and highly credible evidence of the ineffectiveness of truck competition due to the need for rail transportation. CSXT's attempt to undermine the conclusions drawn from that data naïvely disregard the fact that the real-world distribution chain for polymers has been built around the rail car and cannot be easily, quickly or cost-effectively changed.

(2) TPI's customer contracts require rail transportation.

At pages II-B-16 to 17 of its Opening Evidence, TPI presented evidence that its supply contracts with customers expressly require rail delivery in thirteen case lanes.[72] Furthermore, TPI noted that, when its supply contracts permit both rail and truck shipments, they do not mean that the customer will accept either mode of delivery as a routine matter at TPI's discretion. Those contracts often include facilities that are not rail-served; cover polymer grades that are purchased in less than rail car quantities; and/or contain a contract truck price for expedited truck shipments. A contractual requirement to deliver product "by rail makes a switch to trucks highly infeasible from an economic standpoint due to the risk of losing [the] customer or incurring breach-of-contract liability." DuPont (Nitrobenzene), slip op. at 6.

CSXT does not contest the presence of a rail requirement in many of TPI's supply contracts; rather, CSXT insists that such requirements are meaningless if a customer has ever received any trucks despite a contract requirement.[73] This argument is contradicted by DuPont (Nitrobenzene) because there were in fact some truck shipments to DuPont's customer, despite

---

[71] Id.

[72] CSXT has contested market dominance in just the following ten lanes with contract requirements: {{[redacted]}}

[73] CSXT Reply at II-48-49.

the contract requirement. See "Complainant's Opening Evidence" in STB Docket No. NOR 42101, p. 11 (filed Feb. 4, 2008) (Public Version).

Despite the best supply chain plans by both TPI and its customers, upsets in production at their respective facilities are to be expected in the normal course of business. Disruptions to the supply chain can be caused by weather, transit delays, supplier production problems, supplier inventory shortages, and unanticipated product demand, to name but a few. In those circumstances, the faster transit time associated with trucks is necessary to prevent a customer from running out of polymer. The principal advantage of rail cars, which is storage, is rendered irrelevant in those situations because the customer requires the polymer in its production process immediately and has no intent to store it. Even cost becomes irrelevant in those situations because the additional price for truck transportation is far less than the consequences of a plant shut-down due to lack of polymers.

The following chart, which summarizes data from TPI Opening Exhibit II-B-11, shows how few trucks were received by customers with rail delivery requirements in their supply contracts with TPI:

Contested Lanes With Customer Rail Contract Requirement[74]		
Lane #	Total Trucks (2006-2010)	Percent of Total Volume
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}

Finally, CSXT blithely contends that the holding in DuPont (Nitrobenzene) does not apply to TPI because TPI can simply renegotiate the terms of its contracts with customers as they expire to remove the rail requirements.[75] As a threshold matter, there was no evidence in DuPont (Nitrobenzene) that DuPont could not have done the same or that this would have made any difference in the Board's decision. Curiously, CSXT also makes this assertion in the same paragraph where it notes that "a sales contract reflects a mutual agreement – not a one-way 'requirement.'" Therefore, it is not clear how CSXT expects TPI to unilaterally remove the rail requirements from its contracts. TPI operates in a highly competitive market where, if a customer cannot secure its requested delivery mode from TPI, there is another supplier waiting in the wings to replace TPI. Perhaps CSXT does not understand this reality because it has never faced this degree of competition. It is as simple a matter that, if TPI's customer wants rail delivery, TPI will provide rail delivery or risk losing the business.

[74] For lanes with multiple TPI customers, the Lane Summaries in Part II-B-4 of TPI's Opening Evidence provide the information needed to identify the relevant customer(s) in TPI Op. Ex. II-B-11.

[75] CSXT Reply at II-49.

(3) TPI's customers require rail cars for storage.

At pages II-B-20-21 of its Opening Evidence, TPI presented evidence that its customers need rail cars for storage of their polymer inventory. TPI identified nine lanes where at least one customer lacks any silo storage facilities at all.[76] But, TPI noted that every case customer is plagued by very limited storage and needs rail cars extensively for additional storage and operational flexibility. TPI Witness Granatelli has confirmed this fact in his Part II-B-2.a.(1)(b) testimony. As evidence that its customers are using its rail cars for storage, TPI presented the average number of days in 2010 that each case customer held TPI's rail cars before releasing them empty.[77] The average days held by a customer ranged from no fewer than 8 to as many as 80 days.[78] The fact that these customers did not unload the rail cars for a week to several months is evidence that they were using the rail cars for storage. Otherwise, the rail cars would have been unloaded into storage silos or directly into the production process upon delivery, but they were not.

Once again, CSXT attempts to refute this evidence on the grounds that some customers who TPI identified as lacking any silo capacity have received some truck deliveries. This fact does not mean that those customers have storage silos. As noted in the preceding section, when a customer is low on inventory, it does not need to store the polymer because it can immediately receive trucks directly into the production process. The faster transit time of trucks is preferable to rail, even at a much higher cost, when the alternative of a plant shut-down due to a lack of inventory is so much more costly. The following chart, which summarizes data from TPI

---

[76] CSXT has contested market dominance in the following seven of the nine case lanes where a customer lacks any silo storage: {{[redacted].}}

[77] See TPI Op. Ex. II-B-6 and Op. Electronic Workpaper "2010 Cust Hold Days"

[78] In order to be conservative, TPI has not considered two lanes where the customer held TPI cars for an average of more than 80 days, because the average reflects only one or two rail cars.

Opening Exhibit II-B-11, shows the small number of truck shipments received by customers without any silo storage:

Contested Customer Locations With No Silo Storage[79]		
Lane #	Total Trucks (2006-2010)	Percent of Total Volume
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}

CSXT attempts to denigrate the importance of rail storage as a "convenience...[that] is just one factor that might make rail transportation an attractive option."[80] Rail car storage is far more than a mere "convenience;" it is a necessity. CSXT does not begin to explain how TPI's customers would replace the storage provided by rail cars. CSXT's assertion of effective competition lacks foundation due to the failure to show that shippers could or would forgo use of rail cars for storage. Cf. Duke Energy Corporation v. CSX Transportation, Inc., 7 STB 402, 427 (2004) ("the proponent of a SARR may not assume a changed level of service to suit its proposed configuration and operating plan unless it also presents evidence showing that the affected...receivers would not object").

According to TPI Witness Granatelli, in order to avoid or mitigate the effects of supply chain disruptions, polymer purchasers routinely retain hopper car inventory at or near their plants. A single hopper car contains enough polymer to support most medium to high output extrusion or molding lines for about 24 hours of production. In Mr. Granatelli's experience,

[79] For lanes with multiple TPI customers, the Lane Summaries in Part II-B-4 of TPI's Opening Evidence provide the information needed to identify the relevant customer(s) in TPI Op. Ex. II-B-11.

[80] CSXT Reply at II-51.

customers desire to keep several weeks of inventory in their control to minimize the risk of a supply chain disruption.

A bulk truck supply chain does not permit the customer to retain this much inventory. Moreover, it increases the risk of supply disruptions because truck deliveries must be continuous and carefully timed with the customer's production schedules. A rail car, by contrast, can sit on a siding until needed, be unloaded at the customer's convenience, and holds four times the volume of a bulk truck. According to Mr. Granatelli, all it takes is a single shut down caused by a missed truck delivery, for whatever reason, to send a former direct rail customer scurrying back to a direct rail supply chain.

Finally, CSXT contends that, if TPI's customers truly need rail cars for storage, TPI can pre-position empty rail cars at their facilities to transload the polymer from truck to rail car.[81] Because only someone without any experience in the polymer industry would suggest that as an option for routine polymer shipments, it is hard to imagine that this statement is sponsored by CSXT Witness Heisler. First, this presents quality issues, because the polymer would be double-transloaded, once at the truck origin and again at the destination. Because transloading causes dusts, fines and streamers, the industry makes every effort to transload a shipment no more than once. Second, there are transportation costs associated with staging the empty rail cars at the customer facility and regularly swapping them with clean cars to be washed and maintained.[82] Third, CSXT presumes that each customer's rail siding is accessible to a truck, which cannot be

[81] CSXT Reply at II-51.

[82] Many customers will not accept mixed batches (*i.e.* each rail car is a batch) even for the same grade of polymer, which would require washing the pre-positioned rail car after each batch is delivered (*e.g.* four trucks). Even if the rail car is being used repeatedly for the same polymer grade, it still must be washed on a regular basis because of the dust, fines, and streamers that will accumulate in the car with repeated transloading.

assumed. Fourth, because the top hatch of the rail car must remain open for truck-to-rail transloading, no deliveries could ever occur during any precipitation.

If truck-to-rail transloading "regularly" occurs in the real world, where is CSXT's evidence?[83] CSXT should have ample TRANSFLO examples, but it has provided none. {{ [redacted] }}[84]

(4) { [redacted] } customers need rail delivery.

At page II-B-21 of its Opening Evidence, TPI explained that { [redacted] } purchasers require rail delivery because { [redacted] }. TPI identified customers in nine case lanes who purchase { [redacted] } and CSXT has contested its market dominance over every one of them.

CSXT demonstrates a fundamental misunderstanding of this evidence when it describes { [redacted] }

[83] CSXT Reply at II-57.

[84] Indeed, CSXT has not even contested its market dominance over {{ [redacted] }}, despite touting that lane as the poster child for truck-to-rail transloading.

[85] CSXT Reply at II-55.

CSXT's assertion that TPI could ship bulk trucks { [redacted] } to pre-positioned empty rail cars is unrealistic. As discussed in the preceding section, this would require a double-transload and impose costs to pre-position and regularly swap out rail cars. It also assumes that the customer's rail sidings are accessible to trucks.

Finally, CSXT seems to contend that { [redacted] } is not a basis for determining market dominance because the {[redacted]} purchases would provide a sufficiently effective constraint on the rail rates. This argument, of course, assumes that none of the other reasons why TPI's customers need rail service apply, which is highly improbable, because storage is the one reason that applies to every case customer. Nevertheless, in order to test the validity of CSXT's logic, TPI has reviewed the purchase history of all case customers who purchase { [redacted] }. For each customer, over the past five years, their {[redacted]} purchases from TPI accounted for 75-100% of their total purchases.[86] Thus, the facts in this proceeding do not support CSXT's position.

(5) High volume customers need rail cars.

In its Opening Evidence, at page II-B-22, TPI asserted that high volume customers have an especially strong need for rail car deliveries, and identified 100 rail cars annually as the threshold for determining whether a case destination should be considered high volume. TPI identified customers in twelve case lanes that satisfied this threshold.[87] CSXT questions this threshold and suggests that a high volume destination would be one that receives closer to 200

[86] {{ [redacted] }}

[87] CSXT has contested market dominance in the following ten of the twelve high volume lanes: {[redacted] } Although { [redacted] } was not identified as a high volume lane on page II-B-22 of TPI's Opening Evidence, it was identified as such on page II-B-50 because it consistently has received just under 100 rail cars in each of the last three years.

trucks per day.[88] CSXT has misconstrued TPI's reasons for contending that high volume customers have a strong need for rail service.

First, TPI's argument is closely linked to a customer's need to use rail cars for storage. The greater the volumes received by a customer annually, the more likely the customer is to need rail cars for storage, because the cost to construct large capacity silo storage is so great.

Second, trucks entail more labor for TPI's customers than rail cars. CSXT is simply wrong when it contends otherwise.[89] TPI witness Granatelli confirms TPI's opening evidence testimony that processing an equivalent volume of polymers in trucks requires four times the work of a rail car. That includes four times as many hook ups to unload trucks, orders to place, shipments to track, and invoices to pay.

Finally, CSXT claims that, if any high volume customer received a single truck shipment from TPI in the past five years, that customer does not truly require rail service. If that were true, any railroad could destroy market dominance simply by providing poor service that requires the shipper to request a single expedited truck delivery. As shown in the chart below, which summarizes data from TPI Opening Exhibit II-B-11, TPI's truck shipments to high volume customers have been a very small portion of their total volume received:

---

[88] CSXT Reply at II-56. CSXT cites West Texas Utility Co. v. Burlington N. R.R. Co., 1 STB 638, 652 (1996), as the basis for 200 trucks per day. While that was the number of trucks required to handle the rail coal volumes in that case, nothing in that decision suggests that this was a minimum, or even a ballpark, number. Also, the issues affecting the trucking of coal and plastics are sufficiently different to evaluate truck transportation of each commodity on its own facts. Contamination risks, handling concerns, and storage issues are just a few of the areas where transportation of polymers and transportation of coal are wildly divergent.

[89] CSXT Reply at I-6, II-38-39. [redacted], for TPI's full rebuttal of this CSXT contention.

Contested High Volume Customer Locations[90]		
Lane #	Total Trucks (2006-2010)	Percent of Total Volume
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}

(6) Compounders and third-party processors need rail deliveries.

At pages II-B-22 to 23 of its Opening Evidence, TPI explained that polymer shipments to compounders and third-party processors need to be by rail because they process polymers of many different grades and specifications for many different clients, and do not have the silo capacity to separately store each grade. Therefore, they rely upon rail cars for storage. TPI identified destinations in ten case lanes that are compounders or third-party processors and CSXT has contested its market dominance over all of them except {{ }}.

The only response from CSXT to this evidence is to suggest that it cannot be true because TPI has shipped some trucks to compounders and third-party processors in the past.[91] This is a continuation of CSXT's illogical theme that, if TPI has ever shipped a single truck to any location that requires rail deliveries for whatever reason, then TPI's claims are without merit. Of course this is not true because there are many reasons why an isolated truck shipment may be acceptable even when routine truck shipments are not.

[90] For lanes with multiple TPI customers, the Lane Summaries in Part II-B-4 of TPI's Opening Evidence provide the information needed to identify the relevant customer(s) in TPI Op. Ex. II-B-11.

[91] CSXT Reply at II-52-53.

As shown in the chart below, which summarizes data from TPI Opening Exhibit II-B-11, TPI's truck shipments to compounders and third-party processors are indeed few to non-existent:

Contested Compounder and Third-Party Processor Locations[92]		
Lane #	Total Trucks (2006-2010)	Percent of Total Volume
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}
{{ }}	{{ }}	{{ }}

(7) Medical applications require rail delivery.

At page II-B-24, TPI explained that its customers who use TPI polymers in medical applications require rail deliveries because they are extra sensitive to potential contamination. TPI identified customers in eight case lanes who use TPI polymers in medical applications.[93]

Again, CSXT claims that TPI's argument is refuted by the fact that, over a five year period, a customer in {{ }} received just two trucks, and a customer in {{ }} received five trucks. When the alternative to receiving a truck is a costly plant shut-down, a customer may choose to accept the risk of contamination, because the two options are similarly costly. Moreover, the shut-down threat is certain, whereas the contamination threat is only a possibility.

CSXT also claims that customers who produce medical applications will accept trucks because {{ }}

[92] For lanes with multiple TPI customers, the Lane Summaries in Part II-B-4 of TPI's Opening Evidence provide the information needed to identify the relevant customer(s) in TPI Op. Ex. II-B-11.

[93] CSXT has contested market dominance in the following five of the eight case lanes involving medical applications: {{ }}

[redacted] }} Finally, not all medical applications are equally sensitive; the principal concern is with those applications that will come in contact with the human body or body fluids. In short, CSXT's evidence contains insufficient information upon which to draw any conclusions that would refute TPI's testimony and facts.

(8) Shipments to leased tracks require rail service.

At pages II-B-24 to 25 of its Opening Evidence, TPI described its use of leased tracks at various locations around the country to stage loaded rail cars near certain customers. TPI identified ten issue movements that are either to or from a leased track.[94] Because the whole point of shipping polymer in loaded rail cars to a lease track is to store those rail cars until they are purchased by TPI's customer, trucks simply are not an option for those movements.[95]

CSXT responds with two arguments. First, CSXT argues that, because the leased tracks are only a "waystation" between the TPI plant and the customer destination, the real competitive alternatives are rail-truck alternatives direct to the customer destination, not the leased track destination covered by the challenged rate. Second, CSXT claims that it is not at all absurd for a truck to deliver polymers to a leased track and blow it into a rail car. Both responses are contrary to the facts and the law.

---

[94] CSXT has contested market dominance in just the following four of ten leased track lanes: {[redacted] } Because CSXT's Reply only discusses shipments to a leased track, it is unclear whether its arguments also apply to shipments from a leased track. See CSXT Reply at II-57-58. Nevertheless, CSXT has not contested market dominance in any of the case lanes that originate on a leased track: { [redacted] }.

[95] To the extent that TPI Opening Exhibit II-B-11 shows any trucks in these lanes, those trucks are to the ultimate customers, not to/from the leased track. See TPI Op. Ev. at II-B-42, note 50.

Intermodal competition "refers to competition between rail carriers and other modes for the transportation of a particular product between the same origin and destination." Market Dominance, 365 I.C.C. at 133 (underline added). Because TPI has challenged "bottleneck" rates, market dominance is to be evaluated solely between the origin and destination covered by the bottleneck rate. DMIR, 4 S.T.B. at 292 (n. 13). Therefore, the Board may only consider market dominance for the movement between the points covered by the challenged CSXT rate. Id. at 293 ("we will not consider the movement prior to the interchange point for rate complaint purposes because that movement is governed by a rail transportation contract and is thus beyond our regulatory purview").

For the issue movements to/from leased tracks, the origin-destination pairs covered by the challenged rates fall into the following four groups:

1. The interchange point with the origin railroad and the leased track { [redacted] };
2. The interchange point with the origin railroad and the interchange point with the shortline railroad that serves the leased track { [redacted] };
3. The interchange with the shortline railroad that serves the leased track and the customer destination { [redacted] }; and
4. CSXT direct service from the leased track to the customer { [redacted] }.

Note, first of all, that CSXT has not contested its market dominance over any of the Group 3 and 4 lanes. Second, CSXT's suggestion that the Board should consider alternative transportation directly to the ultimate customer destination for the Group 1 and 2 lanes, which would by-pass the leased tracks altogether, would be contrary to law, because such transportation would not be between the same origins and destinations as the challenged CSXT rates. This same principal would preclude trucking to and from the leased tracks for the Group 2 and 3 lanes because the origin or destination is the interchange with the shortline railroad that serves the leased tracks,

not the leased tracks themselves. Only Groups 1 and 4 involve direct service by CSXT to or from the leased tracks.[96]

As discussed in Part II-B-2.b.(3), above, transloading polymers from trucks into rail cars also is problematic for multiple reasons, such as the need to pre-stage empty rail cars to receive the truck shipments and the product integrity issues associated with multiple transloading. For leased track movements, those product integrity issues are multiplied because CSXT proposes transloading from rail to trucks at the interchange with the origin railroad and back into rail cars at the interchange with the shortline or at the leased track. The absurdity of this operation is apparent on its face, not to mention the elevated product integrity risks. It is noteworthy that CSXT has not identified a single transload operation like this proposal.

(9) Off-grade sales are only made in rail cars.

At page II-B-25 of its Opening Evidence, TPI explained that off-grade product is only sold in rail cars; each off-grade batch, which is produced in error, is different; and customers do not want to store off-grade product in their silos. Even one batch of off-grade product cannot be stored in the same silo as a different batch of off-grade product. Sales are always in rail car quantities because customers need the rail cars to store off-grade polymers apart from their specification grade polymers or even other batches of off-grade polymers. TPI identified customers in 27 case lanes who purchase off-grade product from TPI.[97]

CSXT's only response is to suggest that "many purchasers of off-grade issue commodities likely purchase grades meeting ordinary quality standards."[98] Therefore, CSXT

---

[96] Group 1 is in fact the inbound movement to the leased tracks and Group 4 is the outbound movement from the same leased tracks.

[97] CSXT has contested market dominance in the following 21 of the 27 off-grade case lanes: {{[redacted]}}

[98] CSXT Reply at II-54.

surmises that competitive transportation alternatives for prime product would ensure reasonable rates for the off-grade product. This argument, of course, assumes that none of the other reasons why TPI's customers need rail service apply, which is highly improbable, because storage is the one reason that applies to every case customer. Nevertheless, in order to test the validity of CSXT's logic, TPI has reviewed the five-year purchase history of all case customers who purchase off-grade product. Every off-grade purchaser from TPI in this proceeding is a broker. Over the past five years, all of those brokers have purchased only off-grade product in every case lane, {{ [redacted] }}.[99] Moreover, because brokers are only intermediaries, they require rail cars to store their polymer purchases until resold to an end-user.[100] Therefore, CSXT's theory does not establish effective modal competition for the transportation of off-grade product.

(10) CSXT possesses market dominance over TPI shipments to customer-selected bulk terminals and leased tracks.

At pages II-B-25 to 27 of its Opening Evidence, TPI explained why the Board should evaluate market dominance to bulk terminal and leased track destinations selected by TPI's customer differently than if TPI selected those destinations. In a scenario where TPI selects a bulk terminal or leased track destination, market dominance might not exist if TPI could select a location on a different railroad. When TPI's customer selects the destination location, however, that location is just as fixed from TPI's perspective as it is when TPI ships directly to the manufacturing facility of a customer that is the end-user of TPI's polymer. This situation commonly arises when TPI's customer is a broker, or when the customer leases storage track for

[99] CSXT identifies {{ [redacted] }} as a lane where TPI delivered off-grade product in a truck to {{ [redacted] }}. CSXT Reply at II-53, note 75. TPI reviewed its records and concluded that this lane was erroneously identified as an off-grade lane in its Opening Evidence. TPI expanded its review to all lanes and confirmed that this was the only error.

[100] See Part II-B-2.(c)(10), infra, for a discussion of broker-selected bulk terminals as another reason why rail transportation is essential.

the receipt of loaded rail cars containing the customer's purchased material. TPI has identified customers in sixteen case lanes who direct TPI to ship to a designated bulk terminal or leased track.[101]

CSXT describes the idea that a customer could render TPI captive as "utter nonsense" and "ludicrous" because TPI's customers must respond to economic incentives.[102] Although CSXT does not clearly state what economic incentive it means, presumably CSXT means transportation price. But that misses the point. TPI's customer does not pay the transportation rate; it pays an all-inclusive price for polymer delivered to the customer's designated terminal or leased track.

If instead CSXT means that TPI can incentivize its customer to select a different bulk terminal or leased track by adjusting TPI's delivered price based on the customer-selected facility, CSXT is only considering one kind of economic incentive that can be outweighed by other incentives over which TPI has no control. TPI's customer may have contract commitments to the bulk terminal or track lessor that are based on countervailing economic incentives. The customer also may have contract commitments to a motor carrier that only has access to the CSXT bulk terminal. Consequently, if TPI cannot deliver polymer in rail cars to the customer-selected facility at a competitive delivered price with other suppliers, the more likely customer response is to purchase its polymer from a different supplier.

{{ [redacted]

[101] CSXT has not contested market dominance to the following four destinations out of the sixteen case lanes: Lanes B-34 (Lynn Scott); B-38 (Davies Trucking); B-55 (A&R Transport); and B-104 (Davies Trucking).

[102] CSXT Reply at II-58-59.

[103] See TPI Op. Ev. at II-B-27, note 17, and Op. Ex. II-B-12.

[redacted]}}

CSXT claims that TPI significantly misstated the facts of this example because {{ [redacted] }} That is the relevant fact that establishes CSXT's market dominance over TPI shipments to customer-selected bulk terminals and leased tracks.

{{ [redacted] }} Moreover, it completely affirms TPI's argument that it must deliver rail cars to the bulk terminal and lease track facilities chosen by its customers. {{ [redacted]

[104] [redacted]

[redacted]}} But CSXT cannot simply stuff the genie back into the bottle to avoid the market dominance implications of actions that it has taken in the past and could take again in the future.

CSXT's reliance upon Coal Trading Corp. v. B. & O. R.R. Co, 6 I.C.C.2d 361, 375-76 (1990), for the proposition that brokers cannot be captive is misplaced. In that decision, the broker was the plaintiff and the payer of the challenged rates. The ICC distinguished the broker plaintiff from the coal producer plaintiffs because the broker is not tied to any geographic location that might give rise to captivity. The record also showed that the broker's transportation options were real and that it had made use of them. In this proceeding, TPI, a polymer producer, is the plaintiff and the payer of the challenged rates. Thus, it is not in the same posture as the broker-plaintiff in Coal Trading.

CSXT also claims that "[a]ny TPI shipment to a bulk transload facility at which the issue commodities will be loaded onto truck for delivery to destination is presumptively a lane for which the *end customers* do not require rail and for which trucking is a competitive alternative."[105] This statement also misses the point because TPI is not shipping to the "end customers" when it ships to a broker. The broker is TPI's customer; the end-customer is the broker's customer. The challenged rate only covers TPI's transportation to the broker, not beyond, and TPI has no role in or knowledge of the subsequent transportation. The Board must evaluate market dominance for TPI's transportation without regard for what occurs after TPI no longer is responsible for, or controls, the freight. Therefore, whether the end-customer requires rail is irrelevant.

Furthermore, not all rail car shipments to a bulk terminal are transloaded. Brokers also may use the bulk terminal to store the loaded rail car until it is sold to a customer for delivery by

[105] CSXT Reply at II-59 (underline in original; italics added).

rail. In that scenario, the bulk terminal is comparable to a customer-selected leased track. A customer rationally would select leased tracks near to its facility and on the same rail carrier so that rail cars on the leased track can be delivered to its facility quickly and easily by a single rail switch.

(11) { } validate the reasons why rail is essential to the transportation of polymers.

In support of the multitude of reasons that effective competition does not exist for the issue lanes, { [redacted] } { [redacted] } DuPont (Plastics), slip op. at 7 (Board notes that it "considered a number of factors" in

determining that market dominance existed over lane where trucks had previously been used for a small percentage of shipments).

(a) {[redacted]}

{[redacted]}

{[redacted]}

[redacted]

[redacted]}

(b) Whether truck shipments occur mostly in exigent circumstances is an important part of the market dominance inquiry.

The expectation expressed by TPI's customers, { [redacted] }, is that TPI will comply with the customer's instructions to deliver product by rail absent exigent circumstances. CSXT states that this fact is "meaningless in the market dominance analysis." CSXT Reply at II-41. Instead, according to CSXT, the correct question is "whether TPI's customers would 'require' railcar deliveries even if truck deliveries were cheaper." CSXT Reply at II-41-42. See also CSXT Reply at II-52. As described below, CSXT's assertion that exigent circumstances are "meaningless" is contrary to Board and ICC precedent, and, furthermore, CSXT provides no citation revealing the origin or buttressing the legitimacy of its alternate standard (that TPI must show its customers would want rail service even if truck transportation were less expensive).

The ICC and Board have repeatedly found that occasional shipments via another mode, or shipments of an emergency or unusual nature, do not defeat market dominance. In Amstar Corporation v. The Alabama Great Southern Railroad, et al., ICC Docket No. 38239S, slip op. at 13 (served Dec. 2, 1987) ("Amstar-AGS"), the ICC accepted evidence that Amstar "made the truck movements only because its distribution station in Seattle had run low on its inventory of dry bulk sugar and required sugar immediately. Motor carriage was the only expedient mode of transportation for such a quick movement." The emergency shipments constituted 7.9% of the total volume shipped on the lane in a single year. Id. (noting that the truck shipments comprised 158,850 pounds, or 7.9%, of the total lane volume of 2 million pounds). The ICC declared that

"occasional shipments by truck in the face of emergency situations do not demonstrate feasible competition." Id.

In Amstar-AGS, there were 78 lanes at issue, and market dominance was found for all lanes except a few for which the ICC found effective intramodal or geographic competition. Id. at 1. The ICC made no finding of effective intermodal competition for any of the 78 lanes despite evidence of Amstar truck shipments. The ICC noted that "motor carriers generally are used for greater distances only in extraordinary circumstances, i.e., to serve customers of small volumes, those not located on rail sidings, and those with emergency needs." Id. at 8. Emergency needs included "situations such as rail strikes, derailments, or equipment shortages, as well as unanticipated inventory shortages that must be replenished on schedules faster than railroads can meet." Id. at 8 (n. 9).

The Board more recently found market dominance in a case where truck shipments were used on an issue lane because the complainant uses trucks only "infrequently...when CSXT cannot deliver the product in as timely a fashion as the customer demands." DuPont (Plastics)., slip op. at 7.

In a decision where the ICC found that effective intermodal competition did not exist, the ICC noted that previous truck shipments were "nonrepresentative" because "they were unique or emergency shipments (e.g. to avert a plant shutdown)." McGraw Edison Company v. The Alton and Southern Railway Company, et al., 2 I.C.C.2d 102, 108 (1986). See also The Dayton Power & Light Company v. Louisville and Nashville Railroad Company, 1 I.C.C.2d 375, 382 (n. 28) (1985) (ICC finds that market dominance exists despite previous truck shipments because trucks were used when "bad weather restricted barge access to the plant").

In a case involving 238 lanes of soda ash, the parties agreed that there was some level of intermodal competition, but the ICC found that, standing alone, intermodal competition was insufficient to show lack of market dominance. Allied Chemical Corporation, et al. v. Ann Arbor Railroad System, et al., 1 I.C.C.2d 492, 507 (1985).[106] The ICC made this finding despite the fact that truck and transload shipments had been used occasionally in the past, and despite complainants' admission that "the rates for some intermodal options are less than or equal to the all-rail rates." Id. The ICC noted that "the use of motor carriage is usually only a stop gap or emergency measure." Id.

CSXT's assertion that TPI customers must require rail delivery "regardless of price" is faulty grade-school logic. At some level, price would always become an issue. DuPont (Plastics), slip op. at 7-8. See also APS., 742 F.2d at 650-651. As TPI described in its Opening Evidence, CSXT has maintained an overwhelming market share over the issue lanes despite the steep increase in CSXT's rail rates during the past few years. TPI Op. Ev. at II-B-35. This is because TPI's customers need rail transportation and expect TPI to provide rail transportation absent exigent circumstances.

(c) CSXT is advocating for an impossible market dominance standard.

{[redacted]} This footnote functions as the final act of CSXT's three-part strategy to create an impossible market dominance standard. The first two parts consisted of CSXT simultaneously

[106] The ICC found effective competition did exist in Allied Chemical, largely due to geographic competition. Id. at 500.

(1) ignoring the ample objective evidence submitted by TPI in response to the guidelines in Market Dominance Determinations, 365 ICC 118; and (2) repeatedly claiming that TPI has submitted "no evidence" regarding the requirements of its customers.[107] In other words, CSXT has, first, disregarded all of the evidence TPI offered. {[redacted]}[108] It is a classic case of "heads I win, tails you lose." CSXT is not only disregarding the ICC's decision in Market Dominance Determinations, CSXT is also attempting to create an impossible market dominance standard.

{[redacted]} As the ICC previously stated, the "availability" of truck transportation between two points can be taken for granted for most commodities, but the "feasibility" of such truck transportation depends on the "nature of the product and the needs of the shipper or receiver." Id. at 133. Continuing, the ICC stated that the existence of effective truck transportation can be "deduced" from certain types of objective evidence. Id. TPI based a significant portion of its Opening Evidence on this directive, providing objective evidence of the type described by the ICC. {[redacted]}

[107] See, e.g., CSXT Reply at I-16, I-17, II-16, II-35, II-36, II-37, II-50, II-51, II-52, and II-55.

[108] {[redacted]}

(d) CSXT's customer-specific assertions {[redacted] } do not withstand scrutiny.

(i) High-volume lanes.

{[redacted] {{[redacted] }}

[redacted]

[redacted] }

{ [redacted]

[redacted]

[redacted] } Capital expenditures would be required to receive trucks in any significant volume." CSXT is undoubtedly aware that certain manufacturing facilities are organized around rail transportation, while others are not. Moreover, for a facility that does not have road access or truck access to the place where in-bound polymers are unloaded, accepting a single bulk truck could require capital expenditures (such as building a road).

Second, CSXT focuses solely upon TPI's shipment volumes to these customers, whereas {[redacted] } are presented in the context of the customer's total business. While TPI's rail shipments to these customers may be small, the total rail traffic to these customers may be much larger, which would make statements about significant volumes totally accurate.

Third, a facility that is built around rail transportation and "optimized for rail deliveries" could easily suffer "unacceptable congestion" from just one bulk truck that arrives yet has no place to unload. Moreover, CSXT also ignores the fact that such a facility may need to use its finite parking and paved areas for other crucial uses – such as outbound finished products, visitor or employee parking, or inbound raw materials other than polymers from TPI.

It is notable that neither {{[redacted]}} has received any truck deliveries from TPI over the past five years. See TPI Op. MD electronic work paper "Truck and Rail Volumes", found in folder "Ex. II-B-11 Workpapers".

(ii) Contamination concerns.

{[redacted]}} In CSXT's simplistic view, a customer cannot be concerned about contamination concerns from truck transloading if it has ever accepted any truck deliveries. The reductive perspective proposed by CSXT should be rejected.

Plastic product manufacturers, such as TPI's customers, incur significant costs both from contamination events and plant shut-downs. When raw materials, such as polymers from TPI, are running low, the cost of an imminent plant shut-down is a certain eventuality that may only be avoided by accepting bulk truck deliveries. The need to avoid a certain shut-down outweighs the risk of potential contamination. The Board and ICC have recognized the validity of this simple reasoning that results in occasional use of trucks on lanes where a railroad is market dominant. See Part II-B-2.b(11)(b), supra, and note 15.

(iii) Shipments to transload destinations.

In its continuing uphill battle against the demonstrated needs of TPI's customers, CSXT focuses upon seven customers who receive TPI's shipments at bulk terminals. CSXT Reply at II-43-44. Given that the lane destination is a bulk terminal, CSXT is incredulous that these

customers have a need for rail delivery. { [redacted] }

{{ [redacted] }} These brokers have designed their business models at these locations to center around use of a bulk terminal; they need to use the rail cars for storage, and they need the ability to transload into trucks at any time. Some brokers even ship TPI's product via rail to their own customers from the bulk terminal. Thus, conducting broker operations at a bulk terminal is necessary for this business model. A broker may have very strong reasons for selecting one bulk terminal over another, such as capacity, proximity to the broker's customers, and access to that facility by the broker's contract motor carrier. A broker also may have a long-term lease with a specific facility in order to secure favorable rates and reserved capacity. It is unreasonable to expect a broker to disregard all of these other factors so that a single supplier, TPI, can pay a lower rate to ship to a different bulk terminal.

The facilities { [redacted] } are the customers' chosen bulk terminals. If a broker were to accept truck deliveries to the bulk terminal, the product would have to be transloaded from a truck into a rail car and then back into trucks for final delivery. This is not a sustainable long-term option due to contamination concerns inherent in truck-to-rail transloading (where the rail car top hatch must be open during transloading, allowing precipitation to enter the rail car). See Part II-B-2.c.(4). Moreover, accepting truck deliveries would mean that most broker shipments would be transloaded three times before reaching the

brokers' customers, creating unacceptable levels of fines, dust, and streamers.[109] See Part II-B-2.c.(4). Three transloads would also result in an unacceptably high level of risk for contamination from dirt, organic matter, metal fragments, gasket material, etc.

Finally, any CSXT proposal of "alternative transportation" that would terminate at the end-user's facility (rather than at the bulk terminal used by TPI's broker customer) would violate the plain language of 49 USC § 10707(a), which states that market dominance "means an absence of effective competition from other rail carriers or modes of transportation for the transportation to which a rate applies." See also, DMIR, 4 STB 288 (1999). The challenged CSXT rate applies to transportation terminating at the bulk terminal; it does not apply to transportation to the end-user.[110] As TPI stated in its Opening Evidence, the broker, not the end-user, is TPI's customer in these situations. TPI Op. Ev. at II-B-25-27.

{{[redacted]}}[111] These customers may prefer to have more control over the truck transportation of their products for quality, price, timing, or other reasons, and TPI cannot be expected to second-guess the customer's business decision to handle the trucking of

[109] The three transloads would occur: (1) from rail to truck during the transportation from TPI to the broker's bulk terminal; (2) from truck to rail at the bulk terminal for storage in a rail car; and (3) from rail to truck once the broker decides to ship the product from the terminal to an end-user.

[110] In fact, TPI often does not even know the identity or location of the end-user that ultimately buys polymer from TPI's broker-customers. Moreover, the broker may not have a buyer at the time it orders a rail car from TPI. Obviously, it would be impossible to evaluate the effectiveness of alternative transportation, or even propose alternative transportation, to locations that are unknown.

[111] This would be in contrast to Mr. Heisler's suggestion that TPI could deliver polymer by truck to the bulk terminal and blow it into a pre-positioned rail car. CSXT Reply at II-51.

their products. {{[redacted]}}

(iv) Costs imposed by truck deliveries.

{[redacted]}} In fact, CSXT claims that truck deliveries would require less handling costs than rail deliveries because truck drivers unload their own trucks, while rail cars are unloaded by the customer.

As an initial matter, there are extra costs simply in the fact that a customer must order and handle four trucks compared to one rail car. Just as with the increased handling costs associated with truck deliveries compared to rail deliveries, CSXT has ignored the basic facts of operations at a manufacturing facility. Extra costs imposed as a result of truck deliveries include:

- a plant employee must coordinate the arrival time of trucks to fit the needs and limitations of the plant (such as: when guards and other employees are available to receive the truck, when the silo or production process will be ready for the unloading of product, and when truck arrival will not interfere with other truck traffic and other operations at the plant)
- security guards are needed to check-in each truck, whereas rail deliveries occur via switch and do not require checking-in
- detention or demurrage charges may be assessed by a trucking company if the truck is delayed at the plant
- detention or demurrage charges may be assessed by a trucking company if the truck arrives outside of normal receiving hours
- plants typically require employee escorts for external visitors
- plants often have an employee direct the truck to the correct silo or unloading location

[112] {{[redacted]}}

- some plants require quality testing of the product in the truck before unloading, which requires both employee and test costs
- the accounting, logistics, and other departments of the plant will have four times as many shipments to process (compared to rail shipments)

See also, TPI Reb. Ex. II-B-14, which is an e-mail exchange that illustrates the coordination that is required for truck deliveries, but not rail.

TPI witness Granatelli agrees that truck deliveries impose higher costs on receivers than rail deliveries. As described in Part II-B-2.a(1), supra, the polymer industry has been organized around use of rail transportation. Many manufacturing facilities do not have sufficient storage space for all the various raw materials they use, so rail cars are used for storage purposes. Constructing silo storage for all raw materials in sufficient quantities would be extremely expensive for most manufacturing facilities. Hence, truck deliveries must be painstakingly and carefully timed so that they can arrive and unload when silo space exists, or when unloading directly into the production process is possible. Mr. Granatelli agrees with the sentiments expressed by many TPI customers {[redacted]} that truck deliveries impose greater costs than rail deliveries. He also notes that consignees (and producers like TPI) must spend significant time dealing with the delivery modifications and cancellations that result from carefully coordinating the truck delivery time with the manufacturing process. According to Mr. Granatelli, these modifications and cancellations are much more frequent with truck transportation than rail transportation.

c. CSXT has not demonstrated alternatives that provide effective competition.

As part of its Reply Evidence, CSXT purports to have identified alternative transportation that provides effective competition to the transportation provided by CSXT for 78 lanes under the challenged tariff. CSXT Reply at II-60-81. However, CSXT's proposed alternatives fail for numerous reasons, as shown below and in further detail in the individual lane summaries in Part II-B-3. Therefore, effective intermodal competition does not exist.

(1) CSXT has not proposed alternative transportation between the same origins and destinations covered by the challenged rates.

For several case lanes, CSXT has not proposed alternative transportation between the same origin and destination covered by the challenged tariff rates. CSXT, therefore, has deviated from the statutory standard, which states that market dominance "means an absence of effective competition from other rail carriers or modes of transportation for the transportation to which a rate applies." 49 USC § 10707(a) (emphasis added). Furthermore, positing alternatives to or from a different location is impermissible geographic competition. Market Dominance Determinations – Product and Geographic Competition, 3 STB 937 (1998).

Under established precedent for "bottleneck" rate challenges, market dominance is to be evaluated solely between the origin and destination covered by the bottleneck rate. DMIR, 4 STB at 292 (n. 13). Only the CSXT tariff rate is subject to Board jurisdiction, and TPI has challenged only the CSXT rate in this case.[113] Therefore, the Board may only consider market dominance for the movement between the points covered by the challenged CSXT rate. DMIR at 293 ("we will not consider the movement prior to the interchange point for rate complaint

[113] Cf. Central Power & Light Company v. Southern Pacific Transportation Company, et al., 1 STB 1059, 1074 (1996), aff'd sub nom. MidAmerican Energy Company v. Surface Transportation Board, 169 F.3d 1099 (8th Cir. 1999) ("when one of the components of service over the through route is embodied in a transportation contract, we cannot assess the reasonableness of the through rate in its entirety") ("Bottleneck Decision").

purposes because that movement is governed by a rail transportation contract and is thus beyond our regulatory purview").

CSXT concedes that many of its "alternatives" do not provide an actual alternative to the transportation covered by the challenged tariff rate. CSXT Reply at II-68 (n. 81). Nevertheless, CSXT attempts to justify this deviation on the basis that "[t]he true origins" of the lanes are not the cities listed in the challenged CSXT tariff, but, instead, the TPI production facilities. Id. Because switching to an alternate gateway city does not alter the "true origin" of the polymer product, according to CSXT, transportation through this alternate gateway can provide effective competition to transportation under the challenged tariff.[114] Id.

The position espoused by CSXT in its footnote 81 is directly contrary to the plain statutory language of 49 USC § 10707(a), the Board decision in DMIR, and the Bottleneck Decision. In DMIR, the defendant railroad was in the same posture as CSXT, which is the delivering carrier on a through route. The DMIR terminated coal that originated in the Powder River Basin ("PRB") and interchanged from BNSF[115] to the DMIR at Keenan, Minnesota. 4 STB at 288-290. DMIR proposed alternative transportation by which BNSF would deliver the coal to Cohasset, Minnesota, instead of Keenan, but the Board unequivocally stated that "evidence as to a trucking alternative from any point other than Keenan may not be considered." 4 STB at 292.

Foreshadowing CSXT's statement that the "true origin" of TPI's shipments would not be changed by CSXT's improper transportation alternatives, the Board in DMIR stated:

---

[114] CSXT has not tried to justify the various other ways in which several of its alternatives violate 49 USC § 10707(a) and DMIR, such as the lanes where CSXT's alternative skips the delivery shortline or lanes where CSXT proposes trucking directly to an end-user or customer despite the fact that the tariff transportation terminates at a {[redacted]} bulk terminal. See Part II-B-2.c.(1).

[115] The complainant had a Rule 11 contract with originating carrier BNSF.

> [T]he fact that the coal MPI receives at Laskin comes from the Montana and Wyoming mines served by BNSF is irrelevant. Because the transportation to which the rate at issue applies is limited to the movement between Keenan and Laskin, transportation alternatives involving service to or from other points would constitute geographic competition.

4 STB at 292 (footnotes omitted). The result in DMIR validates and confirms not only the statutory language of 49 USC § 10707(a), but also the principle espoused in the Bottleneck Decision.

CSXT's position also fails because CSXT has not shown "that the affected shippers, connecting carriers, and receivers would not object" to the "changed level of service" proposed by CSXT. Duke v. CSXT, 7 STB at 427. This point especially applies to those lanes where CSXT's proposed alternative involves a direct delivery to the customer facility or ultimate end-user despite the fact that the lane actually terminates at a {[redacted]} bulk terminal. In other words, CSXT has not shown that the customers or end-users could or would be able to forgo use of the {[redacted]} bulk terminal.

Pursuant to 49 USC § 10707, DMIR, and the Bottleneck Decision, the Board should reject any CSXT-proposed transportation alternative that does not use the same origin and destination as the challenged CSXT tariff. These "alternatives" plainly cannot provide effective competition for the movement covered by the challenged rate; indeed, the Board should find that market dominance conclusively exists in these lanes because CSXT has not been able to point to an alternative to the transportation covered by the challenged tariff rates.

(a) For some lanes, CSXT used an incorrect origin.

For the following 22 lanes, CSXT has proposed an intermodal "alternative" that does not originate at the same point as the actual transportation under the challenged tariff: B-1, B-2, B-6,

B-10, B-14, B-25, B-29, B-44, B-49, B-52, B-53, B-57, B-62, B-63, B-69, B-74, B-75, B-80, B-89, B-93, B-100, and B-101.[116]

Lane	Challenged tariff transportation		Alternative transportation proposed by CSXT in Reply Evidence	
	Origin	Destination	Origin	Destination
B-1	Memphis	Social Circle, GA	New Orleans	Social Circle, GA[117]
B-2	Memphis	Evansville, IN	E. St. Louis	Evansville, IN
B-6	Memphis	Bowling Green, KY	E. St. Louis	Bowling Green, KY
B-10	Memphis	Vine Hill, TN	New Orleans	see footnote[118]
B-14	New Orleans	Winchester, VA	Chicago[119]	Winchester, VA
B-25	Memphis	Guthrie, KY	New Orleans	{[redacted]}
B-29	Memphis	Piqua, OH	New Orleans	Piqua, OH
B-44	E. St. Louis	Sidney, OH	Chicago	Sidney, OH
B-49	Chicago	Westboro, MA	New Orleans[120]	Westboro, MA
B-52	Memphis	Bridgeport, AL	New Orleans	{[redacted]}
B-53	Memphis	Vine Hill, TN	New Orleans	{[redacted]}
B-57	Memphis	Hopkinsville, KY	W. Memphis, AR	Hopkinsville, KY
B-62	Chicago	Clarksburg, WV	E. St. Louis	Clarksburg, WV
B-63	Memphis	Madisonville, KY	W. Memphis, AR	Madisonville, KY
B-69	Memphis	Gallaway, TN	W. Memphis, AR	Gallaway, TN
B-74	Memphis	Vine Hill, TN	New Orleans	{[redacted]}
B-75	Memphis	Jackson, TN	W. Memphis, AR	Jackson, TN
B-80	New Orleans	Green Spring, WV	Chicago	{[redacted]}
B-89	Memphis	Horse Cave, KY	New Orleans	Horse Cave, KY
B-93	Chicago	North Vernon, IN	E. St. Louis	North Vernon, IN[121]
B-100	Memphis	Gallaway, TN	W. Memphis, AR	Gallaway, TN
B-101	Memphis	Glasgow, KY	W. Memphis, AR	Glasgow, KY

[116] The intramodal options proposed by CSXT for Lanes B-109 and B-110 also fall within this category.

[117] The traffic on this lane is interchanged to the Great Walton Railroad in Social Circle, GA, but the intermodal alternative proposed by CSXT would result in truck delivery {[redacted]} directly to TPI's customers, thereby bypassing the Great Walton Railroad.

[118] CSXT proposes trucking directly to the end-user locations {[redacted]}. Thus, CSXT proposes bypassing the interchange to the Nashville & Eastern Railroad in Vine Hill, TN.

[119] CSXT Reply Exhibit II-B-2 claims that the alternative for Lane B-14 originates at New Orleans, but the map at Reply Exhibit II-B-6, as well as the supporting work paper "Cost Calculations for Intermodal Alternatives", shows that CSXT's proffered alternative actually originates at Chicago.

[120] CSXT Reply Exhibit II-B-2 claims that the alternative for Lane B-49 originates at Chicago, but the map at Reply Exhibit II-B-6, as well as the supporting work paper "Cost Calculations for Intermodal Alternatives", shows that CSXT's proffered alternative actually originates at New Orleans.

[121] The traffic on this lane is interchanged to the Madison Railroad in North Vernon, IN, but the intermodal alternative proposed by CSXT would result in truck delivery to the ultimate end-user location in North Vernon, thereby bypassing the Madison Railroad.

See CSXT Reply Ex. II-B-2 and work paper "Cost Calculations for Intermodal Alternatives".

The intermodal alternatives proposed by CSXT for Lanes B-57, B-63, B-69, B-75, B-100, and B-101 are somewhat ambiguous. For all 6 of these lanes, the tariff transportation origin is Memphis, Tennessee. As a proposed alternative for all 6 lanes, CSXT relies upon use of the Midsouth Bulk Services terminal in W. Memphis, Arkansas for transloading from rail to truck. CSXT Reply at II-66. CSXT initially claims that the alternatives for these lanes involve "BNSF...transport[ing] the commodity from the Memphis, TN gateway to the Midsouth Bulk Services transload facility in West Memphis, AR." CSXT Reply at II-66. Similarly, the alternative maps included by CSXT at Reply Exhibit II-B-6 appear to show that the alternatives properly originate at Memphis.

However, a close reading of the CSXT Reply Evidence reveals that the more likely interpretation is that CSXT's proposed alternative simply begins at W. Memphis, AR, not Memphis, TN. {{[redacted]}} With these statements, it seems clear that CSXT is not proposing that its alternative begin at Memphis – the origin of transportation under the challenged tariff.[122] {{[redacted]

[122] {{[redacted]}}

[redacted]}} This is impermissible under 49 USC § 10707(a) and DMIR. In fact, this was exactly the same sort of "alternative" proposed, and rejected, by the Board in DMIR. See 4 STB at 292 ("evidence as to a trucking alternative from any point other than Keenan [the tariff origin point] may not be considered"). Therefore, it appears that CSXT is using an origin of W. Memphis, AR for these 6 lanes; the Board should reject these 6 alternatives pursuant to 49 USC § 10707(a) and DMIR.

(b) For some lanes, CSXT omitted the shortline railroad, thereby resulting in an impermissible destination.

For the following 13 lanes, CSXT has proposed an intermodal "alternative" that ignores the delivering shortline railroad with which TPI has a contract; thus, the alternative does not terminate at the same point as the actual transportation under the challenged tariff: B-1, B-8, B-10, B-25, B-28, B-37, B-52, B-53, B-61, B-66, B-74, B-80, and B-93.

Lane	Challenged tariff transportation		Alternative transportation proposed by CSXT in Reply Evidence		
	Origin	Destination	Origin	Destination	RR omitted
B-1	Memphis	Social Circle, GA	New Orleans	Social Circle GA[123]	GRWR
B-8	New Orleans	Barnett, GA	New Orleans	{[redacted]}	GWRC
B-10	Memphis	Vine Hill, TN	New Orleans	see footnote[124]	NERR
B-25	Memphis	Guthrie, KY	New Orleans	{[redacted]}	RJCM
B-28	New Orleans	Social Circle, GA	New Orleans	Social Circle GA[125]	GRWR
B-37	New Orleans	Laurens, SC	New Orleans	{[redacted]}	CPDR
B-52	Memphis	Bridgeport, AL	New Orleans	{[redacted]}	SQVR
B-53	Memphis	Vine Hill, TN	New Orleans	{[redacted]}	NERR
B-61	Chicago	Utica, NY	Chicago	Utica NY[126]	MHWA
B-66	New Orleans	Wareco, GA	New Orleans	{[redacted]}	SMW
B-74	Memphis	Vine Hill, TN	New Orleans	{[redacted]}	NERR
B-80	New Orleans	Green Spring WV	Chicago	{[redacted]}	SBVR
B-93	Chicago	N. Vernon, IN	E. St. Louis	N. Vernon IN[127]	CMPA

See CSXT Reply Ex. II-B-2 and work paper "Cost Calculations for Intermodal Alternatives".

(c) For some lanes, CSXT has ignored the destination {[redacted]} bulk terminal, thereby resulting in an impermissible destination.

For several lanes, CSXT has proposed alternative transportation that involves (1) trucking directly to the TPI customer facility or the ultimate end-user facility, despite the fact that the actual transportation under the challenged tariff terminates at a bulk terminal {[redacted]}; (2) rail transportation to an entirely different bulk terminal; or (3) rail-truck intermodal

[123] The traffic on this lane is interchanged to the Great Walton Railroad in Social Circle, GA, but the intermodal alternative proposed by CSXT would result in truck delivery {[redacted]} directly to TPI's customers, thereby bypassing the Great Walton Railroad.

[124] CSXT proposes trucking directly to the end-user locations {[redacted]}. Thus, CSXT proposes bypassing the interchange to the Nashville & Eastern Railroad in Vine Hill, TN.

[125] See footnote for Lane B-1 above.

[126] The traffic on this lane is interchanged to the Mohawk, Adirondack & Northern Railroad in Utica, NY, but the intermodal alternative proposed by CSXT would result in truck delivery directly to the ultimate end-user locations, thereby bypassing the Mohawk, Adirondack & Northern Railroad.

[127] The traffic on this lane is interchanged to the Madison Railroad in North Vernon, IN, but the intermodal alternative proposed by CSXT would result in truck delivery directly to the ultimate end-user location, thereby bypassing the Madison Railroad.

transportation to the correct bulk terminal {[redacted]}, where the product would be transloaded from trucks back into rail cars. Alternatives in Groups (1) and (2), above, violate 49 USC § 10707(a) and DMIR. Alternatives in Group (3) implicate product quality concerns, and are addressed in Part II-B-2.c.(4) below.

For some lanes, it is impossible to determine exactly what CSXT has proposed. For other lanes, the alternative proposed by CSXT is presented in an "either-or" fashion, and involves more than one of the three groups described above. The relevant lanes are: B-1, B-2 ({[redacted]}), B-4, B-8, B-28, B-61 ({[redacted]}), B-66 ({[redacted]}), B-70, B-97, B-98, B-102, B-109, B-110, and B-112.

Lane B-97 provides an example of the alternative transportation suggested by CSXT, though it is not entirely clear what CSXT is proposing. The TPI customer in this lane is {[redacted]} a broker that directs TPI to ship to a bulk terminal operated by ZKR Express in Jefferson, GA. See TPI Op. Ev. at II-B-127. {[redacted]} operates out of this terminal, using the rail cars for storage and sending truckloads of polystyrene to its customers. See TPI Op. Ev. at II-B-25-27. In proposing an alternative for Lane B-97, CSXT states that "[r]ail shipments via alternative transportation to the NS TBT at Doraville are an effective competitive alternative to CSXT rail shipments to the ZKR Express facility in Jefferson." CSXT Reply Ex. II-B-2 at Lane B-97. From this statement, CSXT appears to be suggesting that {[redacted]} should simply move its operations from the Jefferson ZKR Express bulk terminal to the Doraville NS TBT bulk terminal. Aside from the fact that TPI has no control over the terminals selected by its broker customers, this alternative would violate 49 USC § 10707(a) and DMIR because it involves transportation ending at Doraville, GA rather than Jefferson, GA.[128]

[128] This "alternative" also implicitly tells {[redacted]} that its business model (operating out of ZKR Express) is incorrect. Neither TPI nor the Board should be expected to second-guess the business strategy decisions of third

Alternatively, CSXT might be suggesting that TPI should truck the product from the NS TBT in Doraville to the ZKR Express terminal in Jefferson, and then transload back into a rail car at ZKR Express. While this alternative does not violate 49 USC § 10707(a) or DMIR, it is manifestly bizarre to develop a business model that involves rail transportation to a rail-served bulk terminal, transloading into four trucks, and trucking from that rail-served bulk terminal to a second rail-served bulk terminal where the product would then be transloaded back into a rail car. By the time that {[redacted]} customers finally obtained the product via truck at their own facilities, the product would have been transloaded three times, thus creating an unacceptable amount of fines, dust, and streamers. See Part II-B-2.c.(4). Moreover, each transload event increases the risk of contamination. Finally, the transload from truck to rail car at ZKR Express would need to occur in a covered area due to the need to open the top hatch of the rail car (otherwise, precipitation would enter the rail car), but rail cars are not covered at the ZKR site.

As a third possibility for Lane B-97, CSXT might be suggesting that TPI simply use the Doraville TBT bulk terminal for transloading, and then truck the product to the ultimate end-user. See CSXT Reply at II-59 ("Any TPI shipment to a bulk transload facility at which the issue commodities will be loaded onto truck for delivery to destination is presumptively a lane for which the end customers do not require rail and for which trucking is a competitive alternative.") (emphasis in original). CSXT is obviously missing the point here, because the end-user is not TPI's customer in Lane B-97 and other lanes where a broker purchases from TPI.

---

parties. Cf. Market Dominance Determinations, 3 STB at 947 ("engaging in this type of analysis requires us to 'second-guess' shipper management about issues or fuel supply, environmental compliance and plant design and operation"). There might be any number of reasons why {[redacted]} chooses to operate out of ZKR Express, including price, quality, location, and others. Operating from Doraville TBT, which is 50 miles away, might be impractical or uneconomic. Moreover, CSXT has not shown that {[redacted]} would be willing or able to fundamentally change its business in this way. Cf. Duke Energy Corp. v. CSX Transportation, Inc., 7 STB 402, 427 (2004) ("the proponent of a SARR may not assume a changed level of service to suit its proposed configuration and operating plan, unless it also presents evidence showing that the affected shippers, connecting carriers, and receivers would not object").

The broker is TPI's customer, and the broker needs to use the bulk terminal for its business model. TPI often does not even know the identities or locations of the end-users. Trucking directly to the end-user would also violate 49 USC § 10707(a) and DMIR because the CSXT tariff does not terminate at the end-user facility, it terminates at the ZKR Express bulk terminal.

There are also several lanes where CSXT explicitly states that it is proposing two separate alternatives (even though only one has been given a rate by CSXT in the work paper "Cost Calculations for Intermodal Alternatives"). {[redacted]}

CSXT has attempted to justify by-passing the {[redacted]} bulk terminals (CSXT Reply at II-57-59), but TPI has already shown that CSXT's attempted justification fails. TPI Reb. at II-B-2.c.(1) Use of a different bulk terminal, as CSXT has proposed for some lanes, is

impermissible geographic competition and is prohibited by 49 USC § 10707(a) and DMIR. The following chart briefly describes the lanes in this category, though more complete information is found in the Lane Summaries in Part II-B-3:

Lane	Challenged tariff transportation		Alternative transportation proposed by CSXT in Reply Evidence	
	Origin	Destination	Origin	Destination
B-1	Memphis	Social Circle, GA	New Orleans	Social Circle, GA[129]
B-2	Memphis	Evansville, IN	E. St. Louis	Louisville, KY[130]
B-4	Chicago	Clinton, IN	Chicago	{[redacted]}
B-8	New Orleans	Barnett, GA	New Orleans	{[redacted]}
B-28	New Orleans	Social Circle, GA	New Orleans	Social Circle, GA[131]
B-61	Chicago	Utica, NY	Chicago	Utica, NY[132]
B-66	New Orleans	Wareco, GA	New Orleans	see footnote[133]
B-70	New Orleans	Chattanooga, TN	New Orleans	Chattanooga, TN[134]
B-97	New Orleans	Jefferson, GA	New Orleans	see footnote[135]
B-98	New Orleans	Jefferson, GA	New Orleans	see footnote[136]
B-102	New Orleans	Ackerman, GA	New Orleans	Ackerman, GA[137]
B-109	Chicago	Lima, OH	Chicago	Lima, OH[138]
B-110	Chicago	Lima, OH	Chicago	Lima, OH[139]
B-112	New Orleans	Dalton, GA	New Orleans	Dalton, GA[140]

See CSXT Reply Ex. II-B-2 and work paper "Cost Calculations for Intermodal Alternatives".

---

[129] CSXT asserts that its intermodal alternative for Lane B-1 can cover either transportation to the actual destination, {[redacted]} or transportation to the ultimate end-users or the facilities of TPI's customers. Reply Exhibit II-B-2 at Lane B-1. Transportation to the ultimate end-users or the facilities of TPI's customers would violate 49 USC § 10707(a) and DMIR. It would also destroy the value of having product staged close to the customers on the {[redacted]}.

[130] CSXT asserts that, for shipments in Lane B-2 that terminate at a TRANSFLO facility in Evansville, an alternative would be to simply use the Norfolk Southern TBT terminal in Louisville, KY. Exhibit II-B-2 at Lane B-2. This is impermissible geographic competition and violates 49 USC § 10707(a) and DMIR.

[131] See footnote for Lane B-1.

[132] One of the customers in this lane directs TPI to deliver to a bulk terminal in Utica, NY; delivery is made by the Mohawk, Adirondack & Northern Railroad. Just as with CSXT's proposal for Lane B-97 (as described in the narrative just prior to this chart), CSXT's alternative for the bulk terminal delivery location in this lane could be interpreted at least three different ways – all of which are impermissible geographic competition and/or improper under 49 USC § 10707(a) and DMIR.

[133] CSXT proposes either (1) trucking to the {[redacted]} in Wareco, or (2) skipping TPI's broker customer and trucking to the broker's customers (the end-users). CSXT Reply Ex. II-B-2 at Lane B-66.

[134] CSXT proposes skipping the bulk terminal destination for the lane, and instead trucking directly to the end-user.

[135] As described in the preceding narrative, CSXT's proposal for Lane B-97 could be interpreted in three different ways.

[136] See footnote for Lane B-61 in this chart.

[137] See footnote for Lane B-61 in this chart.

[138] See footnote for Lane B-61 in this chart.

[139] See footnote for Lane B-61 in this chart.

[140] See footnote for Lane B-61 in this chart.

(2) CSXT's failure to consider all costs associated with truck transportation understates its rate comparisons.

At pages II-B-30 to 34 of its Opening Evidence, TPI estimated transloading costs for the issue movements and compared those costs with the costs of CSXT rail service. In order to present an apple-to-apples comparison, TPI calculated not just its out-of-pocket costs for the transportation services (*e.g.* rail rates, truck rates, bulk terminal charges), but also its additional rail car storage, lease and maintenance costs; labor costs; and inventory carrying costs. Despite the fact that each of these is a very real cost associated with transloading but not direct rail service, CSXT contends that "the cost of transportation on an alternate rail carrier, the fees imposed by a transload facility, and the cost of motor carrier transportation...are the only true transportation costs."[141] Moreover, CSXT contends that there is no precedent for considering the "internal" costs identified by TPI.[142] CSXT is wrong on both counts.

CSXT incorrectly asserts that no precedent exists for recognizing "internal cost" in a market dominance analysis. The Board considers any cost information that is necessary to make a "proper apples-to-apples comparison" of rail and truck rates. DuPont (Nitrobenzene), slip op. at 5. In that decision, the Board found that it was necessary to include the costs of leasing and maintaining railcars in the rail rate before making a comparison to the truck rate. Although the Board did not consider other costs, such as labor, that decision was based upon the conclusion that such cost were unnecessary for an apples-to-apples comparison in that case because those costs would apply regardless of mode. Id.

---

[141] CSXT Reply at II-70.

[142] Id. at II-71.

CSXT's reliance on DuPont (Plastics) and FMC is misguided.[143] In DuPont (Plastics), the Board never resolved the conflict between the cost evidence submitted by the parties and, instead, found that the undisputed 10% differential between truck and rail was, along with other factors, sufficient evidence of market dominance. Id., slip op. at 7. Ironically, in DuPont (Plastics), CSXT argued that the cost savings associated with inventory costs and maintenance costs are relevant to market dominance. Id. at 4. CSXT's citation to FMC suffers from a similar misreading of the case. Although the Board analyzed trucking rates and the capital costs of converting the facilities, it never rejected the use of other internal costs—the matter simply did not arise. FMC, 4 S.T.B. at 712-13.

Having established the relevance of internal costs to the market dominance analysis, and CSXT's own hypocrisy in taking a contrary position in prior proceedings, we turn to the relevance of the four sets of costs presented by TPI in subparts (a)-(c) below. In subpart (d), TPI adjusts Mr. Heisler's evidence of alternative transportation costs to reflect these four omitted costs categories.

(a) CSXT's failure to consider additional rail car storage, lease and maintenance costs reflects a naïve understanding of the polymer industry.

Even CSXT does not seriously dispute the relevance of rail car storage, lease and maintenance costs. After all, storage costs are part of the bulk terminal charges that CSXT contends are the "only true transportation costs."[144] It is less clear why CSXT accepts rail car lease and maintenance costs, since those do not fall within its definition of true transportation costs. Nevertheless, CSXT accuses TPI of postulating a highly inefficient operation to inflate

[143] CSXT Reply at II-71, note 84.

[144] CSXT Reply at II-70.

each of these costs.[145] This naïve statement by CSXT exposes a fundamental gap in its understanding of the polymer industry.

TPI's opening evidence on rail car storage, lease and maintenance costs was based upon its current real-world experience operating a highly efficient bulk terminal transload network to serve its truck-only customers.[146] CSXT has not contested the values and quantities in TPI's evidence; rather, it contests only the number of days that TPI has determined that a loaded rail car would sit in inventory at a bulk terminal. But TPI used the actual average number of days in 2010 that its loaded rail cars spent in a bulk terminal before transloading, which was {{[redacted]}} days. CSXT does not dispute this number, just TPI's reliance upon that number.[147]

Nor does CSXT seriously contest the reasonableness of {{[redacted]}} days when it is necessary to store product at bulk terminals; rather, CSXT contests the need to do so for the issue movements.[148] CSXT contends that TPI's use of 2010 bulk terminal data for alternative transportation options "compares apples and oranges."[149] This reply is baffling. CSXT has proposed that TPI ship loaded rail cars to bulk terminals and transload the contents into trucks for delivery to the case customers. That is what TPI does today using its network of bulk terminals to serve truck-only customers. This is a perfect apples-to-apples comparison.

Yet, CSXT asserts that TPI's bulk terminal distribution system "has no relevance to the alternative transportation system proposed by Mr. Heisler, in which the transloading facility is

---

[145] CSXT Reply at II-72-74.

[146] TPI Op. Ev. at II-B-30-31 (storage costs) and 33-34 (lease and maintenance costs).

[147] In addition to the rail car storage, lease and maintenance costs, TPI's average days for rail car storage at a bulk terminal also is pertinent to inventory carrying costs, which are discussed in the next subpart, which is Part II-B-2.c.(2)(b).

[148] CSXT Reply at II-72-73.

[149] CSXT Reply at II-72.

one stop in a continuous movement to the customer."[150] CSXT appears to be saying that, instead of forward staging polymer close to bulk truck customers as TPI does today, Mr. Heisler would have TPI wait to ship a rail car to the bulk terminal until the customer actually places a truck order.[151] Indeed, CSXT declares matter-of-factly that "[t]here is no reason to think that a sophisticated business like TPI could not arrange the necessary truck transportation within a 10-day window."[152]

First of all, it is absurd for CSXT even to suggest that TPI could complete both the rail and truck portions of a transload operation in just 10 days, no matter how efficient TPI is, because most of that time is spent on the railroad. TPI Opening Exhibit II-B-6 shows the average number of days in 2010 that rail cars were in transit to most of the case destinations. Over 80 destinations experienced average rail transit times of at least {{[redacted]}} days. Even a continuous transload movement through a bulk terminal would add at least two more days, and probably more.[153] Therefore, CSXT's suggestion that a through transload movement should take less than 10 days, when a direct rail movement cannot be completed in that time, is not credible.

Nevertheless, even accepting CSXT's contention as true, there is no way that a customer would consider 10 days a reasonable time to receive a truck order. Customers expect truck orders to be filled within 48 hours. That is why TPI uses bulk terminals to forward stage polymer for truck-only customers. Each bulk terminal is geographically located so that no bulk

---

[150] CSXT Reply at II-72-73.

[151] It is notable that Mr. Heisler never claims that Sunoco ever did this routinely for any truck-served customer during his 4.5 years in charge of Sunoco's polymer supply chain. TPI seriously doubts that Mr. Heisler ever did this while with Sunoco, because this simply would not be acceptable customer service.

[152] CSXT Reply at II-73.

[153] The rail car must be placed on a storage track upon delivery and logged into the bulk terminal tracking system. Only then will TPI be able to schedule a bulk truck. TPI must request the bulk terminal to spot the rail car on the transloading track and schedule the bulk truck pick-up. Even two days is an aggressive time line, and will depend upon congestion at the bulk terminal and whether truck capacity is available on short notice.

truck customer is more than 250 miles away. TPI's network is not unique; Mr. Granatelli confirms that LyondellBasell had a similar network, as well as most other major polymer producers.

Unlike rail cars, which customers order well in advance of their needs because they can use the cars for storage, trucks are ordered just days before they are needed due to minimal, if any, on-site storage. Therefore, when a rail-served customer that is switched to truck delivery loses its rail car storage ability, that customer will insist that TPI maintain a minimum number of rail cars at a nearby bulk terminal in order to ensure a readily accessible and reliable supply. TPI must forecast that customer's needs and store a sufficient amount of every polymer grade and specification used by that customer at the bulk terminal to meet its projected demand. If a customer has an unanticipated surge in demand that exhausts the polymer at the bulk terminal, TPI must truck the product all the way from the production plant at a greatly inflated cost. However, since TPI sells its product at market rates, the truck sold from the plant is at the same price as the truck sold from the terminal. Therefore, it is in TPI's best economic interest to maintain a buffer stock of polymer at each bulk terminal to avoid those situations. Thus, despite CSXT's attempt to portray {{[redacted]}} days as an inefficient operation, it in fact represents a highly efficient real-world operation based upon real-world parameters that CSXT would have this Board completely ignore.

Elsewhere in its Reply, CSXT has made the point that truck and rail transportation offer different advantages, most notably the storage afforded by rail cars and the speed afforded by trucks.[154] However, if TPI waits to ship a rail car to a bulk terminal until it receives a truck order from the customer, the customer receives none of the advantages of trucks or rail. Indeed, the

[154] CSXT Reply at I-6, II-38-39.

customer receives the slower rail transit times without the rail car storage benefits. In order to make transloading even remotely attractive to rail-served customers, it is absolutely essential to store polymer in rail cars at bulk terminals prior to ever receiving a truck order.

CSXT presents its TRANSFLO terminals as evidence of a more efficient operation. According to CSXT, rail cars were stored at TRANSFLO facilities in 2010 an average of {{[redacted]}} days.[155] The flaw in using the TRANSFLO figure is that it includes every single commodity that moved through a TRANSFLO facility, not just polymers. Different commodities move through bulk terminals at different rates for different reasons.[156] Some shippers rely upon bulk terminals for storage and transloading, whereas others move in and out very quickly. For example, food grade products spend very little time at a terminal due to spoilage concerns. Hazardous materials also are likely to spend less time at a terminal. Moreover, CSXT fails to mention that some TRANSFLO terminals have tank farms and silos that enable certain products to be unloaded immediately from rail cars while still being stored on TRANSFLO property.[157] TRANSFLO does not offer storage silos for polymers. As described above, TPI needs bulk terminals as a forward storage point for the rail car inventory of its truck-served customers. Thus, TRANSFLO's average rail car storage days for all products that move through its terminals is meaningless.

Finally, CSXT claims that TPI would actually reduce its rail car costs by making greater use of transloading because Mr. Heisler's proposals would substitute trucks for a part of the

---

[155] CSXT Reply at II-72.

[156] See TPI Reb. Workpaper "Transflo Facilities" for information on all the different commodities that TRANSFLO moves through its bulk terminals.

[157] See id. for photos of TRANSFLO facilities with on-site storage and with adjacent rail car storage that is not included in the average hold days at the terminal itself.

movement.[158] This is illogical because trucks would only replace rail for a small portion of the transportation, and the rail cars still would be needed for storage at the bulk terminal instead of the customer's facility. Moreover, 33 of the transload alternatives proposed by Mr. Heisler have longer rail routes to the bulk terminal than the rail-direct route to the customer that it would replace.[159]

Because the number of storage days is based upon TPI's actual real-world experience shipping, storing and transloading polymers for truck-served customers, it is the best evidence of record. CSXT's generalized analysis of the storage days for unidentified commodities at TRANSFLO facilities does not rebut this evidence. See DuPont (Plastics), slip op. at 4, 5 (rejecting CSXT's "generalized analysis of unidentified bulk products" based on TRANSFLO data). Furthermore, CSXT's alleged cost savings from transloading are non-existent. Those storage days are the basis for TPI's calculation of rail car storage costs, rail car lease and maintenance costs, and as discussed in the next subpart, TPI's inventory carrying costs.

(b) Inventory carrying costs are a real business cost.[160]

At pages II-B-32 to 33 of its Opening Evidence, TPI presented evidence of the inventory carrying costs associated with transloading polymer through bulk terminals instead of direct rail service. CSXT criticizes TPI's use of its 2010 average of {{[redacted]}} hold days for rail cars in its bulk terminal network.[161] This is the same issue that CSXT raised with respect to rail car storage, lease and maintenance costs, which TPI has refuted in the immediately preceding subpart. In addition, CSXT claims that TPI's inventory carrying costs are an "accounting

---

[158] CSXT Reply at II-74.

[159] See CSXT Reply Ex. II-B-6, Lanes B-5, 7, 8, 10, 22, 25, 26, 29, 31, 37, 39, 48, 49, 52, 53, 54, 60, 61, 62, 66, 67, 74, 78, 79, 86, 89, 93, 102, 103, 108, 111, 112 (equal miles) and 120.

[160] The evidence in this subpart is sponsored by Jim Parks, Senior Manager—Financial Accounting for TPI.

[161] CSXT Reply at II-80.

gimmick" and a "made-for-litigation cost that is not something TPI considers in the real world."[162] CSXT is wrong on all counts.

TPI uses the term "Inventory Carrying Costs" for the purpose of describing the management view of all costs related to inventory management. TPI takes exception to CSXT's unfounded claim of impropriety and gimmicks with regard to TPI's financial statements. TPI maintains its financial records consistent with the appropriate accounting standards and at no place in its Opening Evidence did TPI suggest that "Inventory Carrying Cost" was an accounting reference, but rather a management view of the costs of inventory management.

While "Inventory Carrying Costs" are not reflected as an expense in the Income Statement, they are a significant component of the business unit's Balance Sheet and Capital Employed. Capital Employed and the resulting ROACE (return on capital employed) are key financial indicators used by TPI to evaluate each business unit's financial results. The higher the capital employed, the lower the ROACE. Both of these factors are key financial indicators used by the business units to explain their financial results as compared to other TPI businesses and industry peers. TPI Management is constantly looking for ways to minimize its Capital Employed. The ROACE is also a key financial indicator when the business is competing with other TPI businesses for funding on new capital projects and investments.

In addition to the negative impact increased inventory levels have on Capital Employed, any delay in the conversion of the finished product to cash also increases the business unit's interest expense as that cash is not available to reduce the outstanding debt. CSXT is correct in stating that TPI would receive the same amount of revenue (gross) from the customer whether product is delivered by rail or by truck. TPI's point, however, is that delays in the transportation

[162] CSXT Reply at II-77.

of the product from the manufacturing facility to the customer will cause TPI to retain higher levels of inventory volumes. This increase in inventory volumes results in a higher inventory basis on the balance sheet (Capital Employed), higher interest expense, and lower ROACE. A thorough analysis of the "inventory carrying costs" must include a consideration of any incremental burden to working capital created by delays in the conversion of the finished product to cash.

TPI's opening evidence calculates inventory carrying costs based upon the conversion delays associated with transloading. Inventory that the customer typically would maintain in the rail cars on its own premises after purchase must now be maintained by TPI at the bulk terminal until the truck purchase occurs. A truck purchase will be later in time than the rail car purchase because a customer does not purchase a truck until it is ready to use the contents in its production process.

Inventory carrying costs are commonly considered in the realm of transportation and logistics and explain why some lower-priced transportation modes cannot compete for significant market share against higher-priced alternatives. For example, TPI Rebuttal Exhibit II-B-20 is a January 21, 2009 presentation transcript from the Federal Highway Administration's ("FHWA") web site. On pages 12-13, Jim Pugh, Director of the Office of Marine Highways & Passenger Services at the Maritime Administration, explains why the maritime industry has such a low domestic freight market share despite its high cargo carrying efficiency:

> Well, I think the traditional problem for marine transportation, if you are talking about high value goods where the inventory costs are substantial they may not be susceptible to taking a form of transport that could be a day or two longer in terms of total transit time....I still think in particular very high value cargoes, inventory carrying costs is going to drive their supply chain design. (underline added)

CSXT itself acknowledges the high value of the issue polymer commodities at page II-92 of its Reply. Because transloading through bulk terminals requires TPI to keep these high value polymers on its books for a much longer period of time than direct-rail shipments, the inventory carrying costs are quite significant.

TPI Rebuttal Exhibit II-B-21 is another document from the FHWA web site that refers to inventory carrying costs as part of a methodology for estimating financial impacts on the rail industry due to diverted rail shipments and carrier rate reductions to retain traffic. At page 2, the report notes that:

> the ITIC Model estimates shipper transportation and inventory cost for moving the freight by rail and by the competing truck configurations. The ITIC model assumes that railroads respond to increased truck productivity by reducing their own rates—down to variable cost if necessary—to prevent diversion of rail freight traffic to trucks. If motor carriers can offer shippers lower transportation and inventory carrying costs than rail variable cost plus inventory carrying costs, the model predicts that the railroad will lose the traffic and the shipments divert to truck. (footnote omitted; underline added)

For this model, the assumption is that inventory carrying costs would be less for direct truck transportation due to faster transit times, and therefore the model adds the inventory costs to the rail costs. As previously noted herein, because the transloading of polymers increases the amount of time inventory remains with TPI, the inventory carrying costs should be added to the transloading costs, which is what TPI has done in its evidence.

CSXT claims that TPI's inventory carrying costs are contrived because {{ [redacted] .}}[163] TPI in fact does incorporate inventory carrying costs into many of its transportation analyses. TPI Rebuttal Workpaper "ASR Analysis" is one such example. The two documents cited by CSXT do not prove otherwise.

[163] CSXT Reply at II-78.

First, CSXT cites to Reply Exhibit II-B-15, which is {{ [redacted] }}

Second, CSXT cites to {{ [redacted] }}

CSXT also contends that TPI {{ [redacted] }}

[164] CSXT Reply at II-78-79.

Finally, CSXT challenges TPI's {{[redacted]}} internal cost of capital as too high.[165] Although CSXT asserts that inquiries by Mr. Heisler suggest that {[redacted]} is more typical in the industry, it does not provide any support for that amount, whereas TPI has supported its cost-of-capital. Furthermore, CSXT appears to be using the term "cost-of-capital" different from TPI. TPI's use of the term refers to TPI's targeted anticipated rate of return on new investments, whereas CSXT is referring to the cost of debt.[166] A minimal return of {{[redacted]}} would be needed within TPI to obtain approval of a project under current market conditions.[167]

(c) Truck shipments impose higher personnel costs upon TPI.

At pages II-B-31 to 32 of its Opening Evidence, TPI calculated the additional labor costs associated with processing orders for four truck shipments in addition to a single rail shipment whenever transloading occurs. TPI discussed these labor costs in the context of a "Delivery Note" ("DN"), which is the administrative paper work associated with every shipment. TPI estimated {{[redacted]}} hours of employee time per DN at a cost of {{[redacted]}} per DN to calculate an incremental cost per transloaded rail car of {{[redacted]}}.

CSXT misrepresents this evidence to refer simply to the activity of preparing the paperwork itself, which CSXT asserts is grossly inflated.[168] Of course it does not take {{[redacted]}} hours just to complete the paperwork. But, there is quite a bit of activity that both precedes and follows the actual paperwork that is necessary to process each DN. TPI Rebuttal Workpaper

---

[165] In an apparent typo, CSXT alleges that TPI uses a {{[redacted]}} cost of capital when TPI in fact used {{[redacted]}}. Compare CSXT Reply at II-80 with TPI Op. Ev. at II-B-33 and Op. Ex. II-B-6.

[166] CSXT Reply at II-80 ("it is implausible that an extremely large and well-capitalized company like TPI would face higher-than-average capital costs"). TPI would agree with Mr. Heisler that {[redacted]} is the appropriate cost of debt for the polymer industry, but that is different from TPI's internal cost of capital.

[167] An RSSI Locomotive Tracking White Paper uses a 15% cost-of-capital to calculate the inventory carrying costs of locomotive fuel for the rail industry, which suggests that TPI's cost-of-capital is in fact quite reasonable. See TPI Reb. Ex. II-B-22, p. 4.

[168] CSXT Reply at II-74-75.

"Delivery Note Tasks" summarizes all of the activities included in the {{[redacted]}} hour estimate. CSXT tacitly admits that it knows TPI did not intend its evidence to represent just the paperwork preparation when it acknowledges that TPI claimed "that these staff are involved in 'customer order fulfillment'...."[169]

Next, CSXT criticizes TPI's estimates as "truly ridiculous when combined with TPI's further assumption that these staff never miss a day of work."[170] Although TPI did make that assumption, it was to be conservative in its estimate, because that assumption works in CSXT's favor. TPI is gratified with CSXT's concern that its employees receive adequate vacation. This situation can be easily rectified in TPI MD Op. Electronic Work Paper "Transload Cost Analysis," sheet "Personnel Costs" in the "Ex. II-B-5 & 6 Workpapers" folder, by changing cell C5 from 52 weeks per year to 48 weeks. The cost per DN in cell C15, however, increases from {{[redacted]}} to {{[redacted]}}, thereby increasing the transloading labor costs from {{[redacted]}} per rail car to {{[redacted]}}.

Finally, CSXT challenges TPI's salary and its {{[redacted]}} markup for benefits, bonuses, and payroll taxes as being significantly higher than markups that the Board has previously recognized as reasonable.[171] The salary that TPI used is its starting salary for entry level employees. Since most employees are not entry level, the salary estimate is conservatively understated. The cases cited by CSXT with regard to the markup are inapposite. The mark-ups adopted by the Board were in the SAC analysis, not market dominance, and reflected a choice that the Board made between the evidence submitted by the parties for the stand-alone railroad, not an independent determination of what is reasonable in any other context or for any other

---

[169] CSXT Reply at II-76.

[170] CSXT Reply at II-76 (underline in original).

[171] CSXT Reply at II-76, note 87.

industry. TPI's base salary and markup is based on information provided by its Human Resources Department.[172]

(d) The transload alternatives proposed by CSXT are not comparably priced with CSXT rail service when considering the costs omitted by Mr. Heisler.

When the costs omitted by CSXT are considered, nearly all of the transload alternatives proposed by CSXT are significantly more expensive for TPI than CSXT rail service under the challenged tariff. In Rebuttal Exhibit II-B-23, TPI has taken all of the alternative transportation costs estimated by CSXT Witness Heisler for 78 of the issue movements and added rail car storage costs, rail car lease and maintenance costs, capital (*i.e.* inventory) costs, and personnel costs, in order to generate a true apples-to-apples comparison.

The rail car storage costs, lease and maintenance costs, capital costs, and personnel costs added by TPI in Rebuttal Exhibit II-B-23 are the same costs that were developed in TPI's Opening Workpaper "Transload Cost Analysis" in the "Exhibit II-B-5 & 6" Folder.[173] However, Mr. Heisler has included alternative transportation for some lanes to bulk terminal or leased track destinations for which TPI did not calculate these costs in its Opening Evidence, because trucking to those destinations would be absurd.[174] See TPI Op. Ev. at II-B-28 (n. 18) and II-B-30 (n. 21). Although TPI continues to contend that trucking to those destinations is absurd, impractical, and contrary to law, for reasons discussed throughout this Rebuttal, TPI has included those lanes for the purpose of critiquing Mr. Heisler's cost estimates. TPI Rebuttal Workpaper "Inventory Carrying Costs Contested Lanes" both restates the costs that were developed in TPI

---

[172] See TPI Reb. Work Paper "Personnel Costs."

[173] For storage costs, TPI has used the storage charges at the terminals selected by Mr. Heisler, instead of the terminals that TPI used in its Opening Evidence.

[174] Those are Lanes B-2 (only Berry/Transflo), B-4, B-8, B-28, B-48, B-60 (only Mass Polymers Bayview Yard destination), B-61 (only Southern Polymers), B-66 (only Mass Polymers), B-70, B-97, B-98, B-102, B-109, B-110, and B-112.

Opening Workpaper "Transload Cost Analysis" and develops those same costs using the same formulas for the additional lanes in Mr. Heisler's analysis.

For the purposes of adding these necessary costs, TPI relied upon the CSXT Reply work paper "Cost Calculations for Intermodal Alternatives". Use of the CSXT work paper was only to show that TPI was adding the costs to the calculations made by CSXT for all 78 lanes for which CSXT contests market dominance. TPI does not necessarily agree with all of the values in the CSXT work paper. For example, CSXT has incorrectly named some of the lanes, such as Lane B-10 (named Memphis-Lebanon by CSXT despite the lane terminating at Vine Hill, TN). See CSXT Reply work paper "Cost Calculations for Intermodal Alternatives". CSXT has also inexplicably and incorrectly stated the challenged tariff rates in seven lanes: B-10, B-25, B-53, B-61, B-74, B-89, and B-93.[175] For all of these lanes, CSXT has incorrectly claimed that the challenged tariff is much higher than it actually is. TPI has provided work papers showing the correct tariff rates. See TPI Reb. work paper "Correct CSXT tariffs". For all lanes except B-89, it appears that CSXT has added the shortline railroad contract rate to the tariff rate. For Lane B-89, there is no evident reason for CSXT's deviation from the actual tariff rate. Further information regarding these deviations are presented in the individual lane summaries in Part II-B-3.[176]

The only lanes where the CSXT direct transportation costs are comparable to Mr. Heisler's proposed alternative transportation costs are to customers that {{[redacted]}} because those lanes do not have

[175] For other lanes, CSXT and TPI differ only slightly in their respective statements of the challenged tariff; these slight differences are most likely due to calculation of fuel surcharges.

[176] CSXT's reliance on the wrong tariff rate in the Reply work paper "Cost Calculations for Intermodal Alternatives" (as well as Reply Exhibit II-B-2) is all the more puzzling given that CSXT used the correct tariff rate in the CSXT Reply II-A work paper titled "CSXT II-A Exhibits Reply" (columns BM to BO) for calculation of the R/VC ratio for each lane.

inventory carrying costs. Aside from those lanes, the alternatives are 13% {{ [redacted] }} to 115% {{ [redacted] }} more costly to TPI than shipping via CSXT.[177] Id. Therefore, the Board should find that none of the alternatives proffered by CSXT is effective competition for CSXT rail service under the challenged tariffs.

(3) CSXT's proposal to use ten out-of-network bulk terminals will create tremendous inefficiencies for TPI without off-setting savings.

CSXT Witness Heisler proposes transload alternatives through 18 different bulk terminals, of which 10 terminals, covering 37 case lanes, are not part of TPI's approved network.[178] As TPI noted at page II-B-31 of its Opening Evidence, it distributes product to truck-served customers through a carefully optimized network of bulk terminals around the country. This network is designed to serve the most customers cost-effectively in accordance with their transportation needs with minimal overlap in coverage. In order to provide optimal customer service at the most economic truck rates, TPI attempts to keep the highway distance from the bulk terminal to each customer served through that terminal below 250 miles.[179] Each terminal also must have adequate capacity to handle the volumes of all TPI customers that it services and it must meet TPI's standards for safety, quality, and service.

TPI cannot simply expand its network by adding bulk terminals just because it might get a lower transportation cost. The existing network has been rationalized to minimize total costs,

---

[177] Although {{ [redacted] }} is just 9% more costly, this is one of the lanes for which Mr. Heisler has used an incorrect CSXT tariff rate that appears to include the shortline contract rate. Therefore, the difference should be much greater.

[178] The out-of-network terminals and the lanes that Mr. Heisler would route through them are: Chesapeake, VA (B-5); Dalton, GA (B-7, 112 and 120); Augusta, GA (B-8, 23, 31, 36, 37, 66, 86, 91 and 103); Pittsburgh, PA (B-14, 20, 22, 62 and 80); Hammond, IN (B-18, 33, 84, 96, 109 and 110); Greer, SC (B-21, 105 and 106); Worcester, MA (B-49); West Memphis, AR (B-57, 63, 69, 75, 100 and 101); Bethlehem, PA (B-60 and 111); and Ypsilanti, MI (B-82).

[179] CSXT proposes transload options where the truck distance would exceed 250 miles for Lanes B-18, 44, 61 and 101.

including but not limited to transportation costs, by concentrating TPI's truck volumes in the fewest terminals possible without jeopardizing service. CSXT Reply Exhibit II-B-17 is TPI's last terminal optimization study in 2009. As the number of bulk terminals in the network increases, so do TPI's inventory and rail car storage costs.

For example, if TPI has 2 truck customers for a particular grade of polymer who typically order 2 trucks each per month, one rail car (which has the capacity of about 4 trucks) can serve both customers out of a single terminal. But if TPI instead uses two different terminals to serve each customer, it must store one rail car at each terminal, effectively doubling its inventory and car storage costs. Furthermore, because customer demand is variable from month to month, fewer bulk terminals permit TPI to average that variability, and the inventory buffer required to absorb demand surges, across more customers, which also reduces inventory and car storage costs.[180] TPI Rebuttal Exhibit II-B-24 and Rebuttal Work Paper "Inventory Variability Analysis" illustrate how combining customers in fewer bulk terminals, in order to average their demand variability, reduces TPI's inventory needs. Therefore, any reduction in transportation costs by expanding TPI's bulk terminal network must be balanced against increases in inventory and rail car storage costs, and also in the administrative costs of approving and routinely inspecting additional terminals.

CSXT contends that this argument is meritless because TPI has regularly used out-of-network terminals.[181] That is not correct. CSXT erroneously interprets the two TPI documents that it invokes to support this claim.

---

[180] See TPI Reb. Ex. II-B-25 for a graphic illustration of the monthly variability in TPI's sales of polypropylene, polystyrene and polyethylene.

[181] CSXT Reply at II-32-33.

First, CSXT points to {{ [redacted] }} as evidence that TPI regularly uses out-of-network bulk terminals. All three terminals were part of TPI's network at the time. The {{ [redacted] }}, and thus was removed from the network.[182] The {{ [redacted] }} terminal is a CSXT TRANSFLO location that was dropped from TPI's network when TPI filed this rate case and replaced it with the {{ [redacted] }} terminal on NS. TPI ceased using the {{ [redacted] }} due to changing business requirements. {{ [redacted] }} is a liquids terminal; it does not handle polymers. {{ [redacted] }}

CSXT also cites to CSXT Reply WP "TERMINAL DATA 12-15-08.xls" as proof that TPI was using {{ [redacted] }} different terminals in 2008. If CSXT had more closely examined this file, which TPI produced in discovery, it would have noted over 49 duplicated facilities. Several terminals appear two or three times because they are listed by separate SAP codes for each of TPI's three major polymer products shipped through those terminals. There also are different codes for the same terminal when it is used for both bulk trucks and packaging. When you eliminate the duplicates, the total number of bulk terminals plummets from {{ [redacted] }}. Also, not all of those terminals were in use during the same time periods. Since 2008, the number of bulk terminals used regularly by TPI at any one time has been 30-31.

While Mr. Heisler asserts that there is no reason why TPI could not use out-of-network facilities that have the capacity and capability to handle the issue commodities, it is notable that he does not critique the efficiency of TPI's network arrangement. He merely questions how

[182] {{ [redacted] }} Clearly, Mr. Heisler has not proposed viable alternatives for those lanes.

strictly TPI adheres to its network terminals. Having debunked that charge, there really is no justification for Mr. Heisler's proposal to increase TPI's bulk terminal network by nearly 50% with all the inefficiencies that would entail.

(4) Some alternatives proposed by CSXT would result in double or triple transloads, thus implicating product quality concerns.

The transportation alternatives proposed by CSXT for some lanes would implicate (or could implicate, depending on how one interprets the cryptic CSXT alternatives) product quality concerns. Specifically, CSXT proposes double or triple transloading alternatives, problematic truck-to-rail transloads, and using {[redacted]} for transloading. These proposals would cause product degradation and/or unacceptable levels of contamination risk. To provide further description of the degradation and contamination issues, TPI has attached at Rebuttal Exhibit II-B-26 the Resin Handling Guide produced by the Transportation & Logistics Committee of the American Chemistry Council and American Plastics Council.

(a) Degradation and contamination are a problem.

Polymers degrade when handled, and the degradation increases as the temperature and force of handling increases. Transloading to or from bulk trucks involves use of significant vacuum pressure that causes fines and dust to be created as the plastic pellets endure mechanical collisions with one another, the inside of the transload tube, and the inside of the rail car and bulk truck. The force generated in these mechanical collisions dissipates by chipping tiny pieces off of the pellets, which creates dust and fines. Each transload event also results in deposits of pellet skid marks, dust, and fines on the inside walls of the conveying tube. These deposits eventually peel off, creating long strings or "streamers" in the product. Reb. Ex. II-B-26 at 9-11 and 17-21 (Resin Handling Guide). See also Reb. Ex. II-B-27 at 25 ("Plastic dust creation can be minimized but not eliminated entirely.") (Operation Clean Sweep Pellet Handling Manual).

Each transload event causes some fines, dust, and streamers. For shipments to many customers, the amount of fines, dust, and streamers from a single transload is usually within acceptable tolerances. However, even a single transload can be too risky for producers of medical application that come into contact with the human body or bodily fluids,[183] or for producers of non-woven fabrics.[184] When considering additional transloads, however, the level of fines, dust, and streamers causes too great a risk of serious problems for most end-users. TPI does not double-transload as a regular course of business.

Dust, fines, streamers, and contamination can cause problems for resin end-users in several ways. Offloader filters become clogged more rapidly as the quantity of dust and fines increases, and cleaning or replacing these filters takes time and reduces customer satisfaction. Fines can cause "unmelts" or fisheyes in the manufacturing process, thus increasing defective products and scrap material. Streamers primarily are a problem around product transfer at the customer facility because they clog transfer lines, accumulating at the silo magnets, silo discharges, and the throats of the extruders. Cleaning these areas creates additional work and cost for the customer, and involves stopping their machinery to remove streamers from the pipelines. TPI Rebuttal Exhibit II-B-18 describes many of these problems in greater detail.

Each transload event also invites the opportunity for contamination, both internal and external. Reb. Ex. II-B-26 at 14-16 (Resin Handling Guide). Internal contamination involves gasket material, metal particles, and other pieces of the conveyance tube or transfer system. External contamination involves dirt, organic material, and other debris that can mix with the

[183] TPI customers in Lanes {{ [redacted] }} use TPI polymers in medical applications.

[184] TPI customers in Lanes {{ [redacted] }} use TPI polymers to produce non-woven fabrics. Producers of non-woven fabrics apply a spunbound process to polypropylene at exceptionally high speeds that forces molten resin through small hole die-plates, drawn down at speeds well over 100 miles per hour, to create solidified filaments that are finer than human hair. High quality, contaminant-free, resin is absolutely critical to this process because even the slightest contamination will cause filament breaks and off-spec fabric.

resin during any time the sealed rail car or bulk truck is opened for transloading. Contamination problems can be expensive to remedy. "Contamination of plastic resin can cause significant costs in defective final product or serious equipment damage to processing equipment for plastic resin." Reb. Ex. II-B-26 at 4 (Resin Handling Guide). See also, TPI Reb. Ex. II-B-17 for recent TPI claims against motor carriers for contamination.

(b) Alternatives proposed by CSXT raise degradation and contamination concerns.

As described above in Part II-B-2.(d)(1)(c), CSXT has proposed a number of alternatives that involve double or triple transloading, transloading from a truck to a rail car, or transloading at a lease track. CSXT has also stated that, despite the truck deliveries inherent in CSXT's proposed alternative transportation, TPI's customers could still use rail cars for storage if the bulk trucks transloaded into the rail cars at the customers' facilities. CSXT Reply at II-51. This, too, would be a double-transload.

The level of product degradation and contamination risk that accompanies a double or triple transload would be unacceptable to TPI and its customers as a regular course of business. Furthermore, transloading from a truck to a rail car, as would occur in all of CSXT's proposed double-transloads, carries special contamination risks. During a truck-to-rail transload, the top hatch of the rail car must remain open – this enables precipitation, dirt, and organic matter to enter the rail car. Truck-to-rail transloading also creates scheduling, logistics, and paper trail problems because four bulk trucks must be used simultaneously to re-fill a rail car.[185]

Compared to rail-to-truck transfers, transloading from truck-to-rail is an anomalous event in the polymer industry. In the experience of TPI witness Granatelli, transloading from trucks to rail cars rarely occurs, and is usually an act of desperation to prevent the end-user from running

[185] If a "heel" exists, more than four trucks would be required.

out of resin. The Resin Handling Guide and the OCS Pellet Handling Manual provide detailed descriptions of rail-to-truck transloading, but do not mention truck-to-rail transloading at all. See Reb. Ex. II-B-26 and II-B-27. CSXT's own TRANSFLO subsidiary defines "transloading" as a rail-to-truck transfer, but does not even mention truck-to-rail transfers (or claim to offer truck-to-rail transfers to its customers). See Reb. Ex. II-B-28.

Finally, transloading at a lease track is also problematic. Lease tracks are not designated bulk terminal sites and, in fact, there often is no road access to the tracks. Even if road access exists, the roads at lease tracks are not typically paved like they are at bulk terminals. An unpaved road leads to airborne dust that can easily contaminate the resin during a truck-to-rail transload when the rail car top hatch is open.

CSXT even goes so far as to claim that transloading can occur anywhere at anytime – all that is needed, according to CSXT, is a bulk truck and a driver. CSXT Reply at II-57-58. CSXT's sanguine and unconcerned attitude about transloading is directly at odds with the business practices of its TRANSFLO subsidiary. The TRANSFLO website states that plastics transloading can occur at TRANSFLO terminals, but carries the disclaimer "To find out if a specific terminal handles your product, contact the TRANSFLO sales representative for that terminal." See TPI Reb. Ex. II-B-29. Thus, transloading of all types of plastics might not even be possible at a given TRANSFLO terminal.

(5) CSXT has relied on a bulk terminal that no longer exists.

As alternative transportation in Lanes B-21, B-105, and B-106, CSXT has proposed use of the Quality Distribution Terminal in Greer, South Carolina. CSXT Reply at II-64. However, this facility no longer exists. Quality Distribution shuttered its bulk terminal in Greer as of November 15, 2010, and the site is now simply an abandoned lot, overgrown with vegetation and surrounded by a rusty fence. See TPI Reb. Ex. II-B-30 and Reb. Work Paper "Greer Photos".

The alternative transportation proposed by CSXT is a nullity, therefore, and there is no effective competition to CSXT rail service for Lanes B-21, B-105, and B-106.

(6) CSXT's own evidence shows that the alternative rates are significantly higher than the challenged tariff rates in 15 lanes.

Even disregarding for the moment the failure of CSXT to include all necessary costs that would be incurred in alternative transportation, CSXT's own evidence confirms the lack of effective competition in Lanes {{[redacted]}}. For these 15 lanes, the alternatives proposed by CSXT (even at the rates claimed by CSXT) are at least 10% more expensive than the challenged tariff rates.[186] Hence, CSXT's own evidence confirms that CSXT is market dominant over these movements. The following chart shows the rates theorized by CSXT in these 15 lanes:

[186] See DuPont (Plastics), slip op. at 7 (finding market dominance where truck rates were 10% higher after a recent substantial rate increase).

Lane	Challenged tariff[187]	CSXT proposed alternative[188]	Alternative exceeds challenged tariff by:[189]
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}
{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}	{{ [redacted] }}

All of the above rates are based upon CSXT's alternative transportation cost calculations, not the corrected calculations in TPI Rebuttal Exhibit II-B-23. Therefore, the amount by which the alternative transportation rates exceed CSXT's rates is sometimes understated. Based on CSXT's own evidence, the Board should find that market dominance exists over these 15 lanes, because the alternative rates are not sufficiently comparable to constrain CSXT's pricing, even after CSXT's recent substantial rate increases. The best alternative that CSXT could find for each of these lanes confirms the lack of effective competition.

[187] The first rate is from TPI Reb. Ex. II-A-5. The second rate is from CSXT Reply Ex. II-B-2. The slight differences appear to be attributable to fuel surcharge calculations.

[188] See CSXT Reply Evidence Exhibit II-B-2. {{ [redacted] }}

[189] The first figure is based upon TPI's calculation of the CSXT tariff rate and the second is based upon CSXT's calculation.

(7) CSXT's proposed transload alternatives have much higher costs than CSXT direct rail service.

In TPI Rebuttal Exhibit II-B-9, TPI Witnesses Burris and Nolan demonstrate that the transload alternatives proposed by CSXT are in fact much higher cost (not rate) alternatives than CSXT rail transportation, which permits CSXT to earn much higher profits than these alternatives at the same rate levels. The objective of that analysis is to demonstrate that similar rates for transload alternatives to the issue movements are not effective competitive constraints upon CSXT's pricing because CSXT has increased its rates significantly to match the prices of alternatives with substantially higher costs. See e.g., DuPont (Plastics), slip op. at 7-8; FMC, 4 STB at 718 (2000); McCarty Farms, 3 I.C.C.2d at 831-32; APS, 742 F. 2d at 650-51. The legal principles underlying this analysis are presented in TPI Op. Ev. at II-B-34-37 and Part I-B-2.a.(3), supra.

The analysis in Rebuttal Exhibit II-B-9 is based upon the same methodology that TPI Witnesses Burris and Nolan employed in TPI Opening Exhibit II-B-10. It compares the cost (not rates) of providing CSXT rail service with the cost of providing each of the transportation alternatives that CSXT witness Heisler has proffered for 78 of the issue movements. The results of TPI's analysis are presented in Attachment Nos. 1 and 2 to Rebuttal Exhibit II-B-9. In Attachment No. 1, which analyzes the CSXT alternatives that use the same interchange with origin carrier as the issue movement, the cost of providing every alternative transportation service ranges from 1.4 to 5.65 times the cost of providing direct rail service. In Attachment No. 2, which analyzes the CSXT alternatives that use a different interchange with origin carrier from the issue movement, the cost of providing every alternative transportation service ranges from 1.34 to 5.0 times the cost of providing direct rail service. As discussed previously, the

Attachment 2 alternatives all violate DMIR precisely because CSXT has used different interchanges from the issue movements.

CSXT contends that TPI's attempt to compare costs (not rates) across modes in its Opening Exhibit II-B-10, which presumably also extends to Rebuttal Exhibit II-B-9, is flawed.[190] TPI Witnesses Burris and Nolan respond to each of CSXT's criticisms at pages 4-11 of Rebuttal Exhibit II-B-9.

At bottom, CSXT's critique amounts to an allegation that no valid long-run variable cost comparison can be performed between transportation modes. But, CSXT's argument ignores the fact that such analyses have been accepted in prior proceedings. See McCarty Farms at 831. Moreover, if CSXT were correct, it would render all of the precedent discussed in Part I-B-2.a.(3), supra, for naught because there would be no way to submit the requisite evidence.

As further evidence that CSXT is merely matching the rates of higher cost alternatives, TPI also presented evidence that there has been no diversion of traffic from rail to transloading since 2007, when CSXT imposed its first major rate increase—a volume weighted average of {[redacted]}—upon TPI.[191] This is highly relevant evidence because "the fact that [a carrier] matches prices set by alternatives with significantly higher costs, while maintaining a dominant market share, is not enough to demonstrate effective competition for the traffic at issue." FMC at 718 (underline added). Moreover, "the absence of any diversion after a reasonable time following a rate increase" is strong evidence of market dominance." Special Procedures, 353 ICC at 929.

---

[190] CSXT Reply at II-88-91.

[191] TPI Op. Ev. at II-B-35-36; Op. Exs. II-B-11 and Op. Workpaper "Truck and Rail Volumes" (showing rail and truck volumes for each case customer at each destination from 2006-2010); and Op. Ex. II-B-7 (showing CSXT's rate history for each lane since the 2007 increase).

CSXT's response is rather meager. First, it asserts that this evidence is irrelevant because TPI agreed to the rate increases in contracts.[192] CSXT alleges that, because TPI has a larger market capitalization than CSXT, it is "ridiculous" to think that CSXT could impose rates upon TPI. CSXT fails to explain what relevance market capitalization has to market dominance, especially when dealing with a monopolist who controls TPI's access to its customers. Just because TPI signed contracts with significant rate increases, in order to avoid paying even higher tariff rates rather than rushing directly to the STB, is not evidence that TPI believed those rates were reasonable. Instead, it is evidence that TPI carefully evaluated all of its commercial options before pursuing regulatory relief as a last resort.

Second, CSXT attempts to justify its substantial rate increases as a reflection of changed market conditions, such as tightening capacity and higher costs for key inputs, which CSXT alleges has raised both rail and truck rates across the transportation industry.[193] By comparing itself to the transportation industry as a whole, CSXT grossly overplays its hand. TPI Rebuttal Exhibit II-B-16 shows that {{[redacted]}} Indeed, the fact that CSXT can increase its rates by {{[redacted]}} in the face of alleged transload competition, while such increases were kept to no more than {{[redacted]}} in the face of rail-to-rail competition, illustrates how little of a constraint truck competition truly is and how much higher truck costs must be.

[192] CSXT Reply at II-86.

[193] CSXT Reply at II-86-87.

Finally, CSXT accuses TPI of deliberately not shifting traffic to trucks on the advice of counsel so as not to undermine its market dominance case to the Board.[194] In essence, CSXT is accusing TPI of choosing to be captive. This is perhaps the most ludicrous statement in a Reply that is replete with such remarks. TPI previously informed the Board that it is paying over $110,000 per week in premium tariff charges above and beyond CSXT's previous best contract offer.[195] TPI will likely incur this expense for three years, which will add up to over $17 million, before the Board issues a final decision in this proceeding, with no prospect of getting any of that premium back if it loses this case. Moreover, TPI also will pay several million dollars to its lawyers and consultants over this same time frame. Thus, for CSXT to suggest that TPI would gamble more than $22 million on the uncertain outcome of a rate case when it allegedly has effective transload alternatives at a lower cost defies credibility.

[194] Id. at II-87-88.

[195] See Letter from Jeffrey O. Moreno to Rachel D. Campbell, STB Docket No. 42121 (filed June 6, 2011).

3. LANE SUMMARIES

Similar to Part II-B-4 of TPI's Opening Evidence, this subpart addresses each case lane individually by summarizing key facts, referencing the applicable factors discussed in Part II-B-2, and discussing matters specific to individual lanes. TPI has added to this chart the alternative(s) that CSXT asserts provide effective competition, as well as TPI's rebuttal to CSXT's proposed alternatives. The footnotes in the sample chart provide the source of the data, and will not be repeated for each lane because the source is the same.

Lane #	---[196]	Origin-Destination	CSXT tariff rate[197] and route	RVC[198]
Alternative transportation proposed by CSXT[199]		**Rate asserted by CSXT for alternative[201]**	**TPI's total costs for alternative[202]**	**TPI description of feasibility of alternative[200]**

[196] This is the commodity. PP signifies polypropylene, PS signifies polystyrene, and PE signifies polyethylene.

[197] This is the CSXT tariff and fuel surcharge as of 1Q2011 from TPI Reb. Ex. II-A-5.

[198] The R/VC calculations are from TPI Reb. Ex. II-A-3, which calculates the R/VC as of 1Q2011.

[199] See CSXT Reply Ex. II-B-2.

[200] See TPI Rebuttal at Part II-B-2.c.

[201] See CSXT Reply Ex. II-B-2.

[202] See TPI Rebuttal Part II-B-2.c.(2), TPI Reb. Ex. II-B-23, and TPI Reb. work paper "Exhibit II-B-23".

Lane B-1: Memphis, TN to Social Circle, GA

B-1	PP	Memphis, TN to Social Circle, GA	CSXT tariff $5598, route Memphis-Social Circle	RVC 406%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Doraville, GA bulk terminal, then truck to Social Circle {[redacted]} or to ultimate customer facilities.	{{[redacted]}}	{{[redacted]}}	Not effective competition. Wrong origin. The challenged tariff covers transportation from Memphis, yet CSXT's proposed alternative originates at New Orleans. Also, trucking {[redacted]} is infeasible, trucking to the customer facilities is not a true alternative, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	The challenged tariff covers transportation originating at Memphis. Hence, transportation from New Orleans is not a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).
Movements to Social Circle are delivered {[redacted]} for eventual delivery to customers in {[redacted]} *See* TPI Opening II-B-45. Therefore the competitive options CSX has proposed for Lanes {[redacted]} are alternatives to this lane of traffic.	The challenged tariff covers transportation terminating in Social Circle at the hand-off to Great Walton Railroad ("GRWR") {[redacted]}. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). {[redacted]} See TPI Op. Ev. at II-B-24-25.
{{[redacted]}}	This lane does not terminate in Athens or Covington. See above. {{[redacted]}}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to { [redacted] } Great Walton Railroad ("GRWR").	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. CSXT recently changed its routing protocol, so all movements of polypropylene to Social Circle are now routed through New Orleans (Lane B-28).[203] The rail volumes provided above reflect the total of Lanes B-1 and B-28, because all Social Circle volumes will move over the route dictated by CSXT's routing protocols.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. { [redacted] } See the discussion of these lanes for details regarding the [sic] each customer served through Social Circle.	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. Customer preference for rail is consistent with {{ [redacted] }} truck volumes.	5. **Truck Volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	5. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of

[203] Lane B-1 must remain in this proceeding because of historical volumes for which TPI is entitled to reparations, and for the possibility that CSXT will again change its routing protocol or some other reason that would require or permit TPI to use the Memphis to Social Circle routing. In fact, TPI prefers the Memphis routing because it is less expensive, but CSXT's current routing protocol specifies that shipments to Social Circle must go through New Orleans.

TPI Opening	CSXT Reply	TPI Rebuttal
		polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
6. Movement is inbound { [redacted] }	6. { [redacted] }	6. { [redacted] }. Moreover, truck-to-rail transloading is extremely rare in the polymer industry (see Parts II-B-2.a.(1) and II-B-2.c.(4)) because it raises product integrity concerns and must occur in a covered area due to the rail car top hatch being open. { [redacted] } truck-to-rail transloading, which is usually done only in emergency situations, such as to avoid a plant shut-down. See Part II-B-2.b.(11)(b). { [redacted] }. See Part II-B-2.c.(1), 49 USC § 10707(a), and DMIR. See also TPI Op. Ev. at II-B-24-25.
7. { [redacted] }	7. { [redacted] }	7. { [redacted] }
8. Truck and transload rates are not applicable { [redacted] }	8. { [redacted] }	8. Transloading { [redacted] } is infeasible { [redacted] }

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }	[redacted] }	[redacted] } Trucking to the customers' facilities is not a true alternative. See Part II-B-2.c.(1).
9. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	9. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
10. {{ [redacted] }}	10. {{ [redacted] }}	10. {{ [redacted] }}

Lane B-2: Memphis, TN to Evansville, IN

B-2	PP	Memphis, TN to Evansville, IN	CSXT tariff $4947, route Memphis-Evansville	RVC 420%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from E. St. Louis to Louisville, KY bulk terminal, and then trucking to delivery locations in Evansville.	{{ [redacted] }}	{{ [redacted] }}[204]	Not effective competition. Wrong origin. The challenged tariff covers transportation from Memphis, yet CSXT's proposed alternative originates at E. St. Louis, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
East St. Louis is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	The challenged tariff covers transportation originating at Memphis. Hence, transportation from E. St. Louis is not a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to TPI customers in Evansville, IN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. { [redacted] }	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.

[204] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
4. Other than { [redacted] }, the remaining six customers in Evansville are all brokers {{ [redacted] }}	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. Five of the six brokers direct deliveries to be made to the Ferro Corporation, a third-party compounder in Evansville that modifies the polypropylene (such as by adding color).[205]	5. (no response)	5. The Board should accept TPI's position as the only evidence of record.
6. The sixth broker-customer in Evansville is { [redacted] } This is an unusual situation where the broker takes delivery at a physical facility that it owns, as opposed to directing delivery to its third-party customer or a bulk terminal.	6. (no response)	6. The Board should accept TPI's position as the only evidence of record.
7. {{ [redacted] }}	7. (no response)	7. The Board should accept TPI's position as the only evidence of record.
8. { [redacted] }	8. { [redacted] }	8. { [redacted] }
9. Customer preference for trucks is consistent with just {{ [redacted] }} of deliveries by truck in each of last three years.	9. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective	9. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 3-year period 2008-2010. {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing

[205] Deliveries are routed either to Ferro directly or to Ferro's storage track.

TPI Opening	CSXT Reply	TPI Rebuttal
	competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
10. Direct truck rates are {{ [redacted] }} the through rail rate. See Part II-B-3.a.(2).	10. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	10. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
11. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	11. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	11. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
12. Truck and transload rates do not apply to the CSXT TRANSFLO Terminal destination because it would be irrational to	12. **Challenged rate to transload terminal.** The only thing that is "irrational" about TPI's challenge of a rate	12. The transportation alternative being proposed by CSXT is fuzzy at best. It is described as a rail-to-truck transload at

TPI Opening	CSXT Reply	TPI Rebuttal
send trucks to a CSXT-captive terminal where product would have to be transloaded into railcars for storage, and then transloaded out of railcars back into trucks. See note 18, supra.	to a CSX TRANSFLO terminal is its contention that the Board has jurisdiction over a movement so inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Louisville are an effective competitive alternative to CSXT rail shipments to the CSX TRANSFLO facility at Evansville.	times, but then also described (as here in CSXT's reply in item #12) as simply transportation ending at the Louisville, KY TBT. If the former, then CSXT's option results in double and triple transloads due to trucking from Louisville TBT to the Evansville TRANSFLO for loading back into railcars. See Part II-B-2.c.(4). If the latter, then CSXT has not posed a true alternative (and is relying on impermissible geographic competition) because transportation under the challenged tariff ends at Evansville, not Louisville. See Part II-B-2.c.(1).
13. Destination is a third-party compounder for 6 of 7 customers. See Part II-B-3.a.(1)(e).	13. **Third-party compounder.** The fact that the destination is a third-party compounder for most of the customers on this lane does not preclude the use of trucks. Indeed, TPI has shipped product by truck to third-party compounders.	13. The key issue is not whether TPI has ever shipped a truck to a third-party compounder, because occasional shipments or shipments caused by exigent circumstances do not defeat market dominance. See Part II-B-2.b.(11)(b). As a regular course of business, third-party processors and compounders need rail car deliveries for storage purposes due to the wide variety of product types and grades they process. See Part II-B-2.b.(6).

TPI Opening	CSXT Reply	TPI Rebuttal
14. {{ [redacted] }}	14. {{ [redacted] }}	14. {{ [redacted] }}
15. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	15. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	15. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
16. {{ [redacted]	16. {{ [redacted]	16. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }}	[redacted] }}	[redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
		[redacted]}}

Lane B-3: New Orleans, LA to Covington, GA

B-3	PS	New Orleans, LA to Covington, GA	CSXT tariff $6069, route New Orleans-Covington	RVC 399%

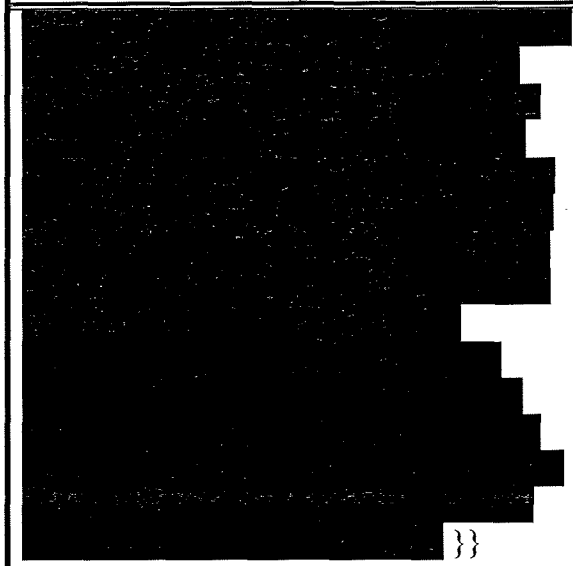
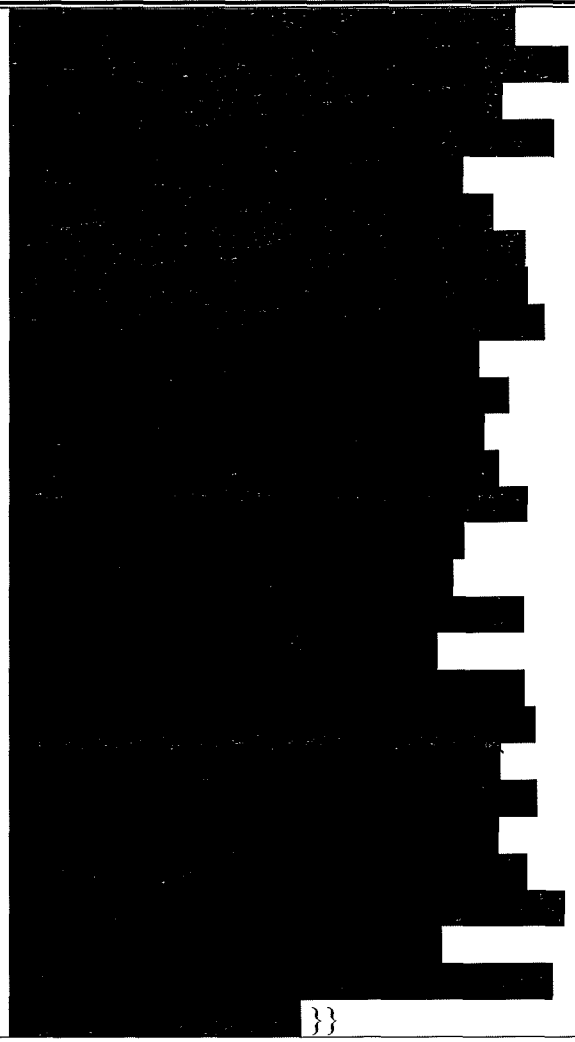
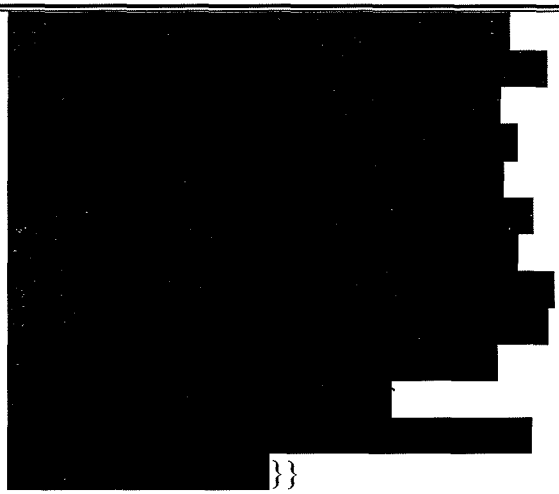
Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Doraville, GA bulk terminal, and then trucking to delivery locations in Covington.	{{ [redacted] }}	{{ [redacted] }}[206]	Not effective competition because of need to use rail cars for storage, {{ [redacted] }} and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
{{ [redacted] }}	{{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers in Covington are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with CN to delivery locations in Covington, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. { [redacted] }	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. Customer preference for rail is consistent with less than {{ [redacted] }} of deliveries by truck in 2008 and {{ [redacted] }} trucks in 2009 and 2010.	4. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective	4. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 3-year period 2008-2010. {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is

[206] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
	competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.
5. { [redacted] }	5. { [redacted] }	5. { [redacted] }
6. {{ [redacted] }}	6. {{ [redacted] }}	6. {{ [redacted] }}
7. {{ [redacted]	7. {{ [redacted]	7. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
		
8. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	8. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue	8. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.

TPI Opening	CSXT Reply	TPI Rebuttal
	movements.	
9. Transload rate is {{ [redacted] }} higher. See Part II-B-3.a.(3).	9. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	9. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
10. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	10. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	10. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
11. {{ [redacted]	11. {{ [redacted]	11. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted]}}	[redacted]}}	[redacted]}}

Lane B-4: Chicago, IL to Clinton, IN

B-4	PP	Chicago, IL to Clinton, IN	CSXT tariff $3744, route Chicago-Clinton	RVC 549%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
CN rail service from Chicago to E. Morris, IL bulk terminal, and then trucking to customer facility in Atherton, IN.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong destination. The challenged tariff covers transportation to { [redacted] } Clinton, IN, yet CSXT's proposed alternative terminates at the customer facility in Atherton, IN, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
Incremental rail cost difference between BNSF Rule 11 interchange and CN delivery to East Morris is included in the cost of alternate transportation.	CSXT's proposed alternative is inefficient because it is 44.3% longer in miles than transportation under the challenged CSXT tariff.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is {{ [redacted] } in Atherton, IN. }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to { [redacted] } Clinton, IN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. This is the inbound movement { [redacted] }	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. Truck volumes are to customer { [redacted] }	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. {{ [redacted]	5. {{ [redacted]	5. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted]}}.[207]	[redacted]}}	[redacted]}} The truck volume was {{[redacted]}} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{[redacted]}}
6. {[redacted]}	6. {[redacted]}	6. {[redacted]}

[207] {{[redacted]}}

TPI Opening	CSXT Reply	TPI Rebuttal
7. Movement is inbound { [redacted] }	7. { [redacted] }	7. { [redacted] }. Moreover, truck-to-rail transloading is extremely rare in the polymer industry (see Parts II-B-2.a.(1) and II-B-2.c.(4)) because it raises product integrity concerns and must occur in a covered area due to the rail car top hatch being open. { [redacted] } truck-to-rail transloading, which is usually done only in emergency situations, such as to avoid a plant shut-down. See Part II-B-2.b.(11)(b).
8. Customer preference for rail is consistent with less than {{ [redacted] }} of volume by truck in 2010 and {{ [redacted] }} truck volumes in 2008 and 2009.	8. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	8. The truck volume to the customer ultimately served from this lane was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.
9. Truck and transload rates are not applicable { [redacted]	9. { [redacted]	9. TPI has provided abundant evidence that truck-to-rail transloading is extremely rare in the polymer industry, as TPI witness Granatelli confirms, because it raises product integrity concerns and must occur

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }	[redacted] }	in a covered area due to the rail car top hatch being open. See Parts II-B-2.b.(8) and II-B-2.c.(4). { [redacted] }. See Part II-B-2.c.(1), 49 USC § 10707(a), and DMIR. See also TPI Op. Ev. at II-B-24-25.
10. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	10. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	10. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
11. {{ [redacted] }}	11. {{ [redacted] }}	11. {{ [redacted] }}

Lane B-5: New Orleans, LA to Ampthill, VA

B-5	PE	New Orleans, LA to Ampthill, VA	CSXT tariff $9348, route New Orleans-Ampthill	RVC 341%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Chesapeake, VA bulk terminal, and then trucking to delivery location in Ampthill.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition {{ [redacted] }} See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Ampthill, VA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. {{ [redacted] }}	3. {{ [redacted] }} The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11".
4. {{ [redacted] }}	4. {{ [redacted]	4. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}
5. { [redacted] }	5. { [redacted] }	5. { [redacted] }
6. Customer preference for rail is consistent with {{ [redacted] }} truck deliveries in each of the past three years.	6. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of {{ [redacted] }} TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	6. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Direct Truck rate is {{ [redacted] }} the through rail rate. See Part II-B-3.a.(2).	7. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a	7. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.

TPI Opening	CSXT Reply	TPI Rebuttal
	competitive option for any of the issue movements.	
8. {{ [redacted] }} See Part II-B-3.a.(3)(b).	8. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as personnel costs and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	8. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
9. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	9. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
10. {{ [redacted] }}	10. {{ [redacted]	10. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}

Lane B-6: Memphis, TN to Bowling Green, KY

B-6	PP	Memphis, TN to Bowling Green, KY	CSXT tariff $5084, route Memphis-Bowling Green	RVC 514%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from E. St. Louis to Louisville, KY bulk terminal, and then trucking to delivery location.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong origin. The challenged tariff covers transportation from Memphis, yet CSXT's proposed alternative originates at E. St. Louis, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
East St. Louis is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	The challenged tariff covers transportation originating at Memphis. Hence, transportation from E. St. Louis is not a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Bowling Green, KY.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer preference for rail consistent with {{ [redacted] }} of total deliveries by truck in the last three years.	3. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at	3. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's

TPI Opening	CSXT Reply	TPI Rebuttal
	§ II.B.2.b.; II.B.2.d.	focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.
4. { [redacted] }	4. { [redacted] }	4. { [redacted] }
5. Direct truck rate is {{ [redacted] }} the through rail rate. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. Transload rate is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload Rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-

TPI Opening	CSXT Reply	TPI Rebuttal
		13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
8. {{ [redacted] }}	8. {{ [redacted] }}	8. {{ [redacted] }}

Lane B-7: New Orleans, LA to Conyers, GA

B-7	PS	New Orleans, LA to Conyers, GA	CSXT tariff $6064, route New Orleans-Conyers	RVC 409%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Dalton, GA bulk terminal, and then trucking to delivery location.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition {{ [redacted] }} See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with CN to delivery locations in Conyers, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Just {{ [redacted] }} of deliveries by truck in past three years is consistent with customer preference for rail.	3. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	3. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.
4. {{ [redacted]	4. {{ [redacted] }}	4. {{ [redacted] }} The fact that prior truck shipments were due to exigent circumstances is a relevant factor in the market dominance analysis. See Part II-B-

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }}		2.b.(11)(b).
5. { [redacted] }	5. { [redacted] }	5. { [redacted] }
6. Direct truck rate is {{ [redacted] }} higher than rail rate. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload rate is {{ [redacted] }} higher. See Part II-B-3.a.(3).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d).

TPI Opening	CSXT Reply	TPI Rebuttal
		Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}

Lane B-8: New Orleans, LA to Barnett, GA

B-8	PP	New Orleans, LA to Barnett, GA	CSXT tariff $7169, route New Orleans-Barnett	RVC 441%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Augusta, GA bulk terminal, and then trucking to the customer facility in Washington, GA.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong destination. The challenged tariff covers transportation terminating at interchange to GWRC in Barnett, GA, yet CSXT's proposed alternative terminates at the customer facility in Washington, GA, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
Customer is located in Washington, GA and is served by GWRC from interchange at Barnett, GA.	The challenged tariff covers transportation terminating at interchange to GWRC in Barnett, GA. Hence, transportation ending at the customer facility is not a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] } in Washington, GA.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to interchange with Georgia Woodlands Railroad ("GWRC") in Barnett, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. After interchange with CSXT, GWRC transports railcars to { [redacted] } Washington, GA { [redacted] }.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. Movement is inbound { [redacted] }	4. { [redacted]	4. { [redacted] }. Moreover, truck-to-rail transloading is

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }	extremely rare in the polymer industry (see Parts II-B-2.a.(1) and II-B-2.c.(4)) because it raises product integrity concerns and must occur in a covered area due to the rail car top hatch being open. {[redacted]} truck-to-rail transloading, which is usually done only in emergency situations, such as to avoid a plant shut-down. See Part II-B-2.b.(11)(b).
5. Less than {{ [redacted] }} of deliveries by truck is consistent with customer preference for rail.	5. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	5. The truck volume was {{ [redacted] }} during 2008-2010, and {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Truck and transload rates are not applicable { [redacted] }	6. { [redacted]	6. {[redacted]}. Moreover, truck-to-rail transloading is extremely rare in the polymer industry (see Parts II-B-2.a.(1) and II-B-2.c.(4)) because it raises product integrity concerns and must occur in a covered area due to the rail car top hatch being open. Truck-to-rail

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }	transloading is usually done only in emergency situations, such as to avoid a plant shut-down. See Part II-B-2.b.(11)(b).
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
8. {{ [redacted] }}	8. {{ [redacted] }}	8. {{ [redacted] }}

Lane B-9: New Orleans, LA to Athens, GA

B-9	PP	New Orleans, LA to Athens, GA	CSXT tariff $6085, route New Orleans-Athens	RVC 376%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Doraville, GA bulk terminal, and then trucking to delivery location in Athens.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition {{ [redacted] }} See below.

CSXT "Comments"	TPI Rebuttal
{{ [redacted] }}	{{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Athens, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. { [redacted] }	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }} truck volume is consistent with customer preference for rail delivery.	4. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other	4. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is

TPI Opening	CSXT Reply	TPI Rebuttal
	destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
5. { [redacted] } {{ [redacted] }}	5. { [redacted] }	5. { [redacted] }
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs,	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI

TPI Opening	CSXT Reply	TPI Rebuttal
	personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}

Lane B-10: Memphis, TN to Vine Hill, TN

B-10	PP	Memphis, TN to Vine Hill, TN	CSXT tariff $5058[208], route Memphis-Vine Hill	RVC 834%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Chattanooga, TN bulk terminal, and then trucking to ultimate customer or end-user facilities {[redacted]}.[209]	{{[redacted]}}	{{[redacted]}}[210]	Not effective competition. Wrong origin and wrong destination. The challenged tariff covers transportation originating at Memphis. Transportation from New Orleans is not a true alternative. Similarly, the challenged tariff covers transportation terminating at interchange to the NERR in Vine Hill, yet CSXT's proposed alternative completely skips the NERR. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). See below for description and other reasons.

CSXT "Comments"	TPI Rebuttal
New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	The challenged tariff covers transportation originating at Memphis. Hence, transportation from E. St. Louis is not a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).

TPI Opening	CSXT Reply	TPI Rebuttal
1. The primary TPI customer is {[redacted]	1. (no response)	1. The Board should accept TPI's position

[208] CSXT claims its tariff rate is $5681 (see CSXT Reply Ex. II-B-2), but this figure is incorrect. See TPI Reb. work paper "Correct CSXT tariffs". {{[redacted]}}

[209] {[redacted]}

[210] {{[redacted]}}

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }, although { [redacted] } is a broker that requests shipments be delivered to its customer, Diamond Plastics { [redacted] }.		as the only evidence of record.
2. Transportation is from interchange with BNSF to interchange with NERR in Vine Hill, TN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. {{ [redacted] }}	3. {{ [redacted] }} The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
4. {{ [redacted] }}	4. {{ [redacted] }}	4. {{ [redacted] }}
5. {{ [redacted] }} truck deliveries in the last three years is consistent with customer preference for rail.	5. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	5. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Direct truck rate nearly {{ [redacted] }} the rail rate. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real

TPI Opening	CSXT Reply	TPI Rebuttal
	"costs" such as personnel costs and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}

Lane B-14: New Orleans, LA to Winchester, VA

B-14	PS	New Orleans, LA to Winchester, VA	CSXT tariff $9658, route New Orleans-Winchester	RVC 279%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from Chicago to Pittsburgh, PA bulk terminal, and then trucking to delivery location.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong origin. The challenged tariff covers transportation from New Orleans, yet CSXT's proposed alternative originates at Chicago[211], and other reasons. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). See also below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with CN to delivery location in Winchester, VA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer preference for rail is consistent with truck deliveries that are {{ [redacted] }} of total volume.	3. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	3. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.

[211] CSXT asserts that its proposed alternative originates at New Orleans. See CSXT Reply Ex. II-B-2 at Lane B-14. However, review of CSXT Reply work paper "Cost Calculations for Intermodal Alternatives" shows that CSXT relied upon Chicago as the origin point.

TPI Opening	CSXT Reply	TPI Rebuttal
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
5. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 4 year rate increase: {[redacted]} See Part II-B-3.a.(3)(b).	6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	6. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
7. {{ [redacted]	7. {{ [redacted]	7. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }}	[redacted] }}	[redacted] }}

Lane B-15: Chicago, IL to Orangeburg, NY

B-15	PE	Chicago, IL to Orangeburg, NY	CSXT tariff $7731, route Chicago-Orangeburg	RVC 340%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from Chicago to Deans, NJ bulk terminal, and then trucking to delivery location.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Using CSXT's own numbers, the alternative proposed by CSXT has a {{ [redacted] }} than the challenged tariff, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
{{ [redacted] }}	{{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Orangeburg, NY.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	3. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also

TPI Opening	CSXT Reply	TPI Rebuttal
		TPI Op. Ev. at II-B-13.
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
5. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	6. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

TPI Opening	CSXT Reply	TPI Rebuttal
7. {{ [redacted] }}	7. {{ [redacted] }}	7. {{ [redacted] }}

Lane B-17: Chicago, IL to Anderson, IN

B-17	PP	Chicago, IL to Anderson, IN	CSXT tariff $3933, route Chicago-Anderson	RVC 464%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
CN rail service from Chicago to E. Morris, IL bulk terminal, and then trucking to delivery location in Anderson, IN.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Using CSXT's own numbers, the alternative proposed by CSXT has a {{ [redacted] }} than the challenged tariff, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
The incremental rail cost difference between BNSF Rule 11 interchange and CN Delivery to East Morris is included in the cost of alternative transportation.	{{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Primary customer is { [redacted] }, but some shipments are to { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Anderson, IN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Both customers direct their shipments to Resin Partners, a third-party processor.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. {{ [redacted]	4. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}
5. Destination is a third-party processor. See Part II-B-3.a.(1)(e).	5. **Third-party processor.** The fact that the destination is a third-party processor does not preclude the use of trucks. Indeed, TPI has shipped product by truck to third-party processors {{ [redacted] }}.	5. As shown by TPI, truck shipments to third-party processors are extremely rare. See Part II-B-2.b.(6). The very few truck shipments do not show effective competition. Occasional shipments or shipments caused by exigent circumstances do not defeat market dominance. See Part II-B-2.b.(11)(b). {{ [redacted] }}
6. {{ [redacted] }}	6. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	6. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of

TPI Opening	CSXT Reply	TPI Rebuttal
		polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
7. Direct truck rate is nearly {{ [redacted] }} higher. See Part II-B-3.a.(2).	7. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	7. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
8. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	8. **Transload Rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	8. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
9. {{ [redacted] }}	9. {{ [redacted]	9. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}

Lane B-18: Chicago, IL to Cincinnati, OH

B-18	PE	Chicago, IL to Cincinnati, OH	CSXT tariff $4637, route Chicago-Cincinnati	RVC 422%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
IHB rail service from Chicago to Hammond, IN bulk terminal, and then trucking to delivery locations in Cincinnati, OH.	{{ [redacted] }}	{{ [redacted] }}[212]	Not effective competition. Using CSXT's own numbers, the alternative proposed by CSXT has a {{ [redacted] }} than the challenged tariff and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
Incremental rail cost difference between BNSF Rule 11 interchange and contract rate including IHB switch to Hammond, IN is included in the cost of alternative transportation.	{{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery locations in Cincinnati, OH.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Truck deliveries account for {{ [redacted] }} of total volumes in last three years.	3. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	3. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is

[212] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
		based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
5. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed	6. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent

TPI Opening	CSXT Reply	TPI Rebuttal
	to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
7. {{ [redacted] }}	7. {{ [redacted] }}	7. {{ [redacted] }}

Lane B-20: Chicago, IL to Cumberland, MD

B-20	PP	Chicago, IL to Cumberland, MD	CSXT tariff $6613, route Chicago-Cumberland	RVC 405%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from Chicago to Pittsburgh, PA bulk terminal, and then trucking to delivery location in Cumberland, MD.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition due to {{ [redacted] }} third-party processor destination, and other reasons. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Cumberland, MD.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer directs TPI to send shipments to Superfos, a third-party processor.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. Trucks delivered {{ [redacted] }} of total shipments in the last three years.	4. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	4. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.
5. Destination is a third-party processor. See Part II-B-3.a.(1)(e).	5. **Third-party processor.** The fact that the destination is a third-party processor does not preclude the use of trucks.	6. As a regular course of business, third-party processors need rail car deliveries for storage purposes due to the wide variety of

TPI Opening	CSXT Reply	TPI Rebuttal
		product types and grades they process. See Part II-B-2.b.(6).
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d.	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2007-2010 rate increase: { [redacted] }[213] See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent

[213] Rate first provided in 2007.

TPI Opening	CSXT Reply	TPI Rebuttal
	to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}

Lane B-21: New Orleans, LA to Hamlet, NC

B-21	PP	New Orleans, LA to Hamlet, NC	CSXT tariff $6909, route New Orleans-Hamlet	RVC 329%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to now-closed Greer, SC bulk terminal, and then trucking to delivery location in Hamlet, NC.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. The Greer, SC bulk terminal no longer exists. It closed in late 2010. See below for other reasons.

CSXT "Comments"	TPI Rebuttal
{{ [redacted] }}	The Greer, SC bulk terminal no longer exists. See Part II-B-2.c.(5). {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Hamlet, NC.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}[214]	3. {{ [redacted]	{{ [redacted]

[214] {{ [redacted] }}.

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }} The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }}
4. Customer lacks silo storage. See Part II-B-3.a.(1)(b).	4. **Alleged lack of silo storage.** {{ [redacted] }}	4. Rail cars are widely used for storage in the polymer industry. See Parts II-B-2.a.(1) and II-B-2.b.(3). Occasional shipments or shipments caused by exigent circumstances do not defeat market dominance. See Part II-B-2.b.(11)(b). The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11".
5. Only {{ [redacted] }} truck shipments in three years.	5. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	5. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is

TPI Opening	CSXT Reply	TPI Rebuttal
		based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. {{ [redacted] }}	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent

TPI Opening	CSXT Reply	TPI Rebuttal
	to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-22: Chicago, IL to Mentor, OH

B-22	PP	Chicago, IL to Mentor, OH	CSXT tariff $5018, route Chicago-Mentor	RVC 400%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Pittsburgh, PA bulk terminal, and then trucking to delivery location in Mentor, OH.	{{ [redacted] }}	{{ [redacted] }}[215]	Not effective competition. Using CSXT's own numbers, the alternative proposed by CSXT has a {{ [redacted] }} than the challenged tariff, and other reasons. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to { [redacted] } Mentor, OH.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. { [redacted] }.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }} See Part II-B-3.a.(1)(h).	4. {{ [redacted]	4. {{ [redacted]

[215] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}
5. {{ [redacted] }}	5. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	5. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal	7. {{ [redacted] }} Moreover, the alternative is

TPI Opening	CSXT Reply	TPI Rebuttal
	"costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	{{ [redacted] }} longer in miles. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2007-2010 rate increase: { [redacted] }[216] See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted]	9. {{ [redacted]	9. {{ [redacted]

[216] Rate first provided in 2007.

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted]}}	[redacted]}}	[redacted]}}

Lane B-23: New Orleans, LA to North Cove, NC

B-23	PE	New Orleans, LA to North Cove, NC	CSXT tariff $7713, route New Orleans-North Cove	RVC 310%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Augusta, GA bulk terminal, and then trucking to delivery location in North Cove, NC.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} Moreover, the polymer is used in a medical application, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
{{ [redacted] }}	{{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in North Cove, NC.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. {{ [redacted] }}	3. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
		[redacted] }}
4. Customer uses product in medical applications. See Part II-B-3.a.(1)(f).	4. **Use of product in medical applications.** Plastics transloading is a secure process that is suitable for products used in medical applications. *See supra* at II.B.2.c.	4. TPI has explained the need for rail delivery when the polymer is used in a medical application. See Part II-B-2.b.(7). {{ [redacted] }}
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. {{ [redacted] }}	6. {{ [redacted] }} {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.

TPI Opening	CSXT Reply	TPI Rebuttal
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-25: Memphis, TN to Guthrie, KY

B-25	PS	Memphis, TN to Guthrie, KY	CSXT tariff $5075[217], route Memphis-Guthrie	RVC 739%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Chattanooga, TN bulk terminal, and then trucking to customer facility in {[redacted]}.	{{[redacted]}}	{{[redacted]}}	Not effective competition. Wrong origin and wrong destination. CSXT proposes a routing of {[redacted]}, but the challenged tariff has a routing of Memphis-Guthrie. The alternative also skips the RJCM shortline. Thus, CSXT has not proposed a true alternative. Other reasons apply. See below.

CSXT "Comments"	TPI Rebuttal
New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	The challenged tariff covers transportation originating at Memphis. Hence, transportation from New Orleans is not a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is {[redacted]}	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with CN to interchange with R.J. Corman Railroad (Memphis) in Guthrie, KY.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Most of the truck deliveries in 2010 were attempts by the customer to keep its facility operating in light of delayed railcar deliveries due to TPI supply problems with	3. **Truck volumes.** {{[redacted]}} its extensive use of trucking for other destinations, and the cost-competitiveness of truck	3. The truck volume to the customer facility was {{[redacted]}} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev.

[217] CSXT claims its tariff rate is $6132 (see CSXT Reply Ex. II-B-2), but this figure is incorrect. See TPI Reb. work paper "Correct CSXT tariffs". {{[redacted]}}

TPI Opening	CSXT Reply	TPI Rebuttal
this particular grade of polystyrene. In 2008 and 2009, trucks accounted for {{ [redacted] }} of total volume.	transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
5. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-

TPI Opening	CSXT Reply	TPI Rebuttal
		13.
6. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	6. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-26: New Orleans, LA to Beech Island, SC

B-26	PS	New Orleans, LA to Beech Island, SC	CSXT tariff $7151, route New Orleans-Beech Island	RVC 397%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Pineville, NC bulk terminal, and then trucking to delivery location in Beech Island, SC.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Alternative proposed by CSXT is {{ [redacted] }} longer in miles, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
{{ [redacted] }}	{{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with CN to delivery location in Beech Island, SC.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Hurricane Gustav contributed to the higher truck volumes in 2008.	3. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at §	3. Despite the exigent circumstances caused by Hurricane Gustav in 2008, the truck volume was still {{ [redacted] }} of total traffic volume on this lane during the 3-year period 2008-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
	II.B.2.b.; II.B.2.d.	[redacted] }} Existence of exigent circumstances is a relevant factor in the market dominance analysis. See Part II-B-2.b.(11)(b). Finally, CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13.
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
5. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See

TPI Opening	CSXT Reply	TPI Rebuttal
		Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	6. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
7. {{ [redacted] }}	7. {{ [redacted] }}	7. {{ [redacted] }}

Lane B-28: New Orleans, LA to Social Circle, GA

B-28	PP	New Orleans, LA to Social Circle, GA	CSXT tariff $6086, route New Orleans-Social Circle	RVC 448%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Doraville, GA bulk terminal, then truck to Social Circle { [redacted] } or to ultimate customer facilities in other cities.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition because trucking { [redacted] } is infeasible, trucking to the customer facilities is not a true alternative, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
Movements to Social Circle are delivered to a lease track for eventual delivery to customers in { [redacted] } *See* TPI Opening II-B-45. Therefore the competitive options CSX has proposed for Lanes { [redacted] } are alternatives to this lane of traffic.	The challenged tariff covers transportation terminating in Social Circle at the hand-off to Great Walton Railroad ("GRWR") { [redacted] }. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). { [redacted] } See TPI Op. Ev. at II-B-24-25.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to { [redacted] } Great Walton Railroad ("GRWR").	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Before CSXT recently changed its routing protocol, all movements of polypropylene to Social Circle were routed through Memphis (Lane B-1). The rail volumes provided above reflect the total of	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.

TPI Opening	CSXT Reply	TPI Rebuttal
Lanes B-1 and B-28, because all Social Circle volumes will move over the route dictated by CSXT's routing protocols.		
4. { [redacted] }	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. { [redacted] }	5. { [redacted] }	5. { [redacted] }
6. Truck and transload rates are not applicable { [redacted] }	6. { [redacted] }	6. { [redacted] }. Moreover, truck-to-rail transloading is extremely rare in the polymer industry (see Parts II-B-2.a.(1) and II-B-2.c.(4)) because it raises product integrity concerns and must occur in a covered area due to the rail car top hatch being open. { [redacted] } truck-to-rail transloading, which is usually done only in emergency situations, such as to avoid a plant shut-down. See Part II-B-2.b.(11)(b). { [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
		[redacted]}. See Part II-B-2.c.(1), 49 USC § 10707(a), and DMIR. See also TPI Op. Ev. at II-B-24-25.
7. {{ [redacted] }} truck volumes.	7. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	7. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
8. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}

Lane B-29: Memphis, TN to Piqua, OH

B-29	PS	Memphis, TN to Piqua, OH	CSXT tariff $6560, route Memphis-Piqua	RVC 348%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Louisville, KY bulk terminal, then trucking to delivery location in Piqua, OH.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong origin. Transportation under the challenged tariff has routing Memphis-Piqua, yet the CSXT-proposed alternative has routing New Orleans-Piqua, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	The challenged tariff covers transportation originating at Memphis. Hence, transportation from New Orleans is not a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with CN to delivery location in Piqua, OH.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. {{ [redacted] }}	3. {{ [redacted] }}
4. {{ [redacted]	4. **Truck volumes.** {{ [redacted] }} its extensive	4. The truck volume was {{ [redacted] }} of total traffic volume on this lane

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted]}}	use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{[redacted]}} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
5. Direct truck rate is {{[redacted]}} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. Transload cost is {{[redacted]}} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{[redacted]}}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{[redacted]}} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative

TPI Opening	CSXT Reply	TPI Rebuttal
		transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
8. {{ [redacted] }}	8. {{ [redacted] }}	8. {{ [redacted] }}

Lane B-31: New Orleans, LA to Monroe, NC

B-31	PP	New Orleans, LA to Monroe, NC	CSXT tariff $8605, route New Orleans-Monroe	RVC 383%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Augusta, GA bulk terminal, then truck to delivery location in Monroe, NC.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition due to {{ [redacted] }} and other reasons. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Monroe, NC.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer directs that all deliveries be made to Tri-Plas Corporation.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }} trucks in 2008 and 2010, and just {{ [redacted] }} in 2009.	4. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	4. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
5. Direct truck rate is {{ [redacted] }} higher.	5. **Direct truck rate.** CSXT does not	5. CSXT apparently agrees with TPI that

TPI Opening	CSXT Reply	TPI Rebuttal
See Part II-B-3.a.(2).	contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	direct trucking does not provide effective competition to CSXT rail service.
6. {{ [redacted] }} See Part II-B-3.a.(3)(b).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
8. {{ [redacted]	8. {{ [redacted]	8. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted]}}	[redacted]}}	[redacted]}}

Lane B-33: Chicago, IL to Terre Haute, IN

B-33	PE	Chicago, IL to Terre Haute, IN	CSXT tariff $3841, route Chicago-Terre Haute	RVC 331%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
IHB rail service from Chicago to Hammond, IN bulk terminal, and then trucking to delivery location in Terre Haute, IN.	{{ [redacted] }}	{{ [redacted] }}[218]	Not effective competition. {{ [redacted] }} and other reasons. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Terre Haute, IN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. All four customers are brokers that direct their shipments to the same Futurex Industries location.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. No history of truck shipments.	4. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	4. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also

[218] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
		TPI Op. Ev. at II-B-13.
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d.	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

TPI Opening	CSXT Reply	TPI Rebuttal
8. {{ [redacted] }}	8. {{ [redacted] }}	8. {{ [redacted] }}

Lane B-35: New Orleans, LA to Cartersville, GA

B-35	PP	New Orleans, LA to Cartersville, GA	CSXT tariff $6070, route New Orleans-Cartersville	RVC 398%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Chattanooga, TN bulk terminal, and then trucking to delivery location.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition due to {{ [redacted] }} and other reasons. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Cartersville, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer is a broker that directs shipments be made to Samuel/Sekisui Strapping LLC.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	4. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.

TPI Opening	CSXT Reply	TPI Rebuttal
	movements.	
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
8. {{ [redacted] }}	8. {{ [redacted]	8. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}

Lane B-36: New Orleans, LA to Stanley, NC

B-36	PP	New Orleans, LA to Stanley, NC	CSXT tariff $8620, route New Orleans-Stanley	RVC 381%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Augusta, GA bulk terminal, and then trucking to delivery location in Stanley, NC.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition due to {{ [redacted] }} and other reasons. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Stanley, NC.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	3. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
5. {{ [redacted]	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources,

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }} See Part II-B-3.a.(3)(b).	and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 2007-2010 rate increase: { [redacted] }[219] See Part II-B-3.a.(3)(b).	6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	6. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

[219] Rate first provided in 2007.

Lane B-37: New Orleans, LA to Laurens, SC

B-37	PP	New Orleans, LA to Laurens, SC	CSXT tariff $7357, route New Orleans-Laurens	RVC 488%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Augusta, GA bulk terminal, and then trucking to end-user location {[redacted]}.	{{[redacted]}}	{{[redacted]}}[220]	Not effective competition. Wrong destination. The challenged tariff covers transportation to Laurens, SC for interchange to CPDR, yet the CSXT-proposed alternative skips the CPDR and ends {[redacted]}. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). See also below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is {[redacted]}	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to interchange with Carolina Piedmont Division of the South Carolina Central Railroad in Laurens, SC.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. There is a lack of historical rail and truck volumes because this lane represents new business for TPI. Traffic is estimated to be {[redacted]} railcars per year.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{[redacted]}}	4. {{[redacted]}	4. {{[redacted]}

[220] {{[redacted]}}

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}
5. {{ [redacted] }}	5. {{ [redacted] }}	5. {{ [redacted] }}
6. { [redacted] }	6. { [redacted] }	6. { [redacted] }
7. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	7. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	7. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
8. {{ [redacted]	8. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes	8. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs,

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }}	unwarranted and exaggerated internal "costs" such as personnel cost, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
9. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	9. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
10. {{ [redacted] }}	10. {{ [redacted] }}	10. {{ [redacted] }}

Lane B-39: New Orleans, LA to Lawrenceville, GA

B-39	PE	New Orleans, LA to Lawrenceville, GA	CSXT tariff $6069, route New Orleans-Lawrencev'le	RVC 404%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Doraville, GA bulk terminal, and then trucking to delivery locations in Lawrenceville, GA.	{{ [redacted] }}	{{ [redacted] }}[221]	Not effective competition due to {{ [redacted] }} other reasons. See below.

CSXT "Comments"	TPI Rebuttal
{{ [redacted] }}	{{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery locations in Lawrenceville, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. { [redacted] } is a broker that directs all shipments be made to its customer Rehrig Pacific Company.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. {{ [redacted]	4. {{ [redacted]

[221] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}
5. {{ [redacted] }} truck shipments in 2008 and 2009, and less than {{ [redacted] }} in 2010.	5. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	5. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.

TPI Opening	CSXT Reply	TPI Rebuttal
	movements.	
7. Transload cost is {{ [redacted] }} higher, with {{ [redacted] }} See Part II-B-3.a.(3)(b).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

TPI Opening	CSXT Reply	TPI Rebuttal
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}

Lane B-43: New Orleans, LA to Covington, GA

B-43	PP	New Orleans, LA to Covington, GA	CSXT tariff $6069, route New Orleans-Covington	RVC 400%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS Rail service from New Orleans to Doraville, GA bulk terminal, and then trucking to delivery location in Covington, GA.	{{ [redacted] }}	{{ [redacted] }}[222]	Not effective competition due to { [redacted] } and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
{{ [redacted] }}	{{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Covington, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Alternate direct rail route to a combination of Lanes B-1 or B-28 with B-116. See also, discussion of Lanes B-1, B-28 and B-116.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. { [redacted]	4. { [redacted]	4. { [redacted]

[222] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted]	[redacted]	[redacted]
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. {{ [redacted] }}	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as personnel costs and storage charges. *See supra* at § II.B.2.d. {{ [redacted]	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	II-B-2.c.(2). The transload costs are {{ [redacted] }} when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
8. {{ [redacted] }}	8. {{ [redacted] }}	8. {{ [redacted] }}

Lane B-44: East St. Louis, IL to Sidney, OH

B-44	PP	East St. Louis, IL to Sidney, OH	CSXT tariff $5171, route E. St. Louis-Sidney	RVC 477%

Alternative transportation #1 proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
CN rail service from Chicago to E. Morris, IL bulk terminal, and then trucking to third-party processor facility in Sidney, OH.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong origin and wrong destination. Transportation under the challenged tariff originates at E. St. Louis, yet CSXT has proposed an alternative that originates at Chicago. Moreover, trucking to the third-party processor facility ignores the fact that most shipments are delivery to the Ansonia Yard lease track. See 49 USC § 10707(a), DMIR, and Parts II-B-2.c.(1) and II-B-1.b.(1). For other reasons, see below.

Alternative transportation #2 proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from E. St. Louis to some unspecified location in Sidney, OH.	{{ [redacted] }}	N/A because alternative does not exist	Not effective competition. Wrong destination. The alternative does not terminate at the delivery location of Ansonia Yard, which CSXT itself admits is captive to CSXT. See Part II-B-1.b.(1). Other reasons too. See below.

CSXT "Comments"	TPI Rebuttal
Lane subject to both intramodal and intermodal competition.	CSXT is incorrect. The intermodal alternative starts at the wrong origin, and proposes transloading to a rail car at a railyard – an infeasible maneuver that also raises product integrity concerns. See Part II-B-2.c.(4). The intramodal alternative does not exist because (as CSXT admits) the Ansonia Yard destination is CSXT-captive. See Part II-B-1.b.(1).

CSXT "Comments"	TPI Rebuttal
Chicago is an alternative gateway from which CN can handle this traffic. *See supra* at § II.B.2.d.i.	Transportation under the challenged tariff originates at E. St. Louis. Reliance on a routing from Chicago is not a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).
Incremental rail cost difference between BNSF Rule 11 interchange and CN delivery to East Morris is included in the alternative transportation cost.	CSXT's intermodal alternative fails. See above.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Sidney, OH.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer directs that shipments be made to Advanced Composites, which is a third-party processor.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. Shipments may be delivered directly to Advanced Composites or to a leased track in CSXT's Ansonia Yard. Although the customer facility is open to NS reciprocal switch, the leased track is not. See Part I-B-2.a for further background and description regarding this Lane.	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. Destination is a third-party processor. See Part II-B-3.a.(1)(e).	5. **Third-party processor.** The fact that the destination is a third-party processor does not preclude the use of trucks.	5. As a regular course of business, third-party processors and compounders need rail car deliveries for storage purposes due to the wide variety of product types and grades they process. See Part II-B-2.b.(6).
6. {{ [redacted] }} truck shipments in 2008 and 2009, and {{ [redacted] }} in 2010.	6. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck	6. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes"

TPI Opening	CSXT Reply	TPI Rebuttal
	transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
7. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	7. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	7. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
8. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	8. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	8. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added, and {{ [redacted] }}. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed

TPI Opening	CSXT Reply	TPI Rebuttal
		when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
9. Cumulative 2006-2010 rate increase: { [redacted]. } See Part II-B-3.a.(3)(b).	9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	9. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-48: New Orleans, LA to Ackerman, GA

B-48	PP	New Orleans, LA to Ackerman, GA	CSXT tariff $6060, route New Orleans-Ackerman	RVC 416%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service to Chattanooga, TN bulk terminal, and then trucking to "customer", though it is not entirely clear what CSXT is proposing.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. As calculated by CSXT, the alternative has a rate {{ [redacted] }}. See Part II-B-2.c.(6). Moreover, the customer is a broker that operates from a bulk terminal in Ackerman. Transloading at one rail-served bulk terminal in order to truck to a second rail-served bulk terminal (as CSXT proposes) is not a legitimate option. It raises product quality concerns, and the polymer would be transloaded three times before reaching the end-user. See Part II-B-2.c.(4). Other reasons apply. See below.

CSXT "Comments"	TPI Rebuttal
The destination in Ackerman is a transloading facility operated by Seapac, Inc.	As stated above, it is wildly inefficient, and a logistics nightmare, to transload 4 trucks from a rail car at one rail-served bulk terminal in order to truck to a second rail-served bulk terminal, and then transload back into a rail car. It raises product quality concerns, and the polymer would be transloaded three times before reaching the end-user. See Part II-B-2.c.(4).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Ackerman,	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.

TPI Opening	CSXT Reply	TPI Rebuttal
GA.		
3. Customer is a broker and directs that shipments be made to a bulk terminal operated by Seapac Inc.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	4. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
5. {{ [redacted] }}	5. {{ [redacted] }}	5. {{ [redacted] }}
6. Destination is a customer-selected bulk terminal. See Part II-B-3.a.(1)(i).	6. **Customer-selected bulk terminal.** TPI has presented no evidence that its	6. If CSXT is proposing that TPI's customer should move its entire operation

TPI Opening	CSXT Reply	TPI Rebuttal
	customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the NS TBT at Chattanooga) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).	to a different state, at a bulk terminal dictated by CSXT, then this is impermissible geographic competition, and it would require the Board to second-guess the business decisions of third-parties. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).
7. Truck and transload rates do not apply because it would be irrational to send trucks to a bulk terminal where product would have to be transloaded into railcars for storage, and then transloaded out of railcars back into trucks. See note 18, supra.	7. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Chattanooga are an effective competitive alternative to CSXT rail shipments to the transload facility at Ackerman.	7. Again, CSXT appears to be arguing that TPI's customer should move its business operation to Chattanooga. This is impermissible. See item #6 above. If CSXT is arguing that trucking from Chattanooga to Ackerman should occur, then this raises product integrity concerns, involves double and triple-transloads, and is otherwise infeasible. See Parts II-B-2.b.(10) and II-B-2.c.(1).
8. Cumulative 2009-2010 rate increase: { [redacted] }[223] See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted] }}	9. {{ [redacted]	9. {{ [redacted]

[223] Rate first provided in 2009.

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}

Lane B-49: Chicago, IL to Westboro, MA

B-49	PE	Chicago, IL to Westboro, MA	CSXT tariff $9077, route Chicago-Westboro	RVC 365%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans[224] to Worcester, MA bulk terminal, and then trucking to delivery location in Westboro, MA.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong origin. The challenged tariff covers transportation originating at Chicago, but the CSXT-proposed alternative originates at New Orleans. It is not a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). See below for other reasons.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Westboro, MA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	3. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
4. Direct truck rate is {{ [redacted] }} higher.	4. **Direct truck rate.** CSXT does not	4, CSXT apparently agrees with TPI that

[224] CSXT asserts that its proposed alternative originates at Chicago. See CSXT Reply Ex. II-B-2 at Lane B-49. However, review of CSXT Reply work paper "Cost Calculations for Intermodal Alternatives" shows that CSXT relied upon New Orleans as the origin point.

TPI Opening	CSXT Reply	TPI Rebuttal
See Part II-B-3.a.(2).	contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	direct trucking does not provide effective competition to CSXT rail service.
5. {{ [redacted] }} See Part II-B-3.a.(3)(b).	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 2008-2010 rate increase: { [redacted] }[225] See Part II-B-3.a.(3)(b).	6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	6. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

[225] Rate first provided in 2008.

Lane B-52: Memphis, TN to Bridgeport, AL

B-52	PS	Memphis, TN to Bridgeport, AL	CSXT tariff $5529, route Memphis-Bridgeport	RVC 730%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Chattanooga, TN bulk terminal, and then trucking to end-user location {[redacted]}.	{{[redacted]}}	{{[redacted]}}	Not effective competition. Wrong origin and wrong destination. Transportation under the challenged tariff has a routing of Memphis-Bridgeport, but the CSXT-proposed alternative is routed {[redacted]}. CSXT relies on the wrong origin and skips SQVR (the delivery shortline). CSXT has not proposed a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). Other reasons too. See below.

CSXT "Comments"	TPI Rebuttal
New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	The challenged tariff covers transportation originating at Memphis. Hence, transportation originating at New Orleans does not provide a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is {[redacted]}.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with CN to interchange with Sequatchie Valley Railroad in Bridgeport, AL.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer directs that all shipments be delivered to a third-party compounder, O'Neil Color & Compounding {[redacted]}.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.

TPI Opening	CSXT Reply	TPI Rebuttal
4. Destination is a compounder. See Part II-B-3.a.(1)(e).	4. **Third-party compounder.** The fact that the destination is a third-party compounder does not preclude the use of trucks.	4. As a regular course of business, third-party processors and compounders need rail car deliveries for storage purposes due to the wide variety of product types and grades they process. See Part II-B-2.b.(6).
5. Just {{ [redacted] }} in last three years.	5. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	5. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2). But, compounders cannot routinely receive truck deliveries due to lack of storage and a need to precisely time truck deliveries to the processing schedule. See also, Part II-B-3.a.(3)(b).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3)(b).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See*	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They

TPI Opening	CSXT Reply	TPI Rebuttal
	supra at § II.B.2.d. {{ [redacted] }}	represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}

Lane B-53: Memphis, TN to Vine Hill, TN

B-53	PE	Memphis, TN to Vine Hill, TN	CSXT tariff $5058[226], route Memphis-Vine Hill	RVC 834%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans[227] to Chattanooga, TN bulk terminal, and then trucking to end-user location in {[redacted]}.	{{[redacted]}}	{{[redacted]}}	Not effective competition. Wrong origin and wrong destination. Transportation under the challenged tariff has a routing of Memphis-Vine Hill, but the CSXT-proposed alternative is routed {[redacted]}. CSXT relies on the wrong origin and skips the NERR shortline. CSXT has not proposed a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). Other reasons apply. See below.

CSXT "Comments"	TPI Rebuttal
New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	The challenged tariff covers transportation originating at Memphis. Hence, transportation originating at New Orleans does not provide a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is {[redacted]}	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with	2. (no response)	2. The Board should accept TPI's position

[226] CSXT claims its tariff rate is $5651 (see CSXT Reply Ex. II-B-2), but this figure is incorrect. See TPI Reb. work paper "Correct CSXT tariffs". {{[redacted]}}

[227] Pursuant to the map at CSXT Reply Exhibit II-B-6, CSXT purports to show the origin of the alternative transportation as Memphis. However, CSXT Reply Exhibit II-B-2 and CSXT Reply work paper "Cost Calculations for Intermodal Alternatives" both show that CSXT used New Orleans as the origin for the alternative transportation.

TPI Opening	CSXT Reply	TPI Rebuttal
BNSF to interchange with Nashville & Eastern Railroad ("NERR") at Vine Hill, TN.		as the only evidence of record.
3. {{ [redacted] }}	3. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	3. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
5. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative

TPI Opening	CSXT Reply	TPI Rebuttal
		transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	6. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-54: New Orleans, LA to La Grange, GA

B-54	PP	New Orleans, LA to La Grange, GA	CSXT tariff $5641, route New Orleans-La Grange	RVC 351%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Doraville, GA bulk terminal, then trucking to delivery locations in La Grange, GA.	{{ [redacted] }}	{{ [redacted] }}[228]	Not effective competition due to {{ [redacted] }} medical application, 45% longer route of alternative, and other reasons. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery locations in La Grange, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. { [redacted] } uses TPI's product in medical applications. See Part II-B-3.a.(1)(f).	3. **Use of product in medical applications.** Plastics transloading is a secure process that is suitable for products used in medical applications. *See supra* at II.B.2.c.	3. TPI has explained the need for rail delivery when the polymer is used in a medical application. See Part II-B-2.b.(7). {{ [redacted] }}
4. {{ [redacted]	4. {{ [redacted]	4. {{ [redacted]

[228] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }}	[redacted] }}	[redacted] }} The truck volume to {{[redacted]}} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{[redacted]}}
5. {{[redacted]}}	5. {{[redacted]}}	5. {{[redacted]}}
6. Ropak does not have silo storage to accept trucks. See Part II-B-3.a.(1)(b).	6. **Lack of storage.** {{[redacted]}}	6. Rail cars are widely used for storage in the polymer industry. See Parts II-B-2.a.(1) and II-B-2.b.(3). Occasional shipments or shipments caused by exigent circumstances do not defeat market dominance. See Part II-B-2.b.(11)(b). The truck volume {{[redacted]}} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail

TPI Opening	CSXT Reply	TPI Rebuttal
		Volumes" in folder "Ex. II-B-11". Using rail cars for storage without rail delivery would require an unacceptable double-transload. See Parts II-B-2.b.(3) and II-B-2.c.(4).
7. {{ [redacted] }}	7. {{ [redacted] }}	7. See item #5 above.
8. {{ [redacted] }} in last three years.	8. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	8. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
9. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	9. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	9. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
10. {{ [redacted]	10. **Transload rate.** TPI's estimated	10. TPI witnesses Parks and Granatelli, as

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }}	"Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as personnel costs and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
11. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	11. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	11. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-56: Chicago, IL to Terre Haute, IN

B-56	PP	Chicago, IL to Terre Haute, IN	CSXT tariff $3841, route Chicago-Terre Haute	RVC 331%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
CN rail service to E. Morris, IL bulk terminal, and then trucking to delivery location in Terre Haute, IN.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Using CSXT's own numbers, the alternative has {{ [redacted] }} than the challenged tariff. {{ [redacted] }} and other reasons. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }[229]	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Terre Haute, IN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	3. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	3. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
4. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	4. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d.	4. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI,

[229] In its Reply to CSXT's "Motion for Expedited Determination of Jurisdiction Over Challenged Rates," TPI mistakenly informed the Board that the customer in Lane B-56 was the same as the customer in Lane A-2. See TPI Reply at 19 (note 10) (filed Oct. 21, 2010).

TPI Opening	CSXT Reply	TPI Rebuttal
		when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{[redacted]}} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
5. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	5. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	5. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-57: Memphis, TN to Hopkinsville, KY

B-57	PE	Memphis, TN to Hopkinsville, KY	CSXT tariff $5086, route Memphis-Hopkinsville	RVC 507%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Truck shipment from W. Memphis, AR to delivery location in Hopkinsville, KY.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong origin. CSXT skips the Memphis origin of the challenged tariff. {{ [redacted] }} For other reasons, see below.

CSXT "Comments"	TPI Rebuttal
Incremental rail cost difference between Memphis Rule 11 interchange and point to point rate to West Memphis, AR is included in cost of alternate transportation.	CSXT is proposing "alternative" transportation that originates at W. Memphis, AR, but this omits and completely skips the Memphis origin of the tariff. CSXT has not posed a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). The alternative must begin at Memphis.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Hopkinsville, KY.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. {{ [redacted] }}	3. 3. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
		[redacted] }}
4. {{ [redacted] }}	4. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	4. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative

TPI Opening	CSXT Reply	TPI Rebuttal
		transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-59: New Orleans, LA to Augusta, KY

B-59	PP	New Orleans, LA to Augusta, KY	CSXT tariff $8022, route New Orleans-Augusta	RVC 334%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Louisville, KY bulk terminal, and then trucking to delivery location in Augusta, KY.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition due to {{ [redacted] }} and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
{{ [redacted] }}	{{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Augusta, KY.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. The only truck shipments received by customer were {{ [redacted] }} in 2010.	3. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	3. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI

TPI Opening	CSXT Reply	TPI Rebuttal
		Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
5. {{ [redacted] }} See Part II-B-3.a.(3)(b).	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 2007-2010 rate increase: { [redacted] }[230] See Part II-B-3.a.(3)(b).	6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate	6. CSXT's retention of traffic on this lane despite massive recent rate increases

[230] Rate first provided in 2007.

TPI Opening	CSXT Reply	TPI Rebuttal
	market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-60: New Orleans, LA to Baltimore, MD

B-60	PE	New Orleans, LA to Baltimore, MD	CSXT tariff $9947, route New Orleans-Baltimore	RVC 335%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Bethlehem, PA bulk terminal, and then trucking to delivery locations in Baltimore, MD.	{{ [redacted] }}	{{ [redacted] }}[231]	Not effective competition due to {{ [redacted] }} lease track destination for some shipments, and other reasons. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery locations in Baltimore, MD.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Both customers are brokers.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. { [redacted] } directs that all shipments be made to Tenax.	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. { [redacted] } directs that shipments be made to three different locations: (1) Tenax; (2) Syntec (which cannot accept bulk truck delivery); and (3) the Bayview Yard terminal.	5. (no response)	5. The Board should accept TPI's position as the only evidence of record.
6. {{ [redacted] }}	6. {{ [redacted]	6. {{ [redacted]

[231] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}
7. { [redacted] } shipments to Syntec must be by rail because Syntec cannot receive bulk trucks. See Part II-B-3.a.(1)(b).	7. **Railcars for storage.** Customers who truly lack silo storage can use standing railcars for storage (as other TPI customers do). *See* TPI Opening at II-B-57.	7. Rail cars are widely used for storage in the polymer industry. See Parts II-B-2.a.(1) and II-B-2.b.(3). Transloading from trucks into rail cars is an unacceptable double transload and raises product quality concerns. {{ [redacted] }} Occasional shipments or shipments caused by exigent circumstances do not defeat market dominance. See Part II-B-2.b.(11)(b).
8. { [redacted] } shipments to the Bayview Yard is to a customer-selected leased track. See Parts II-B-3.a.(1)(i).	8. **Bulk terminal shipments.** The challenged rate to a bulk terminal is inherently subject to effective competition. *See supra* at § II.B.2.c.	8. { [redacted] }. Moreover, truck-to-rail transloading is extremely rare in the polymer industry (see Parts II-B-2.a.(1) and II-B-2.c.(4)) because

TPI Opening	CSXT Reply	TPI Rebuttal
		it raises product integrity concerns and must occur in a covered area due to the rail car top hatch being open.
9. Truck and transload rates do not apply to the Bayview Yard shipments because it would be irrational to send trucks to a location where product would have to be transloaded into railcars for storage. See note 18, supra.	9. **Transload rates to bulk terminal.** *See* #7 above.	9. See item #8 above.
10. {{ [redacted] }}	10. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	10. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
11. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	11. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	11. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
12. {{ [redacted] }} See Part II-B-3.a.(3)(b).	12. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted]	12. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI,

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
13. Cumulative 2007-2010 rate increase: { [redacted] }[232] See Part II-B-3.a.(3)(b).	13. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	13. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
14. {{ [redacted] }}	14. {{ [redacted] }}	14. {{ [redacted] }}

[232] Rate first provided in 2007.

Lane B-61: Chicago, IL to Utica, NY

B-61	PE	Chicago, IL to Utica, NY	CSXT tariff $7647[233], route Chicago-Utica	RVC 472%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Canadian Pacific rail service from Chicago to Philadelphia, PA bulk terminal, and then trucking to delivery locations in Utica, NY.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. One of the two customers is a broker that operates from a bulk terminal in Utica. Transloading at one rail-served bulk terminal in order to truck to a second rail-served bulk terminal (as CSXT proposes) is not a legitimate option. It raises product quality concerns, and the polymer would be transloaded three times before reaching the end-user. See Part II-B-2.c.(4). Other reasons too. See below.

CSXT "Comments"	TPI Rebuttal
The destination in Utica is a transloading facility operated by Lynn Scott.	As stated above, it is wildly inefficient, and a logistics nightmare, to transload 4 trucks from a rail car at one rail-served bulk terminal in order to truck to a second rail-served bulk terminal, and then transload back into a rail car. It raises product quality concerns, and the polymer would be transloaded three times before reaching the end-user. See Part II-B-2.c.(4).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are {{ [redacted] }}.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with	2. (no response)	2. The Board should accept TPI's position

[233] CSXT claims its tariff rate is $8345 (see CSXT Reply Ex. II-B-2), but this figure is incorrect. See TPI Reb. work paper "Correct CSXT tariffs". {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
BNSF to interchange with Mohawk, Adirondack & Northern Railroad in Utica, NY.		as the only evidence of record.
3. { [redacted] } is a broker that directs TPI to make all shipments to the Lynn Scott bulk terminal.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. Lynn Scott destination is a customer-selected bulk terminal. See Part II-B-3.a.(1)(i).	4. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the Bulkmatic transloading facility in Philadelphia) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).	4. If CSXT is proposing that TPI's customer should move its entire operation from Utica to Philadelphia (270 miles away), at a bulk terminal dictated by CSXT, then this is impermissible geographic competition, and it would require the Board to second-guess the business decisions of third-parties. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).
5. Truck and transload rates do not apply to the Lynn Scott terminal because it would be irrational to send trucks to a bulk terminal where product would have to be transloaded into railcars for storage, and then transloaded out of railcars back into trucks. See note 18, supra.	5. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the Bulkmatic facility at Philadelphia are an effective competitive alternative to CSXT rail shipments to the transload facility at Utica.	5. Again, CSXT appears to be arguing that TPI's customer should move its business operation to Philadelphia. This is impermissible. See item #4 above. If CSXT is arguing that trucking from Philadelphia to Utica should occur, then this raises product integrity concerns, involves double and triple-transloads, and is otherwise infeasible. See Parts II-B-2.b.(10) and II-B-2.c.(1).
6. {{ [redacted] }}	6. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness	6. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has

TPI Opening	CSXT Reply	TPI Rebuttal
	of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
7. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	7. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	7. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
8. {{ [redacted] }} See Part II-B-3.a.(3)(b).	8. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	8. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
9. Cumulative 2007-2010 rate increase: { [redacted] }[234] See Part II-B-3.a.(3)(b).	9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate	9. CSXT's retention of traffic on this lane despite massive recent rate increases

[234] Rate first provided in 2007.

TPI Opening	CSXT Reply	TPI Rebuttal
	market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-62: Chicago, IL to Clarksburg, WV

B-62	PP	Chicago, IL to Clarksburg, WV	CSXT tariff $6531, route Chicago-Clarksburg	RVC 322%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from E. St. Louis to Pittsburgh, PA bulk terminal, and then trucking to delivery locations in Clarksburg, WV.	{{ [redacted] }}	{{ [redacted] }}[235]	Not effective competition. Wrong origin. Transportation under the challenged tariff originates at Chicago, yet CSXT's proposed alternative originates at E. St. Louis. Medical application, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
East St. Louis is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	The challenged tariff covers transportation originating at Chicago. Hence, transportation from E. St. Louis is not a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).

TPI Opening	CSXT Reply	TPI Rebuttal
1. TPI's primary customer is { [redacted] }, although some shipments also go to { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery locations in Clarksburg, WV.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. { [redacted] } is a broker that directs TPI to make all shipments to its customer, Medical Action Industries.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. Medical Action Industries uses TPI's product in medical applications. See Part II-B-3.a.(1)(f).	4. **Use of product in medical applications.** Plastics transloading is a secure process that is suitable for products	4. TPI has explained the need for rail delivery when the polymer is used in a medical application. See Part II-B-2.b.(7).

[235] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
	used in medical applications. See *supra* at II.B.2.c.	{{ [redacted] }}
5. {{ [redacted] }}	5. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. See *supra* at § II.B.2.b.; II.B.2.d.	5. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative

TPI Opening	CSXT Reply	TPI Rebuttal
		transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2007-2010 rate increase: { [redacted] }[236] See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}
10. {{ [redacted] }}	10. {{ [redacted] }}	10. See item #9 above.{{ [redacted] }}

[236] Rate first provided in 2007.

Lane B-63: Memphis, TN to Madisonville, KY

B-63	PP	Memphis, TN to Madisonville, KY	CSXT tariff $4930, route Memphis-Madisonville	RVC 442%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Truck shipment from W. Memphis, AR to delivery location in Madisonville, KY.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong origin. CSXT skips the Memphis origin of the challenged tariff. {{ [redacted] }} For other reasons, see below.

CSXT "Comments"	TPI Rebuttal
Incremental rail cost difference between Memphis Rule 11 interchange and point to point rate to West Memphis, AR is included in cost of alternate transportation.	CSXT is proposing "alternative" transportation that originates at W. Memphis, AR, but this omits and completely skips the Memphis origin of the tariff. CSXT has not posed a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). The alternative must begin at Memphis.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted]. }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Madisonville, KY.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at §	3. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very

TPI Opening	CSXT Reply	TPI Rebuttal
	II.B.2.b.; II.B.2.d.	limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
4. {{ [redacted] }}[237]	4. {{ [redacted] }}	4. {{ [redacted] }}
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).6.	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted]	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are

[237] {{ [redacted] }}.

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	{{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2008-2010 rate increase: { [redacted] }[238] See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

[238] Rate first provided in 2008.

Lane B-66: New Orleans, LA to Wareco, GA

B-66	PP	New Orleans, LA to Wareco, GA	CSXT tariff $7113, route New Orleans-Wareco	RVC 475%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Augusta, GA bulk terminal, and then trucking to delivery location in Waresboro and to lease track in Wareco.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong destination. Transportation under the challenged tariff terminates at interchange to the St. Marys West Railway ("SMW") in Wareco, GA, but CSXT has proposed transportation that terminates at an end-user location in Waresboro, GA. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). CSXT also proposes transloading into rail cars on a lease track for the second customer. For other reasons, see below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] } in Waresboro, GA.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to interchange with St. Marys West Railway at Wareco, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Both customers are brokers.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. { [redacted] } directs that all shipments be made to Willacoochee Industrial Fabrics.	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. { [redacted] } leases track from St. Marys West as storage for its broker operations.	5. (no response)	5. The Board should accept TPI's position as the only evidence of record.
6. {{ [redacted] }}	6. {{ [redacted]	6. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}
7. Truck and transload rates are not instructive for the { [redacted] } movements because it would be irrational to send trucks to a leased track where product would have to be transloaded into railcars for storage. See note 18, supra.	7. { [redacted] }	7. { [redacted] }. TPI has provided abundant evidence that truck-to-rail transloading is extremely rare in the polymer industry, as TPI witness Granatelli confirms, because it raises product integrity concerns and must occur in a covered area due to the rail car top hatch being open.. See Parts II-B-2.b.(8) and II-B-2.c.(4). { [redacted] }. See Part II-B-2.c.(1), 49 USC § 10707(a), and DMIR. See also TPI Op. Ev. at II-B-24-25.
8. {{ [redacted] }}	8. **Truck volumes.** {{ [redacted]	8. The {{ [redacted] }} historical truck volume on the lane at issue confirms market

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
9. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	9. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	9. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
10. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	10. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	10. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.

TPI Opening	CSXT Reply	TPI Rebuttal
11. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	11. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	11. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
12. {{ [redacted] }}	12. {{ [redacted] }}	12. {{ [redacted] }}

Lane B-67: Chicago, IL to Akron, OH

B-67	PP	Chicago, IL to Akron, OH	CSXT tariff $5037, route Chicago-Akron	RVC 369%

Alternative transportation #1 proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from Chicago to Euclid, OH bulk terminal, and then trucking to delivery location in Akron, OH.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Destination is a third-party compounder that needs rail storage, {{ [redacted] }} and other reasons. See below.

Alternative transportation #2 proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from Chicago to WE interchange at Bellevue, OH, and then to AB interchange at Barberton, OH, and then AB rail service to some unspecified location in Akron, OH.	{{ [redacted] }}	N/A because alternative does not exist	Not effective competition. Wrong destination. The alternative does not terminate at TPI's customer's facility; instead, it terminates at some unknown location in Akron. See 49 USC § 10707(a), DMIR, and Parts II-B-2.c.(1) and II-B-1.b.(2).

CSXT "Comments"	TPI Rebuttal
Lane subject to intermodal and intramodal competition. *See supra* at §§ II.B.1, II.B.2.	CSXT is incorrect. The intermodal alternative needs rail service due to third-party compounder customer; {{ [redacted] }}. The intramodal alternative does not exist because (as CSXT admits) the { [redacted] } destination is CSXT-captive. See Part II-B-1.b.(2).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Akron, OH.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.

TPI Opening	CSXT Reply	TPI Rebuttal
3. Customer is a compounder. See Part II-B-3.a.(1)(e).	3. **Third-party compounder.** The fact that the destination is a third-party compounder does not preclude the use of trucks.	3. As a regular course of business, third-party processors and compounders need rail car deliveries for storage purposes due to the wide variety of product types and grades they process. See Part II-B-2.b.(6).
4. {{ [redacted] }} in the last three years.	4. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	4. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted]	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{[redacted]}} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-69: Memphis, TN to Gallaway, TN

B-69	PP	Memphis, TN to Gallaway, TN	CSXT tariff $4353, route Memphis-Gallaway	RVC 1007%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Truck shipment from W. Memphis, AR to delivery location in Gallaway, TN.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong origin. CSXT skips the Memphis origin of the challenged tariff. Customer uses product in a medical application. CSXT proposes a double-transload, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
Incremental rail cost difference between Memphis Rule 11 interchange and point to point rate to West Memphis, AR is included in cost of alternate transportation.	CSXT is proposing "alternative" transportation that originates at W. Memphis, AR, but this omits and completely skips the Memphis origin of the tariff. CSXT has not posed a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). The alternative must begin at Memphis.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Gallaway, TN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. This is a past customer that TPI desires to regain, but cannot do so without reasonable rail rates {{ [redacted] }}	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. Customer uses TPI's product in medical	4. **Use of product in medical**	4. TPI has explained the need for rail

TPI Opening	CSXT Reply	TPI Rebuttal
applications. See Part II-B-3.a.(1)(f).	**applications.** Plastics transloading is a secure process that is suitable for products used in medical applications. *See supra* at II.B.2.c.	delivery when the polymer is used in a medical application. See Part II-B-2.b.(7).
5. Customer does not have silo storage. See Part II-B-3.a.(1)(b).	5. **Alleged lack of silo storage.** {{ [redacted] }} And customers who truly lack silo storage can use standing railcars for storage (as other TPI customers do). *See* TPI Opening at II-B-57.	5. Rail cars are widely used for storage in the polymer industry. See Parts II-B-2.a.(1) and II-B-2.b.(3). Transloading from trucks into rail cars is an unacceptable double transload and raises product quality concerns. {{ [redacted] }} Occasional shipments or shipments caused by exigent circumstances do not defeat market dominance. See Part II-B-2.b.(11)(b). {{ [redacted] }} have been shipped on this lane in the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11".
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher. See	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources,

TPI Opening	CSXT Reply	TPI Rebuttal
Part II-B-3.a.(3).	and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-70: New Orleans, LA to Chattanooga, TN

B-70	PP	New Orleans, LA to Chattanooga, TN	CSXT tariff $5947, route New Orleans-Chattanooga	RVC 345%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Chattanooga, TN bulk terminal, and then trucking to "customer", though it is not entirely clear what CSXT is proposing.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. { [redacted] } Transloading at one rail-served bulk terminal in order to truck to a second rail-served bulk terminal (as CSXT proposes) is not a legitimate option. It raises product quality concerns, and the polymer would be transloaded three times before reaching the end-user. See Part II-B-2.c.(4). {{ [redacted] }} Other reasons, too. See below.

CSXT "Comments"	TPI Rebuttal
The destination in Chattanooga is a CSX TRANSFLO terminal.	As stated above, it is wildly inefficient, and a logistics nightmare, to transload 4 trucks from a rail car at one rail-served bulk terminal in order to truck to a second rail-served bulk terminal, and then transload back into a rail car. It raises product quality concerns, and the polymer would be transloaded three times before reaching the end-user. See Part II-B-2.c.(4).
{{ [redacted] }}	{{ [redacted] }}
{{ [redacted]	{{ [redacted]

[redacted] }}	[redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Chattanooga, TN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. { [redacted] }	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. Destination is a customer-selected bulk terminal. See Part II-B-3.a.(1)(i).	5. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the NS TBT at Chattanooga) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).	5. If CSXT is proposing that TPI's customer should accept deliveries at the TBT bulk terminal rather than the TRANSFLO bulk terminal, then this is impermissible geographic competition, and it would require the Board to second-guess the business decisions of third-parties. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).
6. Truck and transload rates do not apply because it would be irrational to send trucks to a bulk terminal where product	6. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition.	6. Again, CSXT appears to be arguing that TPI's customer should be required to change its delivery location. This is

TPI Opening	CSXT Reply	TPI Rebuttal
would have to be transloaded into railcars for storage, and then transloaded out of railcars back into trucks. See note 18, supra.	Rail shipments via alternative transportation to the NS TBT at Chattanooga are an effective competitive alternative to CSXT rail shipments to the CSX TRANSFLO facility in Chattanooga.	impermissible. See item #4 above. If CSXT is arguing that trucking from the TBT to TRANSFLO should occur, then this raises product integrity concerns, involves double and triple-transloads, and is otherwise infeasible. See Parts II-B-2.b.(10) and II-B-2.c.(1).
7. { [redacted] }	7. { [redacted] }	7. { [redacted] }
8. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}

Lane B-71: New Orleans, LA to Eton, GA

B-71	PP	New Orleans, LA to Eton, GA	CSXT tariff $5961, route New Orleans-Eton	RVC 330%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Chattanooga, TN bulk terminal, and then trucking to delivery location in Eton, GA.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} and other reasons. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted]. }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Eton, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. {{ [redacted] }}	3. {{ [redacted] }}
4. {{ [redacted] }}	4. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at §	4. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very

TPI Opening	CSXT Reply	TPI Rebuttal
	II.B.2.b.; II.B.2.d.	limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. {{ [redacted] }}	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2009-2010 rate increase: { [redacted] }[239] See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent

[239] Rate first provided in 2009.

TPI Opening	CSXT Reply	TPI Rebuttal
	to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
8. {{ [redacted] }}	8. {{ [redacted] }}	8. {{ [redacted] }}

Lane B-72: New Orleans, LA to Tyner, TN

B-72	PP	New Orleans, LA to Tyner, TN	CSXT tariff $5955, route New Orleans-Tyner	RVC 338%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Chattanooga, TN bulk terminal, and then trucking to delivery location in Tyner, TN.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Tyner, TN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. **Alleged lack of silo storage.** Customers who truly lack silo storage can use standing railcars for storage (as other TPI customers do). *See* TPI Opening at II-B-57.	3. Rail cars are widely used for storage in the polymer industry. See Parts II-B-2.a.(1) and II-B-2.b.(3). Transloading from trucks into rail cars is an unacceptable double transload and raises product quality concerns. {{ [redacted] }} Occasional shipments or shipments caused by exigent circumstances do not defeat market dominance. See Part II-B-2.b.(11)(b).
4. {{ [redacted] }}	4. **Truck volumes.** {{ [redacted]	4. The {{ [redacted] }} historical truck volume

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-

TPI Opening	CSXT Reply	TPI Rebuttal
		13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
8. {{ [redacted] }}	8. {{ [redacted] }}	8. {{ [redacted] }}

Lane B-74: Memphis, TN to Vine Hill, TN

B-74	PE	Memphis, TN to Vine Hill, TN	CSXT tariff $5058[240], route Memphis-Vine Hill	RVC 834%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Chattanooga, TN bulk terminal, and then trucking to end-user location in {[redacted]}.	{{[redacted]}}	{{[redacted]}}	Not effective competition. Wrong origin and wrong destination. Transportation under the challenged tariff has routing Memphis-Vine Hill, but CSXT proposes routing {[redacted]}. Other reasons too. See below.

CSXT "Comments"	TPI Rebuttal
New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	Wrong origin. Transportation under the challenged tariff originates at Memphis, not New Orleans. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). CSXT's map at Reply Ex. II-B-6 erroneously shows the proposal has an origin of Memphis. As CSXT states elsewhere, the proposal actually has an origin of New Orleans.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is {[redacted]. }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to interchange with NERR in Vine Hill, TN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{[redacted]}}	3. **Truck volumes.** {{[redacted]}} does not demonstrate	3. The {{[redacted]}} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under

[240] CSXT claims its tariff rate is $5681 (see CSXT Reply Ex. II-B-2), but this figure is incorrect. See TPI Reb. work paper "Correct CSXT tariffs". {{[redacted]}}

TPI Opening	CSXT Reply	TPI Rebuttal
	CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
5. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3)(b).	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 2006-2010 rate increase:	6. **Rate increase.** CSXT's rate increases	6. CSXT's retention of traffic on this lane

TPI Opening	CSXT Reply	TPI Rebuttal
{ [redacted] } See Part II-B-3.a.(3)(b).	were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-75: Memphis, TN to Jackson, TN

B-75	PP	Memphis, TN to Jackson, TN	CSXT tariff $4389, route Memphis-Jackson	RVC 715%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Truck shipment from W. Memphis, AR to delivery location in Jackson, TN.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong origin. CSXT skips the Memphis origin of the challenged tariff. {{ [redacted] }} See below.

CSXT "Comments"	TPI Rebuttal
Incremental rail cost difference between Memphis Rule 11 interchange and point to point rate to West Memphis, AR is included in cost of alternate transportation.	CSXT is proposing "alternative" transportation that originates at W. Memphis, AR, but this omits and completely skips the Memphis origin of the tariff. CSXT has not posed a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). The alternative must begin at Memphis.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Jackson, TN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Over {{ [redacted] }} of shipments by rail.	3. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	3. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is

TPI Opening	CSXT Reply	TPI Rebuttal
		based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
5. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 2006-2010 rate increase:	6. **Rate increase.** CSXT's rate increases	6. CSXT's retention of traffic on this lane

TPI Opening	CSXT Reply	TPI Rebuttal
{ [redacted] } See Part II-B-3.a.(3)(b).	were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
7. {{ [redacted] }}	7. {{ [redacted] }}	7. {{ [redacted] }}

Lane B-78: New Orleans, LA to Helena, AL

B-78	PP	New Orleans, LA to Helena, AL	CSXT tariff $5271, route New Orleans-Helena	RVC 399%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Doraville, GA bulk terminal, and then trucking to delivery location in Helena, AL.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} and other reasons. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Helena, AL.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer is a broker that directs all deliveries to its customer ABC Polymer Industries, LLC.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. {{ [redacted] }}	4. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
		[redacted] }}
5. {{ [redacted] }}	5. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	5. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the

TPI Opening	CSXT Reply	TPI Rebuttal
		customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-79: New Orleans, LA to Newnan, GA

B-79	PP	New Orleans, LA to Newnan, GA	CSXT tariff $6069, route New Orleans-Newnan	RVC 404%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Doraville, GA bulk terminal, and then trucking to delivery location in Newnan, GA.	{{ [redacted] }}	{{ [redacted] }}[241]	Not effective competition. {{ [redacted] }} See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery locations in Newnan, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. { [redacted] } are brokers that direct all deliveries be made to their customer { [redacted] } Therefore, all shipments are to the same location regardless of the customer.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. {{ [redacted] }}	4. {{ [redacted]

[241] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
		[redacted] }}
5. {{ [redacted] }}	5. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	5. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted]	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	II-B-2.c.(2). The transload costs are {{[redacted]}} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2009-2010 rate increase: { [redacted] }[242] See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{[redacted]}}	9. {{[redacted]}}	9. {{[redacted]}}

[242] Rate first provided in 2009.

Lane B-80: New Orleans, LA to Green Spring, WV

B-80	PP	New Orleans, LA to Green Spring, WV	CSXT tariff $9603, route New Orleans-Green Spring	RVC 326%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from Chicago to Pittsburgh, PA bulk terminal, and then trucking to end-user location in {[redacted]}.	{{[redacted]}}	{{[redacted]}}	Not effective competition. Wrong origin and wrong destination. Transportation under tariff has routing New Orleans-Green Spring, but CSXT has proposed routing {[redacted]} and skipping the shortline SBVR. Other reasons, too. See below.

CSXT "Comments"	TPI Rebuttal
Chicago, IL is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	Wrong origin. Transportation under the challenged tariff originates at New Orleans, not Chicago. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are {[redacted]}	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to interchange with South Branch Valley Railroad in Green Spring, WV.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Both customers are brokers that direct their shipments to Adell Polymers.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{[redacted]}}	4. {{[redacted]}}	4. {{[redacted]}}

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}
5. {{ [redacted] }}	5. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	5. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher, {{ [redacted] }}	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See*	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They

TPI Opening	CSXT Reply	TPI Rebuttal
	supra at § II.B.2.d. {{ [redacted] }}	represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2007-2010 rate increase: { [redacted] }[243] See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}

[243] Rate first provided in 2007.

Lane B-81: Chicago, IL to Indianapolis, IN

B-81	PS	Chicago, IL to Indianapolis, IN	CSXT tariff $4021, route Chicago-Indianapolis	RVC 515%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
CN rail service from Chicago to E. Morris, IL bulk terminal, and then trucking to delivery location in Indianapolis, IN.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with CN to delivery locations in Indianapolis, IN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer is a broker that handles the polystyrene out of its own facility.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	4. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.

TPI Opening	CSXT Reply	TPI Rebuttal
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d.	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-82: Chicago, IL to Livonia, MI

B-82	PE	Chicago, IL to Livonia, MI	CSXT tariff $5566, route Chicago-Livonia	RVC 540%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from Chicago to Willis, MI bulk terminal, and then trucking to delivery location in Livonia, MI.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} Other reasons apply. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Livonia, MI.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer is a broker that directs all shipments be made to its customer, West-Win Ltd.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. {{ [redacted] }}	4. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
		[redacted] }}
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.

TPI Opening	CSXT Reply	TPI Rebuttal
7. Cumulative 2009-2010 rate increase: { [redacted] }[244] See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
8. {{ [redacted] }}	8. {{ [redacted] }}	8. {{ [redacted] }}

[244] Rate first provided in 2009.

Lane B-84: Chicago, IL to Wapakoneta, OH

B-84	PP	Chicago, IL to Wapakoneta, OH	CSXT tariff $4176, route Chicago-Wapakoneta	RVC 301%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
IHB rail service to Hammond, IN bulk terminal, and then trucking to delivery location in Wapakoneta, OH.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} Other reasons apply. See below.

CSXT "Comments"	TPI Rebuttal
Incremental rail cost difference between BNSF Rule 11 interchange and contract rate including IHB switch to Hammond, IN is included in the cost of alternative transportation.	The alternative proposed by CSXT is not effective competition.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Wapakoneta, OH.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer directs that all shipments be made to the third-party processor, American Industrial Partners.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. {{ [redacted] }}	4. CSXT is wrong. {{ [redacted] }} See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
		[redacted] }}
5. Destination is a third-party processor. See Part II-B-3.a.(1)(e).	5. **Third-party processor.** The fact that the destination is a third-party processor does not preclude the use of trucks.	5. As a regular course of business, third-party processors need rail car deliveries for storage purposes due to the wide variety of product types and grades they process. See Part II-B-2.b.(6).
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d.	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the

TPI Opening	CSXT Reply	TPI Rebuttal
		customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2009-2010 rate increase: { [redacted] }[245] See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

[245] Rate first provided in 2009.

Lane B-86: New Orleans, LA to Thomson, GA

B-86	PE	New Orleans, LA to Thomson, GA	CSXT tariff $7169, route New Orleans-Thomson	RVC 380%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Augusta, GA bulk terminal, and then trucking to delivery location in Thomson, GA.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Thomson, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	3. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
5. {{ [redacted]	5. **Transload rate.** TPI's estimated	5. TPI witnesses Parks and Granatelli, as

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }} See Part II-B-3.a.(3)(b).	"Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 2009-2010 rate increase: { [redacted] }[246] See Part II-B-3.a.(3)(b).	6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	6. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

[246] Rate first provided in 2009.

Lane B-89: Memphis, TN to Horse Cave, KY

B-89	PS	Memphis, TN to Horse Cave, KY	CSXT tariff $5392[247], route Memphis-Horse Cave	RVC 500%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Chattanooga, TN bulk terminal, and then trucking to delivery location in Horse Cave, KY.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong origin. Transportation under tariff originates at Memphis, but CSXT proposes origin of New Orleans. Other reasons, too. See below.

CSXT "Comments"	TPI Rebuttal
New Orleans is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	Wrong origin. Transportation under the challenged tariff originates at Memphis, not New Orleans. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).
{{ [redacted] }}	{{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with CN to delivery location in Horse Cave, KY.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer does not have the silo storage space to accept bulk trucks. See Part II-B-3.a.(1)(b).	3. **Alleged lack of silo storage.** Customers who truly lack silo storage can use standing railcars for storage (as other TPI customers do). *See* TPI Opening at II-B-57.	3. Rail cars are widely used for storage in the polymer industry. See Parts II-B-2.a.(1) and II-B-2.b.(3). Transloading from trucks into rail cars is an unacceptable

[247] CSXT claims that its tariff is $7822 (see CSXT Reply Ex. II-B-2), but this figure is incorrect. See TPI Reb. work paper "Lane B-89 tariff".

TPI Opening	CSXT Reply	TPI Rebuttal
		double transload and raises product quality concerns. {{ [redacted] }} Occasional shipments or shipments caused by exigent circumstances do not defeat market dominance. See Part II-B-2.b.(11)(b).
4. {{ [redacted] }}	4. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	4. The statement {{ [redacted] }} was referring to the chart on page II-B-122 of the TPI Opening Evidence. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
5. Direct truck rate is {{ [redacted] }} higher.	5. **Direct truck rate.** CSXT does not	5. CSXT apparently agrees with TPI that

TPI Opening	CSXT Reply	TPI Rebuttal
See Part II-B-3.a.(2).	contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	direct trucking does not provide effective competition to CSXT rail service.
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d.	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] . } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-91: New Orleans, LA to Matthews, NC

B-91	PE	New Orleans, LA to Matthews, NC	CSXT tariff $8557, route New Orleans-Matthews	RVC 434%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Augusta, GA bulk terminal, and then trucking to delivery location in Matthews, NC.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Matthews, NC.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted] }}	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}[248]	4. {{ [redacted] }}	4. {{ [redacted]

[248] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
		[redacted] }}
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. {{ [redacted] }}	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-93: Chicago, IL to North Vernon, IN

B-93	PE	Chicago, IL to North Vernon, IN	CSXT tariff $4187[249], route Chicago-North Vernon	RVC 312%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from E. St. Louis to Louisville, KY bulk terminal, and then trucking to end-user location in {[redacted]}.	{{[redacted]}}	{{[redacted]}}[250]	Not effective competition. Wrong origin and wrong destination. The alternative also skips the shortline Madison Railroad. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). See also below for other reasons.

CSXT "Comments"	TPI Rebuttal
East St. Louis is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	Wrong origin. Transportation under the challenged tariff originates at Chicago, not E. St. Louis. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are {[redacted]}	1. (no response)	The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to interchange with Madison Railroad in North Vernon, IN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {[redacted]} is a broker that directs all shipments to {[redacted]} Therefore, the destination is the same for	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.

[249] CSXT claims its tariff rate is $5134 (see CSXT Reply Ex. II-B-2), but this figure is incorrect. See TPI Reb. work paper "Correct CSXT tariffs". {{[redacted]}}

[250] {{[redacted]}}

TPI Opening	CSXT Reply	TPI Rebuttal
both customers.		
4. {{ [redacted] }}	4. {{ [redacted] }}	4. {{ [redacted] }}
5. {{ [redacted] }}	5. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking for other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	5. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.

TPI Opening	CSXT Reply	TPI Rebuttal
7. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2008-2010 rate increase: { [redacted] }[251] See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted]	9. {{ [redacted]	9. {{ [redacted]

[251] Rate first provided in 2008.

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted]}}	[redacted]}}	[redacted]}}

Lane B-94: New Orleans, LA to Pendergrass, GA

B-94	PP	New Orleans, LA to Pendergrass, GA	CSXT tariff $6108, route New Orleans-Pendergrass	RVC 351%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Doraville, GA bulk terminal, and then trucking to delivery location in Pendergrass, GA.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} insufficient silo storage, and other reasons. See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }.	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Pendergrass, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer lacks sufficient silo storage to accept bulk truck deliveries. See Part II-B-3.a.(1)(b).	3. **Alleged lack of silo storage.** Customers who truly lack silo storage can use standing railcars for storage (as other TPI customers do). *See* TPI Opening at II-B-57.	3. Rail cars are widely used for storage in the polymer industry. See Parts II-B-2.a.(1) and II-B-2.b.(3). Transloading from trucks into rail cars is an unacceptable double transload and raises product quality concerns. {{ [redacted] }} Occasional shipments or shipments caused by exigent circumstances do not defeat market dominance. See Part

TPI Opening	CSXT Reply	TPI Rebuttal
		II-B-2.b.(11)(b).
4. {{ [redacted] }}	4. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	4. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck

TPI Opening	CSXT Reply	TPI Rebuttal
		deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-96: Chicago, IL to Francesville, IN

B-96	PE	Chicago, IL to Francesville, IN	CSXT tariff $4182, route Chicago-Francesville	RVC 635%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
IHB rail service from Chicago to Hammond, IN bulk terminal, and then trucking to delivery location in Francesville, IN.	{{ [redacted] }}	{{ [redacted] }}[252]	Not effective competition. {{ [redacted] }} See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Francesville, IN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. All three customers are brokers that direct their shipments to the same physical location under the name of either Francesville Drain & Tile Corporation or Fratco.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. {{ [redacted] }}	4. {{ [redacted]

[252] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
		[redacted] }}
5. {{ [redacted] }}	5. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	5. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted]	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI,

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2009-2010 rate increase: { [redacted] }[253] See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}

[253] Rate first provided in 2009.

Lane B-97: New Orleans, LA to Jefferson, GA

B-97	PS	New Orleans, LA to Jefferson, GA	CSXT tariff $6091, route New Orleans-Jefferson	RVC 381%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Not exactly clear. It appears to be NS rail service from New Orleans to Doraville, GA bulk terminal, and then **(1)** trucking to ZKR Express terminal in Jefferson, GA, or **(2)** trucking to ultimate end-users in unknown locations. **(3)** Or, CSXT expects TPI's customer to move its business operation to Doraville.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. **(1)** Trucking to the rail-served ZKR Express terminal from the rail-served Doraville terminal would require double and triple-transloads, implicates product quality concerns, and is impossible because ZKR is not a covered site. See Part II-B-2.c.(1)(c). **(2)** Trucking to the ultimate end-users is not a true alternative (and TPI often does not even know the identities and locations of ultimate end-users), because it completely skips TPI's broker-customer. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). **(3)** Requiring TPI's broker-customer to move its business operation from Jefferson, GA to Doraville, GA is impermissible geographic competition, and it would require the Board to second-guess the business decisions of third-parties. Other reasons, too. See below.

CSXT "Comments"	TPI Rebuttal
The destination in Jefferson is a bulk terminal operated by ZKR Express.	Although CSXT claims to recognize this fact, the ambiguous alternative proposed by CSXT implies that CSXT has also forgotten this fact. See feasibility assessment above and further description below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.

TPI Opening	CSXT Reply	TPI Rebuttal
2. Transportation is from interchange with CN to delivery location in Jefferson, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer is a broker that directs that all shipments be made to a bulk terminal operated by ZKR Express.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. {{ [redacted] }}	4. {{ [redacted] }}
5. Destination is a customer-selected bulk terminal. See Part II-B-3.a.(1)(i).	5. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the NS TBT at Doraville) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).	5. If CSXT is proposing that TPI's customer should move its entire operation from Jefferson to Doraville, at a bulk terminal dictated by CSXT, then this is impermissible geographic competition, and it would require the Board to second-guess the business decisions of third-parties. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). CSXT has not shown that {[redacted]} would be willing to alter its business in this way. See 3 STB at 947; 7

TPI Opening	CSXT Reply	TPI Rebuttal
		STB at 427.
6. Truck and transload rates are not applicable because it would be irrational to send trucks to a bulk terminal where product would have to be transloaded into railcars for storage, and then transloaded out of railcars back into trucks. See note 18, supra.	6. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Doraville are an effective competitive alternative to CSXT rail shipments to the ZKR Express facility in Jefferson.	6. Again, CSXT appears to be arguing that TPI's customer should move its business operation to Doraville. This is impermissible. See item #5 above. If CSXT is arguing that trucking from Doraville to Jefferson should occur, then this raises product integrity concerns, involves double and triple-transloads, and is otherwise infeasible. See Parts II-B-2.b.(10) and II-B-2.c.(1).
7. {{ [redacted] }}	7. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	7. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
8. Cumulative 2009-2010 rate increase: { [redacted] }[254] See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted]	9. {{ [redacted]	9. {{ [redacted]

[254] Rate first provided in 2009.

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }}	[redacted] }}	[redacted] }}

Lane B-98: New Orleans, LA to Jefferson, GA

B-98	PP	New Orleans, LA to Jefferson, GA	CSXT tariff $6091, route New Orleans-Jefferson	RVC 381%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Not exactly clear. It appears to be NS rail service from New Orleans to Doraville, GA bulk terminal, and then **(1)** trucking to ZKR Express terminal in Jefferson, GA, or **(2)** trucking to ultimate end-users in unknown locations. **(3)** Or, CSXT expects TPI's customer to move its business operation to Doraville.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. **(1)** Trucking to the rail-served ZKR Express terminal from the rail-served Doraville terminal would require double and triple-transloads, implicates product quality concerns, and is impossible because ZKR is not a covered site. See Part II-B-2.c.(1)(c). **(2)** Trucking to the ultimate end-users is not a true alternative (and TPI often does not even know the identities and locations of ultimate end-users), because it completely skips TPI's broker-customer. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). **(3)** Requiring TPI's broker-customer to move its business operation from Jefferson, GA to Doraville, GA is impermissible geographic competition, and it would require the Board to second-guess the business decisions of third-parties. Other reasons, too. See below.

CSXT "Comments"	TPI Rebuttal
The destination in Jefferson is a bulk terminal operated by ZKR Express.	Although CSXT claims to recognize this fact, the ambiguous alternative proposed by CSXT implies that CSXT has also forgotten this fact. See feasibility assessment above and further description below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.

TPI Opening	CSXT Reply	TPI Rebuttal
2. Transportation is from interchange with BNSF to delivery location in Jefferson, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer is a broker that directs that all shipments be made to a terminal operated by ZKR Express.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. {{ [redacted] }}	4. {{ [redacted] }}
5. Destination is a customer-selected bulk terminal. See Part II-B-3.a.(1)(i).	5. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the NS TBT at Doraville) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).	5. If CSXT is proposing that TPI's customer should move its entire operation from Jefferson to Doraville, at a bulk terminal dictated by CSXT, then this is impermissible geographic competition, and it would require the Board to second-guess the business decisions of third-parties. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). CSXT has not shown that {[redacted]} would be willing to

TPI Opening	CSXT Reply	TPI Rebuttal
		alter its business in this way. See 3 STB at 947; 7 STB at 427.
6. Truck and transload rates are not applicable because it would be irrational to send trucks to a bulk terminal where product would have to be transloaded into railcars for storage, and then transloaded out of railcars back into trucks. See note 18, supra.	6. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Doraville are an effective competitive alternative to CSXT rail shipments to the ZKR Express facility in Jefferson.	6. Again, CSXT appears to be arguing that TPI's customer should move its business operation to Doraville. This is impermissible. See item #5 above. If CSXT is arguing that trucking from Doraville to Jefferson should occur, then this raises product integrity concerns, involves double and triple-transloads, and is otherwise infeasible. See Parts II-B-2.b.(10) and II-B-2.c.(1).
7. Cumulative 2009-2010 rate increase: { [redacted] }[255] See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

[255] Rate first provided in 2009.

Lane B-100: Memphis, TN to Gallaway, TN

B-100	PE	Memphis, TN to Gallaway, TN	CSXT tariff $4353, route Memphis-Gallaway	RVC 1007%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Truck shipment from W. Memphis, AR to delivery location in Gallaway, TN.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong origin. CSXT skips the Memphis origin of the challenged tariff. {{ [redacted] }} product used in medical application, and other reasons. See below.

CSXT "Comments"	TPI Rebuttal
Incremental rail cost difference between Memphis Rule 11 interchange and point to point rate to West Memphis, AR is included in cost of alternate transportation.	CSXT is proposing "alternative" transportation that originates at W. Memphis, AR, but this omits and completely skips the Memphis origin of the tariff. CSXT has not posed a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). The alternative must begin at Memphis.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Gallaway, TN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Both customers are brokers that instruct TPI to deliver their shipments to Medegen Medical Products.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. Medegen uses TPI's product in medical applications. See Part II-B-3.a.(1)(f).	4. **Use of product in medical applications.** Plastics transloading is a secure process that is suitable for products	4. TPI has explained the need for rail delivery when the polymer is used in a medical application. See Part II-B-2.b.(7).

TPI Opening	CSXT Reply	TPI Rebuttal
	used in medical applications. *See supra* at II.B.2.c.	{{ [redacted] }}
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3)(b).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra*	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so

TPI Opening	CSXT Reply	TPI Rebuttal
	at § II.B.3.b.	because TPI has no other viable options to supply its CSXT-captive customers.
8. {{ [redacted] }}	8. {{ [redacted] }}	8. {{ [redacted] }}

Lane B-101: Memphis, TN to Glasgow, KY

B-101	PP	Memphis, TN to Glasgow, KY	CSXT tariff $5098, route Memphis-Glasgow	RVC 476%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Truck shipment from W. Memphis, AR to delivery location in Glasgow, KY.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Wrong origin. CSXT skips the Memphis origin of the challenged tariff. Alternative has {{ [redacted] }} than challenged tariff using CSXT's own numbers. Other reasons apply. See below.

CSXT "Comments"	TPI Rebuttal
Incremental rail cost difference between Memphis Rule 11 interchange and point to point rate to West Memphis, AR is included in cost of alternate transportation.	CSXT is proposing "alternative" transportation that originates at W. Memphis, AR, but this omits and completely skips the Memphis origin of the tariff. CSXT has not posed a true alternative. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). The alternative must begin at Memphis.
{{ [redacted] }}	{{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Glasgow, KY.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. {{ [redacted]	3. **Truck volumes.** {{ [redacted] }} its extensive use of trucking for other destinations, and	3. The truck volume was {{ [redacted] }} of total traffic volume on this lane during the 5-year period 2006-2010. See

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }}	the cost-competitiveness of truck transportation all demonstrate that rail-truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{ [redacted] }} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
5. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the

TPI Opening	CSXT Reply	TPI Rebuttal
		customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	6. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
7. {{ [redacted] }}	7. {{ [redacted] }}	7. {{ [redacted] }}

Lane B-102: New Orleans, LA to Ackerman, GA

B-102	PE	New Orleans, LA to Ackerman, GA	CSXT tariff $6060, route New Orleans-Ackerman	RVC 416%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Not exactly clear. It appears to be NS rail service from New Orleans to Chattanooga, TN bulk terminal, and then **(1)** trucking to Seapac terminal in Ackerman, GA, or **(2)** trucking to ultimate end-users in unknown locations. **(3)** Or, CSXT expects TPI's customers to move their business operations to Chattanooga.	{{ [redacted] }}	{{ [redacted] }}[256]	Not effective competition. **(1)** Trucking to the rail-served Seapac terminal from the rail-served Chattanooga terminal would require double and triple-transloads and implicates product quality concerns. See Part II-B-2.c.(1)(c). **(2)** Trucking to the ultimate end-users is not a true alternative (and TPI often does not even know the identities and locations of ultimate end-users), because it completely skips TPI's broker-customers. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). **(3)** Requiring TPI's broker-customers to move their business operations from Ackerman, GA to Chattanooga, TN is impermissible geographic competition, and it would require the Board to second-guess the business decisions of third-parties. {{ [redacted] }} using CSXT's own numbers. Other reasons, too. See below.

CSXT "Comments"	TPI Rebuttal
The destination in Ackerman is a transloading facility operated by Seapac, Inc.	Although CSXT claims to recognize this fact, the ambiguous alternative proposed by CSXT implies that CSXT has also forgotten this fact. See feasibility assessment above and further description below.

[256] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Ackerman, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Both customers are brokers that instruct TPI to deliver their products to a bulk terminal operated by Sea Pac Inc.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. {{ [redacted] }}	4. {{ [redacted] }}
5. Destination is a customer-selected bulk terminal. See Part II-B-3.a.(1)(i).	5. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the NS TBT at Chattanooga) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).	5. If CSXT is proposing that TPI's customers should move their entire operations from Ackerman to Chattanooga, at a bulk terminal dictated by CSXT, then this is impermissible geographic competition, and it would require the Board to second-guess the business

TPI Opening	CSXT Reply	TPI Rebuttal
		decisions of third-parties. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). CSXT has not shown that {[redacted]} would be willing to alter their businesses in this way. See 3 STB at 947; 7 STB at 427.
6. {{[redacted]}}	6. **Truck volumes.** {{[redacted]}} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	6. The {{[redacted]}} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
7. Truck and transload rates are not applicable because it would be irrational to send trucks to a bulk terminal where product would have to be transloaded into railcars for storage, and then transloaded out of railcars back into trucks. See note 18, supra.	7. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Chattanooga are an effective competitive alternative to CSXT rail shipments to the transload facility at Ackerman.	7. Again, CSXT appears to be arguing that TPI's customers should move their business operations to Chattanooga. This is impermissible. See item #5 above. If CSXT is arguing that trucking from Ackerman to Chattanooga should occur, then this raises product integrity concerns, involves double and triple-transloads, and is otherwise infeasible. See Parts II-B-2.b.(10) and II-B-2.c.(1).
8. Cumulative 2009-2010 rate increase: {[redacted]}[257] See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent

[257] Rate first provided in 2009.

TPI Opening	CSXT Reply	TPI Rebuttal
	to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}

Lane B-103: New Orleans, LA to Beech Island, SC

B-103	PP	New Orleans, LA to Beech Island, SC	CSXT tariff $7151, route New Orleans-Beech Island	RVC 398%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Augusta, GA bulk terminal, and then trucking to delivery location in Beech Island, SC.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} See below

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Beech Island, SC.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	3. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	3. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
4. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	4. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted]	4. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
5. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	5. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	5. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
6. {{ [redacted] }}	6. {{ [redacted] }}	6. {{ [redacted] }}

Lane B-105: New Orleans, LA to Hamlet, NC

B-105	PE	New Orleans, LA to Hamlet, NC	CSXT tariff $6909, route New Orleans-Hamlet	RVC 329%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to now-closed Greer, SC bulk terminal, and then trucking to delivery location in Hamlet, NC.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. The Greer, SC bulk terminal no longer exists. It closed in late 2010. See below for other reasons.

CSXT "Comments"	TPI Rebuttal
{{ [redacted] }}	Greer is now closed. {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Hamlet, NC.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer directs all shipments to a third-party processor, Alpha Plastics.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. Destination is a third-party processor. See Part II-B-3.a.(1)(e).	4. **Third-party processor.** The fact that the destination is a third-party compounder for most of the customers on this lane does not preclude the use of trucks. Indeed, TPI has shipped product by truck to third-party processor.	4. As a regular course of business, third-party processors need rail car deliveries for storage purposes due to the wide variety of product types and grades they process. See Part II-B-2.b.(6). As shown by TPI, truck shipments to third-party processors are extremely rare. See Part II-B-2.b.(6). The

TPI Opening	CSXT Reply	TPI Rebuttal
		very few truck shipments do not show effective competition. Occasional shipments or shipments caused by exigent circumstances do not defeat market dominance. See Part II-B-2.b.(11)(b).
5. {{ [redacted] }}	5. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	5. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
6. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	6. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	6. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
7. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	7. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	7. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary

TPI Opening	CSXT Reply	TPI Rebuttal
		costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
8. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

Lane B-106: New Orleans, LA to Hamlet, NC

B-106	PS	New Orleans, LA to Hamlet, NC	CSXT tariff $6909, route New Orleans-Hamlet	RVC 329%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to now-closed Greer, SC bulk terminal, and then trucking to delivery location in Hamlet, NC.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. The Greer, SC bulk terminal no longer exists. It closed in late 2010. See below for other reasons.

CSXT "Comments"	TPI Rebuttal
{{ [redacted] }}	Greer is now closed. {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with CN to delivery location in Hamlet, NC.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer is a broker that instructs TPI to deliver all shipments to its customer, Impact Plastic South.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	4. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	4. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.

TPI Opening	CSXT Reply	TPI Rebuttal
5. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3)(b).	5. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	5. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
6. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	6. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	6. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

TPI Opening	CSXT Reply	TPI Rebuttal
7. {{ [redacted] }}	7. {{ [redacted] }}	7. {{ [redacted] }}

Lane B-108: Chicago, IL to Akron, OH

B-108	PE	Chicago, IL to Akron, OH	CSXT tariff $5037, route Chicago-Akron	RVC 369%

Alternative transportation #1 proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from Chicago to Euclid, OH bulk terminal, and then trucking to delivery location in Akron, OH.	{{ [redacted] }}	{{ [redacted] }}[258]	Not effective competition. Destination is a third-party compounder that needs rail storage, {{ [redacted] }} and other reasons. See below.

Alternative transportation #2 proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from Chicago to WE interchange at Bellevue, OH, and then to AB interchange at Barberton, OH, and then AB rail service to some unspecified location in Akron, OH.	{{ [redacted] }}	N/A because alternative does not exist	Not effective competition. Wrong destination. The alternative does not terminate at TPI customers' delivery location (which CSXT admits is captive to CSXT); instead, it terminates at some unknown location in Akron. See 49 USC § 10707(a), DMIR, and Parts II-B-2.c.(1) and II-B-1.b.(2).

CSXT "Comments"	TPI Rebuttal
Lane subject to intermodal and intramodal competition. *See supra* at §§ II.B.1, II.B.2.	CSXT is incorrect. The intermodal alternative needs rail service due to third-party compounder customer; {{ [redacted] }}. The intramodal alternative does not exist because (as CSXT admits) the { [redacted] } destination is CSXT-captive. See Part II-B-1.b.(2).

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted]	1. (no response)	1. The Board should accept TPI's position

[258] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }		as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Akron, OH.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. { [redacted] } is a compounder.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. { [redacted] } is a broker that directs all shipments to { [redacted] } Therefore both customers ship to the same destination.	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. Destination is a compounder. See Part II-B-3.a.(1)(e).	5. **Third-party compounder.** The fact that the destination is a third-party compounder for most of the customers on this lane does not preclude the use of trucks. Indeed, TPI has shipped product by truck to third-party compounders.	5. As a regular course of business, third-party processors need rail car deliveries for storage purposes due to the wide variety of product types and grades they process. See Part II-B-2.b.(6). As shown by TPI, truck shipments to third-party processors are extremely rare. See Part II-B-2.b.(6). The very few truck shipments do not show effective competition. Occasional shipments or shipments caused by exigent circumstances do not defeat market dominance. See Part II-B-2.b.(11)(b).
6. {{ [redacted] }}	6. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	6. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
7. Direct truck rate is {{ [redacted] }} higher.	7. **Direct truck rate.** CSXT does not	7. CSXT apparently agrees with TPI that

TPI Opening	CSXT Reply	TPI Rebuttal
See Part II-B-3.a.(2).	contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	direct trucking does not provide effective competition to CSXT rail service.
8. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	8. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	8. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
9. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	9. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	9. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
10. {{ [redacted]	10. {{ [redacted]	10. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }}	[redacted] }}	[redacted] }}

Lane B-109: Chicago, IL to Lima, OH

B-109	PE	Chicago, IL to Lima, OH	CSXT tariff $4170, route Chicago-Lima	RVC 308%

Alternative transportation #1 proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Not entirely clear. IHB rail service from Chicago to Hammond, IN bulk terminal, and then trucking to bulk terminal in Lima, OH (or trucking to end-users at unknown locations).	{{ [redacted] }}	{{ [redacted] }}[259]	Not effective competition. Alternative rate is {{ [redacted] }} using CSXT's own numbers. Also, it is infeasible to truck from one bulk terminal to a second bulk terminal. If CSXT is proposing trucking to end-users, then it is impermissible geographic competition, and skips TPI's real customer. See Part II-B-2.c.(4). See also below.

Alternative transportation #2 proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from E. St. Louis to IORY for delivery to unspecified location in Lima, OH.	{{ [redacted] }}	N/A because alternative does not exist	Not effective competition. Wrong origin. Tariff transportation originates at Chicago, but CSXT's alternative originates at E. St. Louis. See 49 USC § 10707(a), DMIR, and Parts II-B-2.c.(1) and II-B-1.b.(3). Also – Wrong destination. It is impossible for other railroads to reach destination, because it is captive to CSXT. See below.

CSXT "Comments"	TPI Rebuttal
Lane subject to intramodal and intermodal competition. *See supra* at §§ II.B.1, II.B.2.	CSXT is incorrect. The intermodal alternative {{ [redacted] }} and cannot work due to the bulk terminal destination. The intramodal alternative does not

[259] {{ [redacted] }}

	exist because (as CSXT admits) the Luckey Trucking site at 401 E. Robb Ave. is CSXT-captive. See Part II-B-1.b.(3). Moreover, the intramodal alternative begins at the wrong origin.
East St. Louis is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	Wrong origin. Transportation under the challenged tariff originates at Chicago. Hence, E. St. Louis is the wrong origin, and does not provide a true alternative. See 49 USC § 10707(a), DMIR, and Parts II-B-2.c.(1) and II-B-1.b.(3).
One of the destinations in Lima is a transloading facility operated by Luckey Trucking.	CSXT admits that the Luckey Trucking destination is captive to CSXT. See CSXT Reply at II-18. TPI is not seeking rate relief for competitively-served destinations.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Lima, OH.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. All three customers instruct TPI to ship to Luckey Trucking, which operates a bulk terminal in the CSXT rail yard at 401 E. Robb Avenue in Lima.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. { [redacted] } is a broker at Lima that stores railcars at the Luckey Trucking site, and then ships them out again on CSXT when it receives an order from one of its customers.	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. { [redacted] } is a broker that transloads the product for truck delivery to its customers.	5. (no response)	5. The Board should accept TPI's position as the only evidence of record.
6. { [redacted] } is a customer that uses the Luckey Trucking terminal to transload product for delivery by trucks.	6. (no response)	6. The Board should accept TPI's position as the only evidence of record.

TPI Opening	CSXT Reply	TPI Rebuttal
7. See also, Part II-B-2.a. for more facts related to intramodal competition.	7. (no response)	7. The Board should accept TPI's position as the only evidence of record.
8. Destination is a customer-selected bulk terminal. See Part II-B-3.a.(1)(i).	8. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the Savage Services terminal at Hammond) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).	8. If CSXT is proposing that TPI's customers should move their entire operations from Lima, OH to a bulk terminal in Hammond, IN, as dictated by CSXT, then this is impermissible geographic competition, and it would require the Board to second-guess the business decisions of third-parties. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). CSXT has not shown that {[redacted]} would be willing to alter their businesses in this way. See 3 STB at 947; 7 STB at 427.
9. Truck and transload rates do not apply because it would be irrational to send trucks to a bulk terminal where product would have to be transloaded into railcars for storage, and then transloaded out of railcars back into trucks. See note 18, supra.	9. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the Savage Services terminal at Hammond are an effective competitive alternative to CSXT rail shipments to the Luckey Trucking transload facility at Lima.	9. Again, CSXT appears to be arguing that TPI's customers should move their business operations to Hammond, IN. This is impermissible. See item #8 above. If CSXT is arguing that trucking from the bulk terminal at Hammond, IN to the bulk terminal at Lima, OH should occur, then this raises product integrity concerns, involves double and triple-transloads, and is otherwise infeasible. See Parts II-B-2.b.(10) and II-B-2.c.(1).
10. Only {{[redacted]}} trucks in 2008 and {{[redacted]}} in 2009 and 2010. {{[redacted]}}	10. **Truck volumes.** {{[redacted]}} its extensive use of trucking for other destinations, and the cost-competitiveness of truck transportation all demonstrate that rail-	10. The truck volume was {{[redacted]}} of total traffic volume on this lane during the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11". {{[redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
	truck transportation is an effective competitive option. *See supra* at § II.B.2.b.; II.B.2.d.	[redacted]}} Use of trucking to other destinations is less relevant, because it is based on different circumstances. CSXT's focus only on price ignores governing precedent. See Part I-B-2.a. See also TPI Op. Ev. at II-B-13. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1).
11. Cumulative 2007-2010 rate increase: { [redacted] }[260] See Part II-B-3.a.(3)(b).	11. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	11. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

[260] Rate first provided in 2007.

Lane B-110: Chicago, IL to Lima, OH

B-110	PP	Chicago, IL to Lima, OH	CSXT tariff $4170, route Chicago-Lima	RVC 308%

Alternative transportation #1 proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Not entirely clear. IHB rail service from Chicago to Hammond, IN bulk terminal, and then trucking to bulk terminal in Lima, OH (or trucking to end-users at unknown locations).	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Alternative rate is {{ [redacted] }} using CSXT's own numbers. Also, it is infeasible to truck from one bulk terminal to a second bulk terminal (due to double and triple transloads, product quality, etc.). If CSXT is proposing trucking to end-users, then it is impermissible geographic competition, and skips TPI's real customer. See Part II-B-2.c.(4). See also below.

Alternative transportation #2 proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from E. St. Louis to IORY for delivery to unspecified location in Lima, OH.	{{ [redacted] }}	N/A because alternative does not exist	Not effective competition. Wrong origin. Tariff transportation originates at Chicago, but CSXT's alternative originates at E. St. Louis. See 49 USC § 10707(a), DMIR, and Parts II-B-2.c.(1) and II-B-1.b.(3). Also – Wrong destination. It is impossible for other railroads to reach destination, because it is captive to CSXT. See below.

CSXT "Comments"	TPI Rebuttal
Lane subject to intramodal and intermodal competition. *See supra* at §§ II.B.1, II.B.2.	CSXT is incorrect. The intermodal alternative {{ [redacted] }} and cannot work due to the bulk terminal destination. The intramodal alternative does not exist because (as CSXT admits) the Luckey Trucking site at 401

	E. Robb Ave. is CSXT-captive. See Part II-B-1.b.(3). Moreover, the intramodal alternative begins at the wrong origin. See 49 USC § 10707(a), DMIR, and Parts II-B-2.c.(1) and II-B-1.b.(3).
East St. Louis is an alternative gateway from which NS can transport this traffic. *See supra* at § II.B.2.d.i.	Wrong origin. Transportation under the challenged tariff originates at Chicago. Hence, E. St. Louis is the wrong origin, and does not provide a true alternative. See 49 USC § 10707(a), DMIR, and Parts II-B-2.c.(1) and II-B-1.b.(3).
One of the destinations in Lima is a transloading facility operated by Luckey Trucking.	CSXT admits that the Luckey Trucking destination is captive to CSXT. See CSXT Reply at II-18. TPI is not seeking rate relief for competitively-served destinations.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Lima, OH.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer is a broker that directs all shipments be made to the Luckey Trucking terminal site in the CSXT rail yard at 401 E. Robb Avenue.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. See also, Part II-B-2.a. for more facts related to intramodal competition.	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. Destination is a customer-selected bulk terminal. See Part II-B-3.a.(1)(i).	5. **Customer-selected bulk terminal.** TPI has presented no evidence that its customer's selection of this particular bulk terminal means that the many other nearby bulk terminals (including the Savage Services terminal at Hammond) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).	5. If CSXT is proposing that TPI's customer should move its entire operation from Lima, OH to a bulk terminal in Hammond, IN, as dictated by CSXT, then this is impermissible geographic competition, and it would require the Board to second-guess the business decisions of third-parties. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). CSXT has not shown that { [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
		[redacted] } would be willing to alter its businesses in this way. See 3 STB at 947; 7 STB at 427.
6. {{ [redacted] }}	6. {{ [redacted] }}	6. {{ [redacted] }}
7. Truck and transload rates do not apply because it would be irrational to send trucks to a bulk terminal where product would have to be transloaded into railcars for storage, and then transloaded out of railcars back into trucks. See note 18, supra.	7. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the Savage Services terminal at Hammond are an effective competitive alternative to CSXT rail shipments to the Luckey Trucking transload facility at Lima.	7. Again, CSXT appears to be arguing that TPI's customer should move its business operations to Hammond, IN. This is impermissible. See item #5 above. If CSXT is arguing that trucking from the bulk terminal at Hammond, IN to the bulk terminal at Lima, OH should occur, then this raises product integrity concerns, involves double and triple-transloads, and is otherwise infeasible. See Parts II-B-2.b.(10) and II-B-2.c.(1).

TPI Opening	CSXT Reply	TPI Rebuttal
8. Cumulative 2007-2010 rate increase: { [redacted] }[261] See Part II-B-3.a.(3)(b).	8. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	8. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.

[261] Rate first provided in 2007.

Lane B-111: Chicago, IL to Pittsfield, MA

B-111	PP	Chicago, IL to Pittsfield, MA	CSXT tariff $8550, route Chicago-Pittsfield	RVC 388%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Canadian Pacific rail service from Chicago to Bethlehem, PA bulk terminal, and then trucking to delivery location in Pittsfield, MA.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. Alternative is {{ [redacted] }} than tariff using CSXT's own numbers. For other reasons, see below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Pittsfield, MA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	3. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	3. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
4. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	4. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted]	4. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
5. Cumulative 2009-2010 rate increase: { [redacted] }[262] See Part II-B-3.a.(3)(b).	5. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	5. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
6. {{ [redacted] }}	6. {{ [redacted]	6. {{ [redacted]

[262] Rate first provided in 2007.

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }} In fact, there has been {{ [redacted] }} on this lane in the 5-year period 2006-2010. See TPI Op. Ev. work paper "Truck and Rail Volumes" in folder "Ex. II-B-11".

Lane B-112: New Orleans, LA to Dalton, GA

B-112	PP	New Orleans, LA to Dalton, GA	CSXT tariff $5964, route New Orleans-Dalton	RVC 329%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
Not exactly clear. It appears to be NS rail service from New Orleans to Dalton, GA TBT bulk terminal, and then **(1)** trucking to TRANSFLO terminal in Dalton, GA, or **(2)** trucking to ultimate end-users in unknown locations. **(3)** Or, CSXT expects TPI's customers to move their business operations to the TBT bulk terminal.	{{ [redacted] }}	{{ [redacted] }}[263]	Not effective competition. **(1)** Trucking to the rail-served TRANSFLO terminal from the rail-served TBT terminal would require double and triple-transloads, implicates product quality concerns, and is impossible because the Dalton TRANSFLO is not a covered site. See Part II-B-2.c.(1)(c). **(2)** Trucking to the ultimate end-users is not a true alternative (and TPI often does not even know the identities and locations of ultimate end-users), because it completely skips TPI's broker-customers. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). **(3)** Requiring TPI's customers to move their business operations from TRANSFLO to the TBT terminal is impermissible geographic competition, and it would require the Board to second-guess the business decisions of third-parties. Other reasons, too. See below.

CSXT "Comments"	TPI Rebuttal
The destination in Dalton is a CSX TRANSFLO terminal.	Although CSXT claims to recognize this fact, the ambiguous alternative proposed by CSXT implies that CSXT has also forgotten this fact. See feasibility assessment above and further description below.

[263] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery locations in Dalton, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. { [redacted] } are brokers that use bulk terminals to serve their customers.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. { [redacted] } stores the product at the CSXT Transflo site in Dalton and, upon reselling the product, transloads to trucks for delivery to its customers.	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. { [redacted] } resells TPI's product from the CSXT Transflo terminal, from where Dixie Transport does the hauling to its customers.	5. (no response)	5. The Board should accept TPI's position as the only evidence of record.
6. { [redacted] } instructs TPI to ship to a CSXT-served terminal operated by Dixie Transport, from which it ships by truck to its customers upon reselling the product.	6. (no response)	6. The Board should accept TPI's position as the only evidence of record.
7. { [redacted] } is an end-user that instructs TPI to ship to a CSXT-served terminal from where Bulk Carriers, a trucking company { [redacted] } transports the product { [redacted] }	7. (no response)	7. The Board should accept TPI's position as the only evidence of record.
8. Destinations are customer-selected bulk terminals. See Part II-B-3.a.(1)(i).	8. **Customer-selected bulk terminal.** TPI has presented no evidence that its customers' selection of this particular bulk terminal means that the many other nearby bulk terminals (including the NS TBT at	8. If CSXT is proposing that TPI's customers should move their entire operations from TRANSFLO to the TBT terminal, as dictated by CSXT, then this is impermissible geographic competition, and

TPI Opening	CSXT Reply	TPI Rebuttal
	Dalton, which is literally within sight of the CSX TRANSFLO facility) do not constitute effective competition. *See supra* at § II.B.2.c.ii(a).	it would require the Board to second-guess the business decisions of third-parties. See 49 USC § 10707(a), DMIR, and Part II-B-2.c.(1). CSXT has not shown that TPI's customers would be willing to alter their businesses in this way. See 3 STB at 947; 7 STB at 427.
9. {{ [redacted] }}	9. {{ [redacted] }}	9. {{ [redacted] }}
10. {{ [redacted]	10. {{ [redacted] }}	10. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }}		[redacted] }}
11. {{ [redacted] }}	11. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	11. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
12. Truck and transload rates are not applicable because it would be irrational to send trucks to a bulk terminal where product would have to be transloaded into railcars for storage, and then transloaded out of railcars back into trucks. See note 18, supra.	12. **Challenged rate to transload terminal.** The challenged rate to a bulk terminal is inherently subject to effective competition. Rail shipments via alternative transportation to the NS TBT at Dalton are an effective competitive alternative to CSXT rail shipments to the CSX TRANSFLO facility in Dalton.	12. Again, CSXT appears to be arguing that TPI's customers should move their business operations to the TBT terminal. This is impermissible. See item #8 above. If CSXT is arguing that trucking from TRANSFLO to TBT should occur, then this raises product integrity concerns, involves double and triple-transloads, and is otherwise infeasible. See Parts II-B-2.b.(10) and II-B-2.c.(1).
13. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	13. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	13. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
14. {{ [redacted]	14. {{ [redacted]	14. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }}	[redacted] }}	[redacted] }}

Lane B-113: Chicago, IL to Clarksburg, WV

B-113	PE	Chicago, IL to Clarksburg, WV	CSXT tariff $6531, route Chicago-Clarksburg	RVC 322%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from Chicago to Euclid, OH bulk terminal, and then trucking to delivery location in Clarksburg, WV.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customer is { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery location in Clarksburg, WV.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Customer is a broker that directs all shipments be delivered to Medical Action Industries.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. {{ [redacted] }}	4. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
		[redacted] }}
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra*	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so

TPI Opening	CSXT Reply	TPI Rebuttal
	at § II.B.3.b.	because TPI has no other viable options to supply its CSXT-captive customers.
8. {{ [redacted] }}	8. {{ [redacted] }}	8. {{ [redacted] }}

Lane B-115: Chicago, IL to Indianapolis, IN

B-115	PP	Chicago, IL to Indianapolis, IN	CSXT tariff $4021, route Chicago-Indianapolis	RVC 516%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
CN rail service from Chicago to E. Morris, IL bulk terminal, and then trucking to delivery location ins in Indianapolis, IN.	{{ [redacted] }}	{{ [redacted] }}[264]	Not effective competition. {{ [redacted] }} See below.

CSXT "Comments"	TPI Rebuttal
Incremental rail cost difference between BNSF Rule 11 interchange and CN delivery to East Morris, IL is included in the cost of alternate transportation.	The alternative proposed by CSXT does not provide effective competition.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery locations in Indianapolis, IN.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. Both customers are brokers.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. { [redacted] } instructs TPI to ship to RTP Company.	4. (no response)	4. The Board should accept TPI's position as the only evidence of record.
5. { [redacted] } instructs TPI to ship to Max Katz Bags.	5. (no response)	5. The Board should accept TPI's position as the only evidence of record.
6. {{ [redacted] }}	6. {{ [redacted]	6. {{ [redacted]

[264] {{ [redacted] }}

TPI Opening	CSXT Reply	TPI Rebuttal
	[redacted] }}	[redacted] }}
7. Max Katz Bags has insufficient silo storage to accept truck deliveries. See Part II-B-3.a.(1)(b).	7. **Alleged lack of silo storage.** Customers who truly lack silo storage can use standing railcars for storage (as other TPI customers do). *See* TPI Opening at IIB- 57.	7. Rail cars are widely used for storage in the polymer industry. See Parts II-B-2.a.(1) and II-B-2.b.(3). Transloading from trucks into rail cars is an unacceptable double transload and raises product quality concerns. {{ [redacted] }} Occasional shipments or

TPI Opening	CSXT Reply	TPI Rebuttal
		shipments caused by exigent circumstances do not defeat market dominance. See Part II-B-2.b.(11)(b).
8. {{ [redacted] }}	8. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	8. The {{ [redacted] }} historical truck volume on the lane at issue confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
9. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	9. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a competitive option for any of the issue movements.	9. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.
10. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	10. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	10. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative

TPI Opening	CSXT Reply	TPI Rebuttal
		transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
11. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	11. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	11. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
12. {{ [redacted] }}	12. {{ [redacted] }}	{{ [redacted] }}

Lane B-120: New Orleans, LA to Conyers, GA

B-120	PP	New Orleans, LA to Conyers, GA	CSXT tariff $6064, route New Orleans-Conyers	RVC 410%

Alternative transportation proposed by CSXT	Rate asserted by CSXT for alternative	TPI's total costs for alternative	TPI description of feasibility of alternative
NS rail service from New Orleans to Dalton, GA bulk terminal, and then trucking to delivery locations in Conyers, GA.	{{ [redacted] }}	{{ [redacted] }}	Not effective competition. {{ [redacted] }} See below.

TPI Opening	CSXT Reply	TPI Rebuttal
1. Customers are { [redacted] }	1. (no response)	1. The Board should accept TPI's position as the only evidence of record.
2. Transportation is from interchange with BNSF to delivery locations in Conyers, GA.	2. (no response)	2. The Board should accept TPI's position as the only evidence of record.
3. This is an alternate direct rail route to a combination of Lanes B-1 or B-28 with B-118.	3. (no response)	3. The Board should accept TPI's position as the only evidence of record.
4. {{ [redacted] }}	4. **Truck volumes.** {{ [redacted] }} does not demonstrate CSXT's market dominance in light of TPI's extensive use of trucking to other destinations and the cost-competitiveness of truck transportation. *See supra* at § II.B.2.b.; II.B.2.d.	4. The {{ [redacted] }} truck volume on the lane at issue since 2007 confirms market dominance, and is a relevant factor under established precedent. Trucking to other destinations is less relevant, given that it is based on different circumstances. TPI has demonstrated that trucks play a very limited role in the transportation of polymers. See Part II-B-2.a.(1). See also TPI Op. Ev. at II-B-13.
5. Direct truck rate is {{ [redacted] }} higher. See Part II-B-3.a.(2).	5. **Direct truck rate.** CSXT does not contend that direct truck shipments from the plant origin to destination are a	5. CSXT apparently agrees with TPI that direct trucking does not provide effective competition to CSXT rail service.

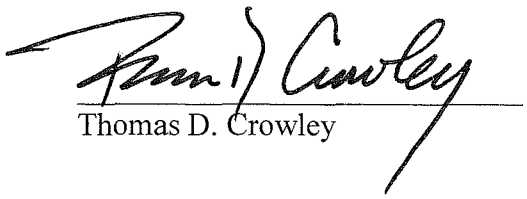
TPI Opening	CSXT Reply	TPI Rebuttal
	competitive option for any of the issue movements.	
6. Transload cost is {{ [redacted] }} higher. See Part II-B-3.a.(3).	6. **Transload rate.** TPI's estimated "Transload" rate is substantially inflated and unreliable, largely because it includes unwarranted and exaggerated internal "costs" such as inventory carrying costs, personnel costs, and storage charges. *See supra* at § II.B.2.d. {{ [redacted] }}	6. TPI witnesses Parks and Granatelli, as well as numerous independent sources, confirm that inventory carrying costs, personnel costs, and storage costs are real costs that are regularly considered by TPI and others in the logistics field. They represent additional expense absorbed by TPI, or costs for work required of TPI, when truck shipments are used. See Part II-B-2.c.(2). The transload costs are {{ [redacted] }} the challenged tariff when these necessary costs are added. See Part II-B-2.c.(2)(d). Moreover, the price for alternative transportation is overshadowed when the customers will not or cannot accept truck deliveries as an every day occurrence. See Part II-B-2.a. See also TPI Op. Ev. at II-B-13.
7. Cumulative 2006-2010 rate increase: { [redacted] } See Part II-B-3.a.(3)(b).	7. **Rate increase.** CSXT's rate increases were market driven and do not demonstrate market dominance. Indeed, several of the increases TPI complains about were agreed to by TPI in voluntary contracts. *See supra* at § II.B.3.b.	7. CSXT's retention of traffic on this lane despite massive recent rate increases confirms market dominance. See TPI Op. Ev. at II-B-14-15. TPI signed the recent contracts under protest, only doing so because TPI has no other viable options to supply its CSXT-captive customers.
8. {{ [redacted]	8. {{ [redacted]	8. {{ [redacted]

TPI Opening	CSXT Reply	TPI Rebuttal
[redacted] }}	[redacted] }}	[redacted] }}

Part IV

VERIFICATION

I, Thomas D. Crowley, verify under penalty of perjury that I am the same Thomas D. Crowley whose Statement of Qualifications appears in Part IV of the Narrative portion of TPI's Opening Evidence in this proceeding; that I am co-sponsoring the portions of TPI's Rebuttal Evidence in this proceeding that relate to quantitative market dominance (Part II-A) with Witness Timothy D. Crowley; and that I know the contents thereof; and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.



Thomas D. Crowley

Executed on: September 6, 2011

VERIFICATION

I, Timothy D. Crowley, verify under penalty of perjury that I am the same Timothy D. Crowley whose Statement of Qualifications appears in Part IV of the Narrative portion of TPI's Opening Evidence in this proceeding; that I am co-sponsoring the portions of TPI's Rebuttal Evidence in this proceeding that relate to quantitative market dominance (Part II-A) with Witness Thomas D. Crowley; and 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.

Timothy D. Crowley

Executed on: September 6, 2011

VERIFICATION

I, Philip H. Burris, verify under penalty of perjury that I am the same Philip H. Burris whose Statement of Qualifications appears in Part IV of the Narrative portion of TPI's Opening Evidence in this proceeding; that I am co-sponsoring the portions of TPI's Rebuttal Evidence in this proceeding that relate to qualitative market dominance (Part II-B) with Witness Sean D. Nolan; and 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.

Philip H. Burris

Executed on: September 6, 2011

VERIFICATION

I, Sean D. Nolan, verify under penalty of perjury that I am the same Sean D. Nolan whose Statement of Qualifications appears in Part IV of the Narrative portion of TPI's Opening Evidence in this proceeding; that I am co-sponsoring the portions of TPI's Rebuttal Evidence in this proceeding that relate to qualitative market dominance (Part II-B) with Witness Philip H. Burris; and 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.

Sean D. Nolan

Executed on: September 6, 2011

MICHAEL GOINS
General Manager – Supply Chain and Regulatory Affairs
TOTAL PETROCHEMICALS USA, INC.

Mr. Goins is sponsoring factual evidence pertaining to the commodities produced by TOTAL PETROCHEMICALS USA, INC. ("TPI") and TPI's distribution network for transporting those commodities to its customers. Mr. Goins' testimony encompasses TPI's transportation costs, contracts, modes, providers, and other supply chain issues. Mr. Goins also provides responses to assertions made by defendant CSX Transportation, Inc. in its Reply Evidence regarding the transportation needs and requirements of TPI's customers, transportation options supposedly available to TPI, and the suitability of transloading and truck delivery in transportation of TPI's products. These issues are discussed in Part I ("Counsel's Argument and Summary of Evidence") and Part II-B ("Qualitative Market Dominance").

Mr. Goins is qualified and competent to provide testimony in this proceeding. Since May 2008, Mr. Goins has held the position of General Manager, Supply Chain and Regulatory Affairs for TPI and his responsibilities include purchasing, transportation and distribution operations, supply chain strategy, business and facilities management, organization and methods management, energy management, and government affairs. Mr. Goins began his career with TPI in 1984 and has held a number of positions including Product/Supply Chain Manager in two of TPI's business units.

During his career, Mr. Goins has been involved in the American Chemistry Council, the Plastics Foodservice Packaging Group, and the Plastics Pipe Institute, all in leadership or officer positions. Mr. Goins is a member of the National Freight Transportation Association.

VERIFICATION

I, Michael Goins, verify under penalty of perjury that I have read the Rebuttal Evidence of TOTAL PETROCHEMICALS USA, INC. 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 based on my knowledge, information, and belief. Further, I certify that I am qualified and authorized to file this statement.

Michael Goins
General Manager – Supply Chain and Regulatory Affairs

Executed on 29-AUG-11

ALLEN CAST
Manager – Transportation & Distribution Sourcing & Strategy
TOTAL PETROCHEMICALS USA, INC.

Mr. Cast is sponsoring factual evidence pertaining to the commodities produced by TOTAL PETROCHEMICALS USA, INC. ("TPI") and TPI's distribution network for transporting those commodities to its customers. Mr. Cast's testimony encompasses TPI's transportation costs, contracts, modes, and providers; TPI's use of leased tracks and bulk terminals; and other supply chain issues. Mr. Cast also provides responses to assertions made by defendant CSX Transportation, Inc. in its Reply Evidence regarding the transportation needs and requirements of TPI's customers, TPI's supply contracts with its customers, and the transportations costs that are or would be incurred by TPI under various scenarios. These issues are discussed in Part I ("Counsel's Argument and Summary of Evidence") and Part II-B ("Qualitative Market Dominance").

Mr. Cast is qualified and competent to provide testimony in this proceeding. Since July 2008, Mr. Cast has held the position of Manager – Transportation & Distribution Sourcing & Strategy for TPI and his responsibilities include sourcing all freight carriers, warehouses, transloading terminals, rail equipment, packaging material, as well as strategic distribution network design to increase value in the supply chain. Mr. Cast began his career with TPI in June of 2007 as the Category Manager, Class I Railroads. Prior to joining TPI, Mr. Cast has been employed by other large industrial companies in the logistics and/or sales field. The majority of his 20-plus years of experience has been in the petroleum and chemical industry.

During his career, Mr. Cast has provided studies on remote inventory reduction of forward stored plastics, optimization of transloading networks, railroad transit performance, rail

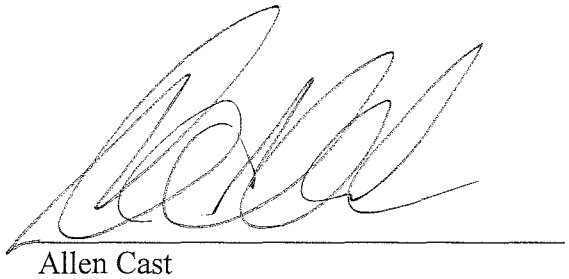
car fleet sizing, freight negotiations strategies, and contract valuations. Mr. Cast has also worked closely with various railroads to improve service, reduce capital requirements for railroads and shippers, reduce the liability of railroads, create optimal shipper yards, and optimize the use of railroad equipment.

Mr. Cast is a member of the National Industrial Transportation League, North American Rail Shippers, and National Freight Transportation Association. During his career, Mr. Cast has also been a member of the Southwest Chemical Association and The Portland Cement Association. Mr. Cast has spoken on rail trends and reduction of demurrage to rail shipper groups, as well as participated in the National Industrial Transportation League's Rail Transportation and Highway Transportation Committees.

Mr. Cast earned a Bachelor of Science in Chemical Engineering from the University of Houston.

VERIFICATION

I, Allen Cast, verify under penalty of perjury that I have read the Rebuttal Evidence of TOTAL PETROCHEMICALS USA, INC. 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 based on my knowledge, information, and belief. Further, I certify that I am qualified and authorized to file this statement.



Allen Cast
Manager – Transportation & Distribution Sourcing & Strategy

Executed on 8/29/11

MELISSA RICHARDS
Advisor – Supply Chain Strategy
TOTAL PETROCHEMICALS USA, INC.

Ms. Richards is sponsoring factual evidence pertaining to the commodities produced by TOTAL PETROCHEMICALS USA, INC. ("TPI") and TPI's distribution network for transporting those commodities to its customers. Ms. Richards' testimony encompasses TPI's transportation costs, contracts, modes, and providers; TPI's use of leased tracks and bulk terminals; and other supply chain issues. Ms. Richards also provides responses to assertions made by defendant CSX Transportation, Inc. in its Reply Evidence regarding the transportation needs and requirements of TPI's customers, TPI's supply contracts with its customers, and the transportations costs that are or would be incurred by TPI under various scenarios. These issues are discussed in Part I ("Counsel's Argument and Summary of Evidence") and Part II-B ("Qualitative Market Dominance").

Ms. Richards is qualified and competent to provide testimony in this proceeding. Since February 5, 2009, Ms. Richards has held the position of Advisor--Supply Chain Strategy for TPI and her responsibilities include strategic planning for all transportation modes, including rail fleet budgeting, rail fleet sizing and bulk terminal network optimization. Ms. Richards began her career with TPI in February 2009 as the Advisor--Supply Chain Strategy. Prior to joining TPI, Ms. Richards worked as a rail logistics manager, railcar procurement specialist and analyst for petrochemicals.

During her career, Ms. Richards has been involved in the Southwest Association of Rail Shippers and the Houston Transportation Professionals Association. Ms. Richards earned a

Bachelor of Science in Business Management from Western Governors University, Salt Lake City, UT.

VERIFICATION

I, Melissa Richards, verify under penalty of perjury that I have read the Rebuttal Evidence of TOTAL PETROCHEMICALS USA, INC. 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 based on my knowledge, information, and belief. Further, I certify that I am qualified and authorized to file this statement.

Melissa Richards

Melissa Richards
Advisor – Supply Chain Strategy

Executed on August 29, 2011

SHERI REYNOLDS
Strategic Planning Advisor
TOTAL PETROCHEMICALS USA, INC.

Ms. Reynolds is sponsoring factual evidence pertaining to the commodities produced by TOTAL PETROCHEMICALS USA, INC. ("TPI") and TPI's distribution network for transporting those commodities to its customers. Ms. Reynolds' testimony encompasses TPI's transportation costs, contracts, modes, and providers; TPI's use of leased tracks and bulk terminals; and other supply chain issues. Ms. Reynolds also provides responses to assertions made by defendant CSX Transportation, Inc. in its Reply Evidence regarding the transportation needs and requirements of TPI's customers, TPI's supply contracts with its customers, and the transportations costs that are or would be incurred by TPI under various scenarios. These issues are discussed in Part I ("Counsel's Argument and Summary of Evidence") and Part II-B ("Qualitative Market Dominance").

Ms. Reynolds is qualified and competent to provide testimony in this proceeding. Since August 1, 2009, Ms. Reynolds has held the position of Strategic Planning Advisor for TPI and her responsibilities include department, business unit and global reporting on transportation and distribution activities; planning and budgeting business unit T&D expenses; supporting Sourcing and Sales with information on freight rates; assisting with Supply Chain SAP change management; and related projects. Ms. Reynolds began her career with TPI in January 1986 as the Customer Service Representative. She worked both Domestic and Export Customer Service, Customer Service Supervisor, and Demand Planner for polymers. She also has seven years experience designing and supporting the TPI SAP operations system.

Ms. Reynolds earned a Bachelor of Business Administration in General Business from the University of North Texas, Denton, Texas.

VERIFICATION

I, Sheri Reynolds, verify under penalty of perjury that I have read the Rebuttal Evidence of TOTAL PETROCHEMICALS USA, INC. 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 based on my knowledge, information, and belief. Further, I certify that I am qualified and authorized to file this statement.

Sheri Reynolds
Strategic Planning Advisor

Executed on August 29, 2011

JIM PARKS
Senior Manager – Financial Accounting
TOTAL PETROCHEMICALS USA, INC.

Mr. Parks is sponsoring factual evidence pertaining to accounting principles and the use of inventory carrying costs by management of TOTAL PETROCHEMICALS USA, INC. ("TPI"). In particular, Mr. Parks provides a response to assertions of CSX Transportation, Inc. ("CSXT") in its Reply Evidence regarding the propriety and use of inventory carrying costs. Mr. Parks demonstrates that TPI uses inventory carrying costs in this analysis for the purpose of describing management's view of all costs related to inventory management. Mr. Parks also shows how inventory carrying costs has an impact on the business units' capital employed. These issues are discussed in Part I ("Counsel's Argument and Summary of Evidence") and Part II-B ("Qualitative Market Dominance").

Mr. Parks is qualified and competent to provide testimony in this proceeding. Since August 2007, Mr. Parks has held the position of Senior Manager – Financial Accounting for TPI and his responsibilities include the oversight of numerous accounting functions including financial reporting and implementation of new accounting standards under both the International Financial Reporting Standards ("IFRS") and U.S. Generally Accepted Accounting Principles ("GAAP"). Mr. Parks began his career with TPI in 1985 as an Accountant.

Mr. Parks earned a BBA from Texas A&M University in 1985 and is a licensed CPA by the State of Texas.

VERIFICATION

I, Jim Parks, verify under penalty of perjury that I have read the Rebuttal Evidence of TOTAL PETROCHEMICALS USA, INC. 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 based on my knowledge, information, and belief. Further, I certify that I am qualified and authorized to file this statement.

Jim Parks

Executed on August 31, 2011

PUBLIC VERSION

BEFORE THE
SURFACE TRANSPORTATION BOARD

TOTAL PETROCHEMICALS USA, INC.	)	
Complainant,	)	
v.	)	**Docket No. NOR 42121**
CSX TRANSPORTATION, INC.	)	
Defendant.	)	

REBUTTAL MARKET DOMINANCE EVIDENCE OF

TOTAL PETROCHEMICALS USA, INC.

Volume II of II

EXHIBITS

Jeffrey O. Moreno
David E. Benz
Thompson Hine LLP
Suite 800
1920 N St. NW
Washington, DC 20036
Phone: (202) 331-8800
Fax: (202) 331-8330

September 6, 2011

filing contains color images

PUBLIC VERSION

Exhibit

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios Per Car for TPI Movements – 3Q10 [PUBLIC] II-A-1

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios Per Car for TPI Movements – 4Q10 [PUBLIC] II-A-2

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios Per Car for TPI Movements – 1Q11 [PUBLIC] II-A-3

Traffic and Operating Characteristics Used for Variable Cost Calculations [PUBLIC] II-A-4

Summary of CSXT Tariff Rates for TPI Movements 3Q10-1Q11 [PUBLIC] II-A-5

E-mail from CSXT regarding Sidney, OH (01.24.11) [CONF] II-B-1

Car location messages for certain Sidney, OH shipments [CONF] II-B-2

E-mail regarding 2007 Sidney, OH attempt (10.04.07) [HC] II-B-3

E-mail regarding 2010 Sidney, OH attempts (12.27.10) [HC] II-B-4

CSXT tariff 8100, Absorption Rules, Section XIII-B [PUBLIC] II-B-5

Car location messages for certain Lima, OH shipments [CONF] II-B-6

E-mail regarding Ford Park in Lima, OH (08.17.11) [HC] II-B-7

Tracking system report for 2007 shipment to Lima, OH [CONF] II-B-8

Qualitative Market Dominance Determination: analysis of CSXT costs [HC/PUBLIC] II-B-9

New York Times, Business Day, Company News; "Sunoco Agrees to Buy Mitsubishi's Aristech Chemical" (Nov. 10, 2000) [PUBLIC] II-B-10

The Dispatch, Newsletter of Watco Companies, Inc. (May 2005), "Watco friend and partner retires after 19 years in the industry" [PUBLIC] II-B-11

SupplyChainBrain, Chemicals & Energy, "Sunoco's Shipping Process Inside Its Plants Goes from Manual to Highly Optimized" (Sept. 1, 2004) [PUBLIC] II-B-12

"Sunoco Chemicals' Customer Letter on Competitive Rail Transportation" [PUBLIC] II-B-13

E-mail about truck transportation (02.16.11) [HC] II-B-14

TPI report [HC] II-B-15

Rail rate increase history [HC] II-B-16

Correspondence regarding contamination claims [HC] II-B-17

All Business, "The dirty facts about railcar unloading" [PUBLIC] II-B-18

TPI e-mail (08.02.11) [HC] II-B-19

Transcript, "Surface Freight Transportation Responsibilities: Who Does What?", presentation by, among others, Jim Pugh, Director of the Office of Marine Highways & Passenger Services at the Maritime Administration (01.21.09) [PUBLIC] II-B-20

Federal Highway Administration, "Chapter X: Rail, Western Uniformity Scenario Analysis" [PUBLIC] II-B-21

RSSI Locomotive Tracking White Paper [PUBLIC] II-B-22

Restatement of CSXT's Alternative Transportation Costs [HC] II-B-23

Inventory Effect of Terminal Proliferation [HC] II-B-24

Polymer Demand Variability [HC] II-B-25

Resin Handling Guide, American Chemistry Council/American Plastics Council Transportation & Logistics Committee [PUBLIC] II-B-26

Pellet Handling Manual, Operation Clean Sweep [PUBLIC] II-B-27

TRANSFLO website (about TRANSFLO) [PUBLIC] II-B-28

TRANSFLO website (plastics) [PUBLIC] II-B-29

Quality Distribution announcement about Greer, SC [PUBLIC] II-B-30

Comments of the Society of the Plastics Industry, Inc., Union Pacific Corporation, et al. – Control and Merger – Southern Pacific Rail Corporation, et al., STB Finance Docket No. 32760 (filed March 29, 1996) [PUBLIC] II-B-31

TPI e-mail (09.01.11) [HC] II-B-32

Rebuttal Exhibit II-A- 1

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios Per Car for TPI Movements – 3Q10

Origin 1/		Destination		Railroad	Commodity	Phase III Cost Base Year 2009	3Q2010 Index to 3Q10	3Q2010 Phase III Cost 2/	3Q2010 Jurisdictional Threshold 3/	3Q2010 Tariff Rate 4/	3Q2010 Revenue/Variable Cost Ratio 5/	CSXT Reply Variable Cost 7/	Variable Cost Difference 8/	CSXT Reply R/VC Ratio 9/	R/VC Difference 10/
(1)		(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Exhibit A															
2. Clinton	IN	Atherton	IN	CSXT	Polypropylene	$564	1.04885	$592	$1,065	$2,726	461%	$592	$0	461%	0%
Exhibit B															
1. Memphis	TN	Social Circle	GA	CSXT	Polypropylene	$1,256	1.04885	$1,317	$2,371	$5,495	417%	$1,317	$0	417%	0%
2. Memphis	TN	Evansville	IN	CSXT	Polypropylene	$1,074	1.04885	$1,126	$2,028	$4,880	433%	$1,126	$0	433%	0%
3. New Orleans	LA	Covington	GA	CSXT	Polystyrene	$1,386	1.04885	$1,454	$2,617	$5,974	411%	$1,517	-$63	394%	17%
4. Chicago	IL	Clinton	IN	CSXT	Polypropylene	$621	1.04885	$651	$1,172	$3,718	571%	$651	$0	571%	0%
5. New Orleans	LA	Ampthill	VA	CSXT	Polyethylene HD	$2,499	1.04885	$2,621	$4,718	$9,156	349%	$2,621	$0	349%	0%
6. Memphis	TN	Bowling Green	KY	CSXT	Polypropylene	$901	1.04885	$945	$1,701	$5,032	533%	$945	$0	533%	0%
7. New Orleans	LA	Conyers	GA	CSXT	Polystyrene	$1,351	1.04885	$1,417	$2,551	$5,972	421%	$1,417	$0	421%	0%
8. New Orleans	LA	Barnett	GA	CSXT	Polypropylene	$1,480	1.04885	$1,552	$2,794	$7,043	454%	$1,552	$0	454%	0%
9. New Orleans	LA	Athens	GA	CSXT	Polypropylene	$1,474	1.04885	$1,546	$2,783	$5,984	387%	$1,546	$0	387%	0%
10. Memphis	TN	Vine Hill	TN	CSXT	Polypropylene	$553	1.04885	$580	$1,044	$5,017	865%	$580	$0	864%	1%
11. New Orleans	LA	Hope Hull	AL	CSXT	Polystyrene	$950	1.04885	$996	$1,794	$4,316	433%	$1,062	-$66	406%	27%
12. New Orleans	LA	Oneco	FL	CSXT	Polypropylene	$1,903	1.04885	$1,996	$3,593	$7,914	396%	$1,996	$0	396%	0%
13. Memphis	TN	Glasgow	KY	CSXT	Polystyrene	$977	1.04885	$1,025	$1,845	$5,041	492%	$1,025	$0	492%	0%
14. New Orleans	LA	Winchester	VA	CSXT	Polystyrene	$3,158	1.04885	$3,312	$5,962	$9,399	284%	$3,312	$0	284%	0%
15. Chicago	IL	Orangeburg	NY	CSXT	Polyethylene HD	$2,072	1.04885	$2,173	$3,912	$7,571	348%	$2,173	$0	348%	0%
16. New Orleans	LA	Galloway	FL	CSXT	Aromatics (Styrene)	$2,198	1.04885	$2,305	$4,150	$7,039	305%	$2,305	$0	305%	0%
17. Chicago	IL	Anderson	IN	CSXT	Polypropylene	$773	1.04885	$811	$1,459	$3,893	480%	$811	$0	478%	2%
18. Chicago	IL	Cincinnati	OH	CSXT	Polyethylene HD	$1,001	1.04885	$1,050	$1,890	$4,576	436%	$1,050	$0	436%	0%
19. Memphis	TN	Evansville	IN	CSXT	Polystyrene	$1,075	1.04885	$1,128	$2,030	$4,880	433%	$1,128	$0	433%	0%
20. Chicago	IL	Cumberland	MD	CSXT	Polypropylene	$1,489	1.04885	$1,562	$2,811	$6,509	417%	$1,562	$0	417%	0%
21. New Orleans	LA	Hamlet	NC	CSXT	Polypropylene	$1,912	1.04885	$2,005	$3,610	$6,764	337%	$2,005	$0	337%	0%
22. Chicago	IL	Mentor	OH	CSXT	Polypropylene	$1,142	1.04885	$1,198	$2,156	$4,945	413%	$1,198	$0	413%	0%
23. New Orleans	LA	North Cove	NC	CSXT	Polyethylene HD	$2,266	1.04885	$2,377	$4,278	$7,540	317%	$2,377	$0	317%	0%
25. Memphis	TN	Guthrie	KY	CSXT	Polystyrene	$626	1.04885	$657	$1,182	$5,027	766%	$657	$0	766%	0%
26. New Orleans	LA	Beech Island	SC	CSXT	Polystyrene	$1,641	1.04885	$1,721	$3,098	$7,032	409%	$1,721	$0	408%	0%
28. New Orleans	LA	Social Circle	GA	CSXT	Polypropylene	$1,239	1.04885	$1,300	$2,339	$5,985	461%	$1,300	$0	461%	0%
29. Memphis	TN	Piqua	OH	CSXT	Polystyrene	$1,717	1.04885	$1,801	$3,242	$6,434	357%	$1,801	$0	357%	0%
30. East St. Louis	IL	Painesville	OH	CSXT	Aromatics	$1,548	1.04885	$1,624	$2,923	$3,734	230%	$1,736	-$112	215%	15%
31. New Orleans	LA	Monroe	NC	CSXT	Polypropylene	$2,047	1.04885	$2,147	$3,865	$8,453	394%	$2,147	$0	393%	1%
32. Effingham	IL	Terre Haute	IN	CSXT	Polystyrene	$706	1.04885	$740	$1,333	$3,619	489%	$740	$0	488%	1%
33. Chicago	IL	Terre Haute	IN	CSXT	Polyethylene HD	$1,057	1.04885	$1,109	$1,996	$3,775	341%	$1,280	-$171	292%	48%
34. Chicago	IL	Utica	NY	CSXT	Polypropylene	$1,475	1.04885	$1,547	$2,785	$7,521	486%	$1,547	$0	486%	0%
35. New Orleans	LA	Cartersville	GA	CSXT	Polypropylene	$1,391	1.04885	$1,459	$2,626	$5,975	410%	$1,459	$0	407%	2%
36. New Orleans	LA	Stanley	NC	CSXT	Polypropylene	$2,064	1.04885	$2,165	$3,897	$8,462	391%	$2,165	$0	388%	3%
37. New Orleans	LA	Laurens	SC	CSXT	Polypropylene	$1,373	1.04885	$1,440	$2,592	$7,242	503%	$1,440	$0	503%	0%
38. New Orleans	LA	De land	FL	CSXT	Polypropylene	$1,962	1.04885	$2,058	$3,704	$7,618	370%	$2,178	-$121	350%	20%
39. New Orleans	LA	Lawrenceville	GA	CSXT	Polyethylene HD	$1,370	1.04885	$1,437	$2,586	$5,974	416%	$1,437	$0	416%	0%
42. Effingham	IL	Ivyland	PA	CSXT	Polystyrene	$2,023	1.04885	$2,122	$3,819	$8,279	390%	$2,280	-$158	363%	27%
43. New Orleans	LA	Covington	GA	CSXT	Polypropylene	$1,383	1.04885	$1,451	$2,611	$5,974	412%	$1,513	-$63	395%	17%
44. East St. Louis	IL	Sidney	OH	CSXT	Polypropylene	$988	1.04885	$1,036	$1,865	$5,110	493%	$1,036	$0	493%	0%
45. New Orleans	LA	Hollywood	FL	CSXT	Polypropylene	$2,568	1.04885	$2,693	$4,848	$7,739	287%	$2,839	-$146	273%	15%
46. New Orleans	LA	Lakeland	FL	CSXT	Polystyrene	$2,029	1.04885	$2,128	$3,831	$7,899	371%	$2,128	$0	371%	0%
48. New Orleans	LA	Ackerman	GA	CSXT	Polypropylene	$1,328	1.04885	$1,393	$2,507	$5,969	429%	$1,393	$0	429%	0%
49. Chicago	IL	Westboro	MA	CSXT	Polyethylene HD	$2,269	1.04885	$2,380	$4,284	$8,903	374%	$2,380	$0	374%	0%
51. Memphis	TN	Gallaway	TN 6/	CSXT	Polystyrene	$395	1.04885	$414	$746	$4,347	1049%	$1,313	-$899	331%	718%
52. Memphis	TN	Bridgeport	AL	CSXT	Polystyrene	$690	1.04885	$724	$1,303	$5,476	757%	$724	$0	754%	3%
53. Memphis	TN	Vine Hill	TN	CSXT	Polyethylene HD	$553	1.04885	$580	$1,044	$5,017	865%	$580	$0	864%	1%
54. New Orleans	LA	LaGrange	GA	CSXT	Polypropylene	$1,465	1.04885	$1,537	$2,766	$5,537	360%	$1,537	$0	358%	2%
55. New Orleans	LA	Ansley	MS	CSXT	Polystyrene	$415	1.04885	$435	$783	$5,457	1254%	$435	$0	1254%	0%
56. Chicago	IL	Terre Haute	IN	CSXT	Polypropylene	$1,057	1.04885	$1,109	$1,996	$3,775	341%	$1,280	-$171	292%	48%

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios Per Car for TPI Movements -- 3Q10

	Origin 1/		Destination		Railroad	Commodity	Phase III Cost Base Year 2009	3Q2010 Index to 3Q10	3Q2010 Phase III Cost 2/	3Q2010 Jurisdictional Threshold 3/	3Q2010 Tariff Rate 4/	3Q2010 Revenue/Variable Cost Ratio 5/	CSXT Reply Variable Cost 7/	Variable Cost Difference 8/	CSXT Reply R/VC Ratio 9/	R/VC Difference 10/
	(1)		(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
57.	Memphis	TN	Hopkinsville	KY	CSXT	Polyethylene HD	$915	1.04885	$960	$1,727	$5,033	524%	$960	$0	524%	0%
58.	New Orleans	LA	Orlando	FL	CSXT	Polyethylene HD	$1,974	1.04885	$2,070	$3,727	$7,624	368%	$2,070	$0	368%	0%
59.	New Orleans	LA	Augusta	KY	CSXT	Polypropylene	$2,191	1.04885	$2,298	$4,136	$7,852	342%	$2,298	$0	341%	1%
60.	New Orleans	LA	Baltimore	MD	CSXT	Polyethylene HD	$2,708	1.04885	$2,840	$5,112	$9,728	343%	$3,328	-$488	292%	50%
61.	Chicago	IL	Utica	NY	CSXT	Polyethylene HD	$1,475	1.04885	$1,547	$2,785	$7,521	486%	$1,547	$0	486%	0%
62.	Chicago	IL	Clarksburg	WV	CSXT	Polypropylene	$1,847	1.04885	$1,937	$3,487	$6,392	330%	$1,937	$0	328%	2%
63.	Memphis	TN	Madisonville	KY	CSXT	Polypropylene	$1,017	1.04885	$1,067	$1,920	$4,870	457%	$1,067	$0	457%	0%
64.	New Orleans	LA	Atlanta	GA	CSXT	Aromatics	$1,325	1.04885	$1,390	$2,502	$5,709	411%	$1,390	$0	411%	0%
66.	New Orleans	LA	Wareco	GA	CSXT	Polypropylene	$1,365	1.04885	$1,432	$2,577	$7,000	489%	$1,432	$0	489%	0%
67.	Chicago	IL	Akron	OH	CSXT	Polypropylene	$1,244	1.04885	$1,305	$2,349	$4,957	380%	$1,305	$0	380%	0%
69.	Memphis	TN	Gallaway	TN 6/	CSXT	Polypropylene	$394	1.04885	$413	$744	$4,347	1052%	$1,312	-$899	331%	721%
70.	New Orleans	LA	Chattanooga	TN	CSXT	Polypropylene	$1,571	1.04885	$1,648	$2,966	$5,837	354%	$1,648	$0	354%	0%
71.	New Orleans	LA	Eton	GA	CSXT	Polypropylene	$1,644	1.04885	$1,724	$3,104	$5,845	339%	$1,724	$0	339%	0%
72.	New Orleans	LA	Tyner	TN	CSXT	Polypropylene	$1,604	1.04885	$1,682	$3,028	$5,841	347%	$1,682	$0	347%	0%
74.	Memphis	TN	Vine Hill	TN	CSXT	Polyethylene HD	$553	1.04885	$580	$1,044	$5,017	865%	$580	$0	864%	1%
75.	Memphis	TN	Jackson	TN 6/	CSXT	Polypropylene	$559	1.04885	$586	$1,055	$4,368	745%	$1,124	-$538	389%	357%
76.	Memphis	TN	Lewisburg	TN	CSXT	Polypropylene	$1,501	1.04885	$1,574	$2,834	$5,101	324%	$1,574	$0	323%	1%
77.	New Orleans	LA	Evergreen	AL	CSXT	Polyethylene HD	$1,091	1.04885	$1,144	$2,060	$3,167	277%	$1,144	$0	273%	4%
78.	New Orleans	LA	Helena	AL	CSXT	Polypropylene	$1,205	1.04885	$1,264	$2,275	$5,192	411%	$1,264	$0	406%	4%
79.	New Orleans	LA	Newnan	GA	CSXT	Polypropylene	$1,369	1.04885	$1,436	$2,585	$5,974	416%	$1,436	$0	414%	2%
80.	New Orleans	LA	Green Spring	WV	CSXT	Polypropylene	$2,683	1.04885	$2,814	$5,065	$9,367	333%	$2,814	$0	333%	0%
81.	Chicago	IL	Indianapolis	IN	CSXT	Polystyrene	$711	1.04885	$746	$1,342	$3,987	535%	$746	$0	535%	0%
82.	Chicago	IL	Livonia	MI	CSXT	Polyethylene HD	$939	1.04885	$985	$1,773	$5,510	559%	$985	$0	559%	0%
83.	Chicago	IL	Lockport	NY	CSXT	Polypropylene	$1,392	1.04885	$1,460	$2,628	$6,396	438%	$1,460	$0	438%	0%
84.	Chicago	IL	Wapakoneta	OH	CSXT	Polypropylene	$1,263	1.04885	$1,325	$2,384	$4,090	309%	$1,325	$0	309%	0%
86.	New Orleans	LA	Thomson	GA	CSXT	Polyethylene HD	$1,720	1.04885	$1,804	$3,247	$7,043	390%	$1,804	$0	389%	1%
87.	New Orleans	LA	Tarboro	NC	CSXT	Polyethylene HD	$2,199	1.04885	$2,306	$4,152	$8,612	373%	$2,306	$0	373%	0%
89.	Memphis	TN	Horse Cave	KY	CSXT	Polystyrene	$983	1.04885	$1,031	$1,856	$5,334	517%	$1,349	-$318	395%	122%
91.	New Orleans	LA	Matthews	NC	CSXT	Polyethylene HD	$1,798	1.04885	$1,886	$3,394	$8,425	447%	$2,102	-$216	401%	46%
93.	Chicago	IL	North Vernon	IN	CSXT	Polyethylene HD	$1,222	1.04885	$1,282	$2,307	$4,084	319%	$1,282	$0	319%	0%
94.	New Orleans	LA	Pendergrass	GA	CSXT	Polypropylene	$1,585	1.04885	$1,662	$2,992	$5,997	361%	$1,662	$0	361%	0%
96.	Chicago	IL	Francesville	IN	CSXT	Polyethylene HD	$600	1.04885	$629	$1,133	$4,157	661%	$629	$0	661%	0%
97.	New Orleans	LA	Jefferson	GA	CSXT	Polystyrene	$1,458	1.04885	$1,529	$2,753	$5,987	392%	$1,529	$0	391%	0%
98.	New Orleans	LA	Jefferson	GA	CSXT	Polypropylene	$1,456	1.04885	$1,527	$2,749	$5,987	392%	$1,527	$0	392%	0%
100.	Memphis	TN	Gallaway	TN 6/	CSXT	Polyethylene HD	$394	1.04885	$413	$744	$4,347	1052%	$1,312	-$899	331%	721%
101.	Memphis	TN	Glasgow	KY	CSXT	Polypropylene	$976	1.04885	$1,024	$1,843	$5,041	492%	$1,024	$0	492%	0%
102.	New Orleans	LA	Ackerman	GA	CSXT	Polyethylene HD	$1,328	1.04885	$1,393	$2,507	$5,969	429%	$1,393	$0	429%	0%
103.	New Orleans	LA	Beech Island	SC	CSXT	Polypropylene	$1,638	1.04885	$1,718	$3,092	$7,032	409%	$1,718	$0	409%	0%
104.	New Orleans	LA	De land	FL	CSXT	Polyethylene HD	$1,904	1.04885	$1,997	$3,595	$7,613	381%	$1,997	$0	381%	0%
105.	New Orleans	LA	Hamlet	NC	CSXT	Polyethylene HD	$1,912	1.04885	$2,005	$3,610	$6,764	337%	$2,005	$0	337%	0%
106.	New Orleans	LA	Hamlet	NC	CSXT	Polystyrene	$1,914	1.04885	$2,007	$3,613	$6,764	337%	$2,007	$0	337%	0%
108.	Chicago	IL	Akron	OH	CSXT	Polyethylene HD	$1,244	1.04885	$1,305	$2,349	$4,957	380%	$1,305	$0	380%	0%
109.	Chicago	IL	Lima	OH	CSXT	Polyethylene HD	$1,234	1.04885	$1,294	$2,330	$4,087	316%	$1,294	$0	316%	0%
110.	Chicago	IL	Lima	OH	CSXT	Polypropylene	$1,234	1.04885	$1,294	$2,330	$4,087	316%	$1,294	$0	316%	0%
111.	Chicago	IL	Pittsfield	MA	CSXT	Polypropylene	$2,008	1.04885	$2,106	$3,791	$8,401	399%	$2,106	$0	398%	1%
112.	New Orleans	LA	Dalton	GA	CSXT	Polypropylene	$1,654	1.04885	$1,735	$3,123	$5,847	337%	$1,735	$0	337%	0%
113.	Chicago	IL	Clarksburg	WV	CSXT	Polyethylene HD	$1,847	1.04885	$1,937	$3,487	$6,392	330%	$1,937	$0	328%	2%
115.	Chicago	IL	Indianapolis	IN	CSXT	Polypropylene	$710	1.04885	$745	$1,340	$3,987	535%	$745	$0	535%	0%
116.	Social Circle	GA	Covington	GA	CSXT	Polypropylene	$368	1.04885	$386	$695	$3,303	856%	$386	$0	856%	0%
117.	Social Circle	GA	Athens	GA	CSXT	Polypropylene	$580	1.04885	$608	$1,095	$3,330	547%	$608	$0	547%	0%
118.	Social Circle	GA	Conyers	GA 6/	CSXT	Polypropylene	$389	1.04885	$408	$734	$3,305	810%	$541	-$133	611%	199%
119.	Chicago	IL	Evansville	IN	CSXT	Polystyrene	$885	1.04885	$928	$1,671	$4,928	531%	$928	$0	531%	0%
120.	New Orleans	LA	Conyers	GA	CSXT	Polypropylene	$1,348	1.04885	$1,414	$2,545	$5,972	422%	$1,414	$0	422%	0%

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios Per Car for TPI Movements – 3Q10

Origin 1/	Destination	Railroad	Commodity	Phase III Cost Base Year 2009	3Q2010 Index to 3Q10	3Q2010 Phase III Cost 2/	3Q2010 Jurisdictional Threshold 3/	3Q2010 Tariff Rate 4/	3Q2010 Revenue/Variable Cost Ratio 5/	CSXT Reply Variable Cost 7/	Variable Cost Difference 8/	CSXT Reply R/VC Ratio 9/	R/VC Difference 10/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

1/ The issue movement lane numbers correspond to the issue movement lane numbers in TPI's Fourth Amended Complaint.
2/ Column (5) x Column (6)
3/ Column (7) x 1.8
4/ Average Tariff Rate including fuel surcharge for 3Q10 – see Rebuttal Exhibit II-A-5
5/ Column (9) ÷ Column (7)
6/ Movement where PC Miler/Rail miles were used.
7/ Source: CSXT Reply Exhibit II-A-2 dated August 5, 2011
8/ Column (7) - Column (11)
9/ Source: CSXT Reply Exhibit II-A-2 dated August 5, 2011
10/ Column (10) - Column (13)

Rebuttal Exhibit II-A- 2

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios Per Car for TPI Movements – 4Q10

Origin 1/		Destination		Railroad	Commodity	Phase III Cost Base Year 2009	4Q2010 Index to 4Q10	4Q2010 Phase III Cost 2/	4Q2010 Jurisdictional Threshold 3/	4Q2010 Tariff Rate 4/	4Q2010 Revenue/Variable Cost Ratio 5/	CSXT Reply Variable Cost 7/	Variable Cost Difference 8/	CSXT Reply R/VC Ratio 9/	R/VC Difference 10/
(1)		(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Exhibit A															
2. Clinton	IN	Atherton	IN	CSXT	Polypropylene	$564	1.06744	$602	$1,084	$2,726	453%	$602	$0	453%	0%
Exhibit B															
1. Memphis	TN	Social Circle	GA	CSXT	Polypropylene	$1,256	1.06744	$1,341	$2,413	$5,525	412%	$1,341	$0	412%	0%
2. Memphis	TN	Evansville	IN	CSXT	Polypropylene	$1,074	1.06744	$1,146	$2,064	$4,900	427%	$1,147	$0	427%	0%
3. New Orleans	LA	Covington	GA	CSXT	Polystyrene	$1,386	1.06744	$1,479	$2,663	$6,002	406%	$1,544	-$64	389%	17%
4. Chicago	IL	Clinton	IN	CSXT	Polypropylene	$621	1.06744	$663	$1,193	$3,726	562%	$663	$0	562%	0%
5. New Orleans	LA	Ampthill	VA	CSXT	Polyethylene HD	$2,499	1.06744	$2,668	$4,802	$9,212	345%	$2,668	$0	345%	0%
6. Memphis	TN	Bowling Green	KY	CSXT	Polypropylene	$901	1.06744	$962	$1,731	$5,047	525%	$962	$0	525%	0%
7. New Orleans	LA	Conyers	GA	CSXT	Polystyrene	$1,351	1.06744	$1,442	$2,596	$5,999	416%	$1,442	$0	416%	0%
8. New Orleans	LA	Barnett	GA	CSXT	Polypropylene	$1,480	1.06744	$1,580	$2,844	$7,080	448%	$1,580	$0	448%	0%
9. New Orleans	LA	Athens	GA	CSXT	Polypropylene	$1,474	1.06744	$1,573	$2,832	$6,013	382%	$1,574	$0	382%	0%
10. Memphis	TN	Vine Hill	TN	CSXT	Polypropylene	$553	1.06744	$590	$1,063	$5,029	852%	$590	$0	850%	2%
11. New Orleans	LA	Hope Hull	AL	CSXT	Polystyrene	$950	1.06744	$1,014	$1,825	$4,333	427%	$1,081	-$67	401%	27%
12. New Orleans	LA	Oneco	FL	CSXT	Polypropylene	$1,903	1.06744	$2,031	$3,656	$7,962	392%	$2,032	$0	392%	0%
13. Memphis	TN	Glasgow	KY	CSXT	Polystyrene	$977	1.06744	$1,043	$1,877	$5,058	485%	$1,043	$0	485%	0%
14. New Orleans	LA	Winchester	VA	CSXT	Polystyrene	$3,158	1.06744	$3,371	$6,068	$9,475	281%	$3,371	$0	281%	0%
15. Chicago	IL	Orangeburg	NY	CSXT	Polyethylene HD	$2,072	1.06744	$2,212	$3,981	$7,618	344%	$2,212	$0	344%	0%
16. New Orleans	LA	Galloway	FL	CSXT	Aromatics (Styrene)	$2,198	1.06744	$2,346	$4,223	$7,085	302%	$2,347	$0	302%	0%
17. Chicago	IL	Anderson	IN	CSXT	Polypropylene	$773	1.06744	$825	$1,485	$3,905	473%	$825	$0	471%	2%
18. Chicago	IL	Cincinnati	OH	CSXT	Polyethylene HD	$1,001	1.06744	$1,069	$1,923	$4,594	430%	$1,069	$0	430%	0%
19. Memphis	TN	Evansville	IN	CSXT	Polystyrene	$1,075	1.06744	$1,147	$2,066	$4,900	427%	$1,148	$0	427%	0%
20. Chicago	IL	Cumberland	MD	CSXT	Polypropylene	$1,489	1.06744	$1,589	$2,861	$6,539	411%	$1,590	$0	411%	0%
21. New Orleans	LA	Hamlet	NC	CSXT	Polypropylene	$1,912	1.06744	$2,041	$3,674	$6,807	333%	$2,041	$0	333%	0%
22. Chicago	IL	Mentor	OH	CSXT	Polypropylene	$1,142	1.06744	$1,219	$2,194	$4,967	407%	$1,219	$0	407%	0%
23. New Orleans	LA	North Cove	NC	CSXT	Polyethylene HD	$2,266	1.06744	$2,419	$4,354	$7,591	314%	$2,419	$0	314%	0%
25. Memphis	TN	Guthrie	KY	CSXT	Polystyrene	$626	1.06744	$668	$1,203	$5,041	754%	$668	$0	754%	0%
26. New Orleans	LA	Beech Island	SC	CSXT	Polystyrene	$1,641	1.06744	$1,752	$3,153	$7,067	403%	$1,752	$0	403%	0%
28. New Orleans	LA	Social Circle	GA	CSXT	Polypropylene	$1,239	1.06744	$1,323	$2,381	$6,014	455%	$1,323	$0	455%	0%
29. Memphis	TN	Piqua	OH	CSXT	Polystyrene	$1,717	1.06744	$1,833	$3,299	$6,471	353%	$1,833	$0	353%	0%
30. East St. Louis	IL	Painesville	OH	CSXT	Aromatics	$1,548	1.06744	$1,652	$2,974	$3,764	228%	$1,767	-$114	213%	15%
31. New Orleans	LA	Monroe	NC	CSXT	Polypropylene	$2,047	1.06744	$2,185	$3,933	$8,498	389%	$2,185	$0	387%	1%
32. Effingham	IL	Terre Haute	IN	CSXT	Polystyrene	$706	1.06744	$754	$1,357	$3,629	482%	$754	$0	480%	1%
33. Chicago	IL	Terre Haute	IN	CSXT	Polyethylene HD	$1,057	1.06744	$1,128	$2,031	$3,795	336%	$1,302	-$174	288%	48%
34. Chicago	IL	Utica	NY	CSXT	Polypropylene	$1,475	1.06744	$1,574	$2,834	$7,558	480%	$1,575	$0	480%	0%
35. New Orleans	LA	Cartersville	GA	CSXT	Polypropylene	$1,391	1.06744	$1,485	$2,673	$6,003	404%	$1,485	$0	401%	3%
36. New Orleans	LA	Stanley	NC	CSXT	Polypropylene	$2,064	1.06744	$2,203	$3,966	$8,508	386%	$2,203	$0	382%	4%
37. New Orleans	LA	Laurens	SC	CSXT	Polypropylene	$1,373	1.06744	$1,466	$2,638	$7,276	496%	$1,466	$0	496%	0%
38. New Orleans	LA	De land	FL	CSXT	Polypropylene	$1,962	1.06744	$2,094	$3,770	$7,661	366%	$2,217	-$123	346%	20%
39. New Orleans	LA	Lawrenceville	GA	CSXT	Polyethylene HD	$1,370	1.06744	$1,462	$2,632	$6,002	410%	$1,463	$0	410%	0%
42. Effingham	IL	Ivyland	PA	CSXT	Polystyrene	$2,023	1.06744	$2,159	$3,887	$8,331	386%	$2,321	-$161	359%	27%
43. New Orleans	LA	Covington	GA	CSXT	Polypropylene	$1,383	1.06744	$1,476	$2,657	$6,002	407%	$1,541	-$64	390%	17%
44. East St. Louis	IL	Sidney	OH	CSXT	Polypropylene	$988	1.06744	$1,055	$1,898	$5,128	486%	$1,055	$0	486%	0%
45. New Orleans	LA	Hollywood	FL	CSXT	Polypropylene	$2,568	1.06744	$2,741	$4,934	$7,799	284%	$2,890	-$149	270%	15%
46. New Orleans	LA	Lakeland	FL	CSXT	Polystyrene	$2,029	1.06744	$2,166	$3,899	$7,945	367%	$2,166	$0	367%	0%
48. New Orleans	LA	Ackerman	GA	CSXT	Polypropylene	$1,328	1.06744	$1,418	$2,552	$5,996	423%	$1,418	$0	423%	0%
49. Chicago	IL	Westboro	MA	CSXT	Polyethylene HD	$2,269	1.06744	$2,422	$4,360	$8,954	370%	$2,422	$0	370%	0%
51. Memphis	TN	Gallaway	TN 6/	CSXT	Polystyrene	$395	1.06744	$422	$759	$4,349	1031%	$1,337	-$915	325%	706%
52. Memphis	TN	Bridgeport	AL	CSXT	Polystyrene	$690	1.06744	$737	$1,326	$5,491	746%	$737	$0	742%	3%
53. Memphis	TN	Vine Hill	TN	CSXT	Polyethylene HD	$553	1.06744	$590	$1,063	$5,029	852%	$590	$0	850%	2%
54. New Orleans	LA	LaGrange	GA	CSXT	Polypropylene	$1,465	1.06744	$1,564	$2,815	$5,568	356%	$1,564	$0	354%	2%
55. New Orleans	LA	Ansley	MS	CSXT	Polystyrene	$415	1.06744	$443	$797	$5,459	1232%	$443	$0	1232%	0%
56. Chicago	IL	Terre Haute	IN	CSXT	Polypropylene	$1,057	1.06744	$1,128	$2,031	$3,795	336%	$1,302	-$174	288%	48%

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios Per Car for TPI Movements – 4Q10

	Origin 1/		Destination		Railroad	Commodity	Phase III Cost Base Year 2009	4Q2010 Index to 4Q10	4Q2010 Phase III Cost 2/	4Q2010 Jurisdictional Threshold 3/	4Q2010 Tariff Rate 4/	4Q2010 Revenue/Variable Cost Ratio 5/	CSXT Reply Variable Cost 7/	Variable Cost Difference 8/	CSXT Reply R/VC Ratio 9/	R/VC Difference 10/
	(1)		(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
57.	Memphis	TN	Hopkinsville	KY	CSXT	Polyethylene HD	$915	1.06744	$977	$1,758	$5,049	517%	$977	$0	517%	0%
58.	New Orleans	LA	Orlando	FL	CSXT	Polyethylene HD	$1,974	1.06744	$2,107	$3,793	$7,668	364%	$2,107	$0	364%	0%
59.	New Orleans	LA	Augusta	KY	CSXT	Polypropylene	$2,191	1.06744	$2,339	$4,210	$7,902	338%	$2,339	$0	337%	1%
60.	New Orleans	LA	Baltimore	MD	CSXT	Polyethylene HD	$2,708	1.06744	$2,891	$5,203	$9,793	339%	$3,387	-$497	289%	50%
61.	Chicago	IL	Utica	NY	CSXT	Polyethylene HD	$1,475	1.06744	$1,574	$2,834	$7,558	480%	$1,575	$0	480%	0%
62.	Chicago	IL	Clarksburg	WV	CSXT	Polypropylene	$1,847	1.06744	$1,972	$3,549	$6,433	326%	$1,972	$0	324%	2%
63.	Memphis	TN	Madisonville	KY	CSXT	Polypropylene	$1,017	1.06744	$1,086	$1,954	$4,888	450%	$1,086	$0	450%	0%
64.	New Orleans	LA	Atlanta	GA	CSXT	Aromatics	$1,325	1.06744	$1,414	$2,546	$5,734	405%	$1,415	$0	405%	0%
66.	New Orleans	LA	Wareco	GA	CSXT	Polypropylene	$1,365	1.06744	$1,457	$2,623	$7,033	483%	$1,457	$0	483%	0%
67.	Chicago	IL	Akron	OH	CSXT	Polypropylene	$1,244	1.06744	$1,328	$2,390	$4,980	375%	$1,328	$0	375%	0%
69.	Memphis	TN	Gallaway	TN 6/	CSXT	Polypropylene	$394	1.06744	$421	$757	$4,349	1034%	$1,336	-$915	326%	708%
70.	New Orleans	LA	Chattanooga	TN	CSXT	Polypropylene	$1,571	1.06744	$1,677	$3,019	$5,869	350%	$1,677	$0	350%	0%
71.	New Orleans	LA	Eton	GA	CSXT	Polypropylene	$1,644	1.06744	$1,755	$3,159	$5,879	335%	$1,755	$0	335%	0%
72.	New Orleans	LA	Tyner	TN	CSXT	Polypropylene	$1,604	1.06744	$1,712	$3,082	$5,875	343%	$1,712	$0	343%	0%
74.	Memphis	TN	Vine Hill	TN	CSXT	Polyethylene HD	$553	1.06744	$590	$1,063	$5,029	852%	$590	$0	850%	2%
75.	Memphis	TN	Jackson	TN 6/	CSXT	Polypropylene	$559	1.06744	$597	$1,074	$4,374	733%	$1,144	-$548	382%	351%
76.	Memphis	TN	Lewisburg	TN	CSXT	Polypropylene	$1,501	1.06744	$1,602	$2,884	$5,131	320%	$1,602	$0	319%	2%
77.	New Orleans	LA	Evergreen	AL	CSXT	Polyethylene HD	$1,091	1.06744	$1,165	$2,096	$3,187	274%	$1,165	$0	269%	5%
78.	New Orleans	LA	Helena	AL	CSXT	Polypropylene	$1,205	1.06744	$1,286	$2,315	$5,215	405%	$1,286	$0	400%	5%
79.	New Orleans	LA	Newnan	GA	CSXT	Polypropylene	$1,369	1.06744	$1,461	$2,630	$6,002	411%	$1,462	$0	409%	2%
80.	New Orleans	LA	Green Spring	WV	CSXT	Polypropylene	$2,683	1.06744	$2,864	$5,155	$9,436	329%	$2,864	$0	329%	0%
81.	Chicago	IL	Indianapolis	IN	CSXT	Polystyrene	$711	1.06744	$759	$1,366	$3,997	527%	$759	$0	527%	0%
82.	Chicago	IL	Livonia	MI	CSXT	Polyethylene HD	$939	1.06744	$1,002	$1,804	$5,527	551%	$1,002	$0	551%	0%
83.	Chicago	IL	Lockport	NY	CSXT	Polypropylene	$1,392	1.06744	$1,486	$2,675	$6,424	432%	$1,486	$0	432%	0%
84.	Chicago	IL	Wapakoneta	OH	CSXT	Polypropylene	$1,263	1.06744	$1,348	$2,427	$4,116	305%	$1,348	$0	305%	0%
86.	New Orleans	LA	Thomson	GA	CSXT	Polyethylene HD	$1,720	1.06744	$1,836	$3,305	$7,080	386%	$1,836	$0	384%	1%
87.	New Orleans	LA	Tarboro	NC	CSXT	Polyethylene HD	$2,199	1.06744	$2,347	$4,225	$8,662	369%	$2,348	$0	369%	0%
89.	Memphis	TN	Horse Cave	KY	CSXT	Polystyrene	$983	1.06744	$1,049	$1,889	$5,351	510%	$1,373	-$324	390%	120%
91.	New Orleans	LA	Matthews	NC	CSXT	Polyethylene HD	$1,798	1.06744	$1,919	$3,455	$8,464	441%	$2,139	-$220	396%	45%
93.	Chicago	IL	North Vernon	IN	CSXT	Polyethylene HD	$1,222	1.06744	$1,304	$2,348	$4,114	315%	$1,305	$0	315%	0%
94.	New Orleans	LA	Pendergrass	GA	CSXT	Polypropylene	$1,585	1.06744	$1,692	$3,045	$6,030	356%	$1,692	$0	356%	0%
96.	Chicago	IL	Francesville	IN	CSXT	Polyethylene HD	$600	1.06744	$640	$1,153	$4,164	650%	$641	$0	650%	0%
97.	New Orleans	LA	Jefferson	GA	CSXT	Polystyrene	$1,458	1.06744	$1,556	$2,801	$6,018	387%	$1,557	$0	386%	0%
98.	New Orleans	LA	Jefferson	GA	CSXT	Polypropylene	$1,456	1.06744	$1,554	$2,798	$6,018	387%	$1,554	$0	387%	0%
100.	Memphis	TN	Gallaway	TN 6/	CSXT	Polyethylene HD	$394	1.06744	$421	$757	$4,349	1034%	$1,336	-$915	326%	708%
101.	Memphis	TN	Glasgow	KY	CSXT	Polypropylene	$976	1.06744	$1,042	$1,875	$5,058	485%	$1,042	$0	485%	0%
102.	New Orleans	LA	Ackerman	GA	CSXT	Polyethylene HD	$1,328	1.06744	$1,418	$2,552	$5,996	423%	$1,418	$0	423%	0%
103.	New Orleans	LA	Beech Island	SC	CSXT	Polypropylene	$1,638	1.06744	$1,748	$3,147	$7,067	404%	$1,749	$0	404%	0%
104.	New Orleans	LA	De land	FL	CSXT	Polyethylene HD	$1,904	1.06744	$2,032	$3,658	$7,655	377%	$2,033	$0	376%	1%
105.	New Orleans	LA	Hamlet	NC	CSXT	Polyethylene HD	$1,912	1.06744	$2,041	$3,674	$6,807	333%	$2,041	$0	333%	0%
106.	New Orleans	LA	Hamlet	NC	CSXT	Polystyrene	$1,914	1.06744	$2,043	$3,678	$6,807	333%	$2,043	$0	333%	0%
108.	Chicago	IL	Akron	OH	CSXT	Polyethylene HD	$1,244	1.06744	$1,328	$2,390	$4,980	375%	$1,328	$0	375%	0%
109.	Chicago	IL	Lima	OH	CSXT	Polyethylene HD	$1,234	1.06744	$1,317	$2,371	$4,112	312%	$1,317	$0	312%	0%
110.	Chicago	IL	Lima	OH	CSXT	Polypropylene	$1,234	1.06744	$1,317	$2,371	$4,112	312%	$1,317	$0	312%	0%
111.	Chicago	IL	Pittsfield	MA	CSXT	Polypropylene	$2,008	1.06744	$2,143	$3,858	$8,445	394%	$2,144	$0	393%	1%
112.	New Orleans	LA	Dalton	GA	CSXT	Polypropylene	$1,654	1.06744	$1,766	$3,178	$5,881	333%	$1,766	$0	333%	0%
113.	Chicago	IL	Clarksburg	WV	CSXT	Polyethylene HD	$1,847	1.06744	$1,972	$3,549	$6,433	326%	$1,972	$0	324%	2%
115.	Chicago	IL	Indianapolis	IN	CSXT	Polypropylene	$710	1.06744	$758	$1,364	$3,997	527%	$758	$0	527%	0%
116.	Social Circle	GA	Covington	GA	CSXT	Polypropylene	$368	1.06744	$393	$707	$3,303	841%	$393	$0	841%	0%
117.	Social Circle	GA	Athens	GA	CSXT	Polypropylene	$580	1.06744	$619	$1,114	$3,336	539%	$619	$0	538%	0%
118.	Social Circle	GA	Conyers	GA 6/	CSXT	Polypropylene	$389	1.06744	$415	$747	$3,306	796%	$551	-$136	600%	196%
119.	Chicago	IL	Evansville	IN	CSXT	Polystyrene	$885	1.06744	$945	$1,700	$4,942	523%	$945	$0	523%	0%
120.	New Orleans	LA	Conyers	GA	CSXT	Polypropylene	$1,348	1.06744	$1,439	$2,590	$5,999	417%	$1,439	$0	417%	0%

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios Per Car for TPI Movements -- 4Q10

Origin 1/	Destination	Railroad	Commodity	Phase III Cost Base Year 2009	4Q2010 Index to 4Q10	4Q2010 Phase III Cost 2/	4Q2010 Jurisdictional Threshold 3/	4Q2010 Tariff Rate 4/	4Q2010 Revenue/Variable Cost Ratio 5/	CSXT Reply Variable Cost 7/	Variable Cost Difference 8/	CSXT Reply R/VC Ratio 9/	R/VC Difference 10/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

1/ The issue movement lane numbers correspond to the issue movement lane numbers in TPI's Fourth Amended Complaint.
2/ Column (5) x Column (6)
3/ Column (7) x 1.8
4/ Average Tariff Rate including fuel surcharge for 4Q10 -- see Rebuttal Exhibit II-A-5
5/ Column (9) ÷ Column (7)
6/ Movement where PC Miler/Rail miles were used.
7/ Source: CSXT Reply Exhibit II-A-3 dated August 5, 2011
8/ Column (7) - Column (11)
9/ Source: CSXT Reply Exhibit II-A-3 dated August 5, 2011
10/ Column (10) - Column (13)

Rebuttal Exhibit II-A- 3

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios Per Car for TPI Movements – 1Q11

Origin 1/ (1)		Destination (2)		Railroad (3)	Commodity (4)	Phase III Cost Base Year 2009 (5)	1Q2011 Index to 1Q11 (6)	1Q2011 Phase III Cost 2/ (7)	1Q2011 Jurisdictional Threshold 3/ (8)	1Q2011 Tariff Rate 4/ (9)	1Q2011 Revenue/Variable Cost Ratio 5/ (10)	CSXT Reply Variable Cost 7/ (11)	Variable Cost Difference 8/ (12)	CSXT Reply R/VC Ratio 9/ (13)	R/VC Difference 10/ (14)
Exhibit A															
2. Clinton	IN	Atherton	IN	CSXT	Polypropylene	$564	1.09732	$619	$1,114	$2,727	441%	$619	$0	441%	0%
Exhibit B															
1. Memphis	TN	Social Circle	GA	CSXT	Polypropylene	$1,256	1.09732	$1,378	$2,481	$5,598	406%	$1,378	$0	406%	0%
2. Memphis	TN	Evansville	IN	CSXT	Polypropylene	$1,074	1.09732	$1,179	$2,121	$4,947	420%	$1,178	$0	420%	0%
3. New Orleans	LA	Covington	GA	CSXT	Polystyrene	$1,386	1.09732	$1,521	$2,738	$6,069	399%	$1,586	-$65	383%	16%
4. Chicago	IL	Clinton	IN	CSXT	Polypropylene	$621	1.09732	$681	$1,227	$3,744	549%	$681	$0	549%	0%
5. New Orleans	LA	Ampthill	VA	CSXT	Polyethylene HD	$2,499	1.09732	$2,742	$4,936	$9,348	341%	$2,741	$1	341%	0%
6. Memphis	TN	Bowling Green	KY	CSXT	Polypropylene	$901	1.09732	$989	$1,780	$5,084	514%	$988	$0	514%	0%
7. New Orleans	LA	Conyers	GA	CSXT	Polystyrene	$1,351	1.09732	$1,482	$2,668	$6,064	409%	$1,482	$1	409%	0%
8. New Orleans	LA	Barnett	GA	CSXT	Polypropylene	$1,480	1.09732	$1,624	$2,923	$7,169	441%	$1,623	$1	442%	0%
9. New Orleans	LA	Athens	GA	CSXT	Polypropylene	$1,474	1.09732	$1,617	$2,911	$6,085	376%	$1,617	$1	377%	0%
10. Memphis	TN	Vine Hill	TN	CSXT	Polypropylene	$553	1.09732	$607	$1,092	$5,058	834%	$607	$0	832%	2%
11. New Orleans	LA	Hope Hull	AL	CSXT	Polystyrene	$950	1.09732	$1,042	$1,876	$4,372	419%	$1,111	-$69	393%	26%
12. New Orleans	LA	Oneco	FL	CSXT	Polypropylene	$1,903	1.09732	$2,088	$3,759	$8,079	387%	$2,087	$1	387%	0%
13. Memphis	TN	Glasgow	KY	CSXT	Polystyrene	$977	1.09732	$1,072	$1,930	$5,098	476%	$1,072	$0	476%	0%
14. New Orleans	LA	Winchester	VA	CSXT	Polystyrene	$3,158	1.09732	$3,465	$6,238	$9,658	279%	$3,464	$1	279%	0%
15. Chicago	IL	Orangeburg	NY	CSXT	Polyethylene HD	$2,072	1.09732	$2,274	$4,093	$7,731	340%	$2,273	$1	340%	0%
16. New Orleans	LA	Galloway	FL	CSXT	Aromatics (Styrene)	$2,198	1.09732	$2,412	$4,341	$7,195	298%	$2,411	$1	298%	0%
17. Chicago	IL	Anderson	IN	CSXT	Polypropylene	$773	1.09732	$848	$1,527	$3,933	464%	$848	$0	461%	3%
18. Chicago	IL	Cincinnati	OH	CSXT	Polyethylene HD	$1,001	1.09732	$1,098	$1,977	$4,637	422%	$1,098	$0	422%	0%
19. Memphis	TN	Evansville	IN	CSXT	Polystyrene	$1,075	1.09732	$1,180	$2,123	$4,947	419%	$1,179	$0	419%	0%
20. Chicago	IL	Cumberland	MD	CSXT	Polypropylene	$1,489	1.09732	$1,634	$2,941	$6,613	405%	$1,633	$1	405%	0%
21. New Orleans	LA	Hamlet	NC	CSXT	Polypropylene	$1,912	1.09732	$2,098	$3,777	$6,909	329%	$2,097	$1	329%	0%
22. Chicago	IL	Mentor	OH	CSXT	Polypropylene	$1,142	1.09732	$1,253	$2,256	$5,018	400%	$1,253	$0	400%	0%
23. New Orleans	LA	North Cove	NC	CSXT	Polyethylene HD	$2,266	1.09732	$2,487	$4,476	$7,713	310%	$2,486	$1	310%	0%
25. Memphis	TN	Guthrie	KY	CSXT	Polystyrene	$626	1.09732	$687	$1,236	$5,075	739%	$687	$0	739%	0%
26. New Orleans	LA	Beech Island	SC	CSXT	Polystyrene	$1,641	1.09732	$1,801	$3,241	$7,151	397%	$1,800	$1	397%	0%
28. New Orleans	LA	Social Circle	GA	CSXT	Polypropylene	$1,239	1.09732	$1,360	$2,447	$6,086	448%	$1,359	$0	448%	0%
29. Memphis	TN	Piqua	OH	CSXT	Polystyrene	$1,717	1.09732	$1,884	$3,391	$6,560	348%	$1,883	$1	348%	0%
30. East St. Louis	IL	Painesville	OH	CSXT	Aromatics	$1,548	1.09732	$1,699	$3,058	$3,836	226%	$1,815	-$117	211%	15%
31. New Orleans	LA	Monroe	NC	CSXT	Polypropylene	$2,047	1.09732	$2,246	$4,043	$8,605	383%	$2,245	$1	381%	2%
32. Effingham	IL	Terre Haute	IN	CSXT	Polystyrene	$706	1.09732	$775	$1,394	$3,653	472%	$774	$0	470%	1%
33. Chicago	IL	Terre Haute	IN	CSXT	Polyethylene HD	$1,057	1.09732	$1,160	$2,088	$3,841	331%	$1,338	-$178	282%	49%
34. Chicago	IL	Utica	NY	CSXT	Polypropylene	$1,475	1.09732	$1,619	$2,913	$7,647	472%	$1,618	$1	472%	0%
35. New Orleans	LA	Cartersville	GA	CSXT	Polypropylene	$1,391	1.09732	$1,526	$2,747	$6,070	398%	$1,526	$1	394%	4%
36. New Orleans	LA	Stanley	NC	CSXT	Polypropylene	$2,064	1.09732	$2,265	$4,077	$8,620	381%	$2,264	$1	375%	5%
37. New Orleans	LA	Laurens	SC	CSXT	Polypropylene	$1,373	1.09732	$1,507	$2,712	$7,357	488%	$1,506	$1	488%	0%
38. New Orleans	LA	De land	FL	CSXT	Polypropylene	$1,962	1.09732	$2,153	$3,875	$7,764	361%	$2,278	-$125	341%	20%
39. New Orleans	LA	Lawrenceville	GA	CSXT	Polyethylene HD	$1,370	1.09732	$1,503	$2,706	$6,069	404%	$1,503	$1	404%	0%
42. Effingham	IL	Ivyland	PA	CSXT	Polystyrene	$2,023	1.09732	$2,220	$3,996	$8,457	381%	$2,385	-$165	354%	27%
43. New Orleans	LA	Covington	GA	CSXT	Polypropylene	$1,383	1.09732	$1,518	$2,732	$6,069	400%	$1,583	-$65	383%	16%
44. East St. Louis	IL	Sidney	OH	CSXT	Polypropylene	$988	1.09732	$1,084	$1,951	$5,171	477%	$1,084	$0	477%	0%
45. New Orleans	LA	Hollywood	FL	CSXT	Polypropylene	$2,568	1.09732	$2,818	$5,072	$7,941	282%	$2,969	-$151	267%	14%
46. New Orleans	LA	Lakeland	FL	CSXT	Polystyrene	$2,029	1.09732	$2,226	$4,008	$8,054	362%	$2,226	$1	362%	0%
48. New Orleans	LA	Ackerman	GA	CSXT	Polypropylene	$1,328	1.09732	$1,457	$2,623	$6,060	416%	$1,457	$1	416%	0%
49. Chicago	IL	Westboro	MA	CSXT	Polyethylene HD	$2,269	1.09732	$2,490	$4,482	$9,077	365%	$2,489	$1	364%	0%
51. Memphis	TN	Gallaway	TN 6/	CSXT	Polystyrene	$395	1.09732	$433	$780	$4,353	1004%	$1,373	-$940	317%	687%
52. Memphis	TN	Bridgeport	AL	CSXT	Polystyrene	$690	1.09732	$757	$1,363	$5,529	730%	$757	$0	726%	4%
53. Memphis	TN	Vine Hill	TN	CSXT	Polyethylene HD	$553	1.09732	$607	$1,092	$5,058	834%	$607	$0	832%	2%
54. New Orleans	LA	LaGrange	GA	CSXT	Polypropylene	$1,465	1.09732	$1,608	$2,894	$5,641	351%	$1,607	$1	348%	3%
55. New Orleans	LA	Ansley	MS	CSXT	Polystyrene	$415	1.09732	$455	$820	$5,464	1200%	$455	$0	1200%	0%
56. Chicago	IL	Terre Haute	IN	CSXT	Polypropylene	$1,057	1.09732	$1,160	$2,088	$3,841	331%	$1,338	-$178	282%	49%

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios Per Car for TPI Movements – 1Q11

	Origin 1/		Destination		Railroad	Commodity	Phase III Cost Base Year 2009	1Q2011 Index to 1Q11	1Q2011 Phase III Cost 2/	1Q2011 Jurisdictional Threshold 3/	1Q2011 Tariff Rate 4/	1Q2011 Revenue/Variable Cost Ratio 5/	CSXT Reply Variable Cost 7/	Variable Cost Difference 8/	CSXT Reply R/VC Ratio 9/	R/VC Difference 10/
	(1)		(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
57.	Memphis	TN	Hopkinsville	KY	CSXT	Polyethylene HD	$915	1.09732	$1,004	$1,807	$5,086	507%	$1,004	$0	507%	0%
58.	New Orleans	LA	Orlando	FL	CSXT	Polyethylene HD	$1,974	1.09732	$2,166	$3,899	$7,775	359%	$2,165	$1	359%	0%
59.	New Orleans	LA	Augusta	KY	CSXT	Polypropylene	$2,191	1.09732	$2,404	$4,328	$8,022	334%	$2,403	$1	332%	1%
60.	New Orleans	LA	Baltimore	MD	CSXT	Polyethylene HD	$2,708	1.09732	$2,972	$5,349	$9,947	335%	$3,481	-$509	286%	49%
61.	Chicago	IL	Utica	NY	CSXT	Polyethylene HD	$1,475	1.09732	$1,619	$2,913	$7,647	472%	$1,618	$1	472%	0%
62.	Chicago	IL	Clarksburg	WV	CSXT	Polypropylene	$1,847	1.09732	$2,027	$3,648	$6,531	322%	$2,026	$1	320%	2%
63.	Memphis	TN	Madisonville	KY	CSXT	Polypropylene	$1,017	1.09732	$1,116	$2,009	$4,930	442%	$1,116	$0	442%	0%
64.	New Orleans	LA	Atlanta	GA	CSXT	Aromatics	$1,325	1.09732	$1,454	$2,617	$5,795	399%	$1,453	$1	398%	0%
66.	New Orleans	LA	Wareco	GA	CSXT	Polypropylene	$1,365	1.09732	$1,498	$2,696	$7,113	475%	$1,497	$1	476%	-1%
67.	Chicago	IL	Akron	OH	CSXT	Polypropylene	$1,244	1.09732	$1,365	$2,457	$5,037	369%	$1,365	$0	370%	-1%
69.	Memphis	TN	Gallaway	TN 6/	CSXT	Polypropylene	$394	1.09732	$432	$778	$4,353	1007%	$1,372	-$940	317%	690%
70.	New Orleans	LA	Chattanooga	TN	CSXT	Polypropylene	$1,571	1.09732	$1,724	$3,103	$5,947	345%	$1,723	$1	345%	0%
71.	New Orleans	LA	Eton	GA	CSXT	Polypropylene	$1,644	1.09732	$1,804	$3,247	$5,961	330%	$1,803	$1	331%	0%
72.	New Orleans	LA	Tyner	TN	CSXT	Polypropylene	$1,604	1.09732	$1,760	$3,168	$5,955	338%	$1,759	$1	338%	0%
74.	Memphis	TN	Vine Hill	TN	CSXT	Polyethylene HD	$553	1.09732	$607	$1,092	$5,058	834%	$607	$0	832%	2%
75.	Memphis	TN	Jackson	TN 6/	CSXT	Polypropylene	$559	1.09732	$613	$1,104	$4,389	715%	$1,176	-$563	373%	342%
76.	Memphis	TN	Lewisburg	TN	CSXT	Polypropylene	$1,501	1.09732	$1,647	$2,965	$5,202	316%	$1,646	$1	314%	2%
77.	New Orleans	LA	Evergreen	AL	CSXT	Polyethylene HD	$1,091	1.09732	$1,197	$2,155	$3,236	270%	$1,197	$0	264%	6%
78.	New Orleans	LA	Helena	AL	CSXT	Polypropylene	$1,205	1.09732	$1,322	$2,380	$5,271	399%	$1,322	$0	392%	7%
79.	New Orleans	LA	Newnan	GA	CSXT	Polypropylene	$1,369	1.09732	$1,502	$2,704	$6,069	404%	$1,502	$1	401%	3%
80.	New Orleans	LA	Green Spring	WV	CSXT	Polypropylene	$2,683	1.09732	$2,944	$5,299	$9,603	326%	$2,943	$1	326%	0%
81.	Chicago	IL	Indianapolis	IN	CSXT	Polystyrene	$711	1.09732	$780	$1,404	$4,021	515%	$780	$0	515%	0%
82.	Chicago	IL	Livonia	MI	CSXT	Polyethylene HD	$939	1.09732	$1,030	$1,855	$5,566	540%	$1,030	$0	540%	0%
83.	Chicago	IL	Lockport	NY	CSXT	Polypropylene	$1,392	1.09732	$1,527	$2,749	$6,491	425%	$1,527	$1	425%	0%
84.	Chicago	IL	Wapakoneta	OH	CSXT	Polypropylene	$1,263	1.09732	$1,386	$2,495	$4,176	301%	$1,385	$0	301%	0%
86.	New Orleans	LA	Thomson	GA	CSXT	Polyethylene HD	$1,720	1.09732	$1,887	$3,397	$7,169	380%	$1,887	$1	378%	1%
87.	New Orleans	LA	Tarboro	NC	CSXT	Polyethylene HD	$2,199	1.09732	$2,413	$4,343	$8,783	364%	$2,412	$1	364%	0%
89.	Memphis	TN	Horse Cave	KY	CSXT	Polystyrene	$983	1.09732	$1,079	$1,942	$5,392	500%	$1,411	-$332	382%	118%
91.	New Orleans	LA	Matthews	NC	CSXT	Polyethylene HD	$1,798	1.09732	$1,973	$3,551	$8,557	434%	$2,198	-$225	389%	44%
93.	Chicago	IL	North Vernon	IN	CSXT	Polyethylene HD	$1,222	1.09732	$1,341	$2,414	$4,187	312%	$1,340	$0	312%	0%
94.	New Orleans	LA	Pendergrass	GA	CSXT	Polypropylene	$1,585	1.09732	$1,739	$3,131	$6,108	351%	$1,739	$1	351%	0%
96.	Chicago	IL	Francesville	IN	CSXT	Polyethylene HD	$600	1.09732	$658	$1,185	$4,182	635%	$658	$0	635%	0%
97.	New Orleans	LA	Jefferson	GA	CSXT	Polystyrene	$1,458	1.09732	$1,600	$2,880	$6,091	381%	$1,599	$1	381%	0%
98.	New Orleans	LA	Jefferson	GA	CSXT	Polypropylene	$1,456	1.09732	$1,598	$2,876	$6,091	381%	$1,597	$1	381%	0%
100.	Memphis	TN	Gallaway	TN 6/	CSXT	Polyethylene HD	$394	1.09732	$432	$778	$4,353	1007%	$1,372	-$940	317%	690%
101.	Memphis	TN	Glasgow	KY	CSXT	Polypropylene	$976	1.09732	$1,071	$1,928	$5,098	476%	$1,071	$0	476%	0%
102.	New Orleans	LA	Ackerman	GA	CSXT	Polyethylene HD	$1,328	1.09732	$1,457	$2,623	$6,060	416%	$1,457	$1	416%	0%
103.	New Orleans	LA	Beech Island	SC	CSXT	Polypropylene	$1,638	1.09732	$1,797	$3,235	$7,151	398%	$1,797	$1	398%	0%
104.	New Orleans	LA	De land	FL	CSXT	Polyethylene HD	$1,904	1.09732	$2,089	$3,761	$7,757	371%	$2,089	$1	371%	1%
105.	New Orleans	LA	Hamlet	NC	CSXT	Polyethylene HD	$1,912	1.09732	$2,098	$3,777	$6,909	329%	$2,097	$1	329%	0%
106.	New Orleans	LA	Hamlet	NC	CSXT	Polystyrene	$1,914	1.09732	$2,100	$3,780	$6,909	329%	$2,100	$1	329%	0%
108.	Chicago	IL	Akron	OH	CSXT	Polyethylene HD	$1,244	1.09732	$1,365	$2,457	$5,037	369%	$1,365	$0	370%	-1%
109.	Chicago	IL	Lima	OH	CSXT	Polyethylene HD	$1,234	1.09732	$1,354	$2,437	$4,170	308%	$1,354	$0	308%	0%
110.	Chicago	IL	Lima	OH	CSXT	Polypropylene	$1,234	1.09732	$1,354	$2,437	$4,170	308%	$1,354	$0	308%	0%
111.	Chicago	IL	Pittsfield	MA	CSXT	Polypropylene	$2,008	1.09732	$2,203	$3,966	$8,550	388%	$2,203	$1	387%	1%
112.	New Orleans	LA	Dalton	GA	CSXT	Polypropylene	$1,654	1.09732	$1,815	$3,267	$5,964	329%	$1,814	$1	329%	0%
113.	Chicago	IL	Clarksburg	WV	CSXT	Polyethylene HD	$1,847	1.09732	$2,027	$3,648	$6,531	322%	$2,026	$1	320%	2%
115.	Chicago	IL	Indianapolis	IN	CSXT	Polypropylene	$710	1.09732	$779	$1,402	$4,021	516%	$779	$0	516%	0%
116.	Social Circle	GA	Covington	GA	CSXT	Polypropylene	$368	1.09732	$404	$727	$3,305	818%	$404	$0	819%	0%
117.	Social Circle	GA	Athens	GA	CSXT	Polypropylene	$580	1.09732	$636	$1,146	$3,350	526%	$636	$0	526%	0%
118.	Social Circle	GA	Conyers	GA 6/	CSXT	Polypropylene	$389	1.09732	$427	$768	$3,309	775%	$566	-$139	585%	191%
119.	Chicago	IL	Evansville	IN	CSXT	Polystyrene	$885	1.09732	$971	$1,748	$4,974	512%	$971	$0	512%	0%
120.	New Orleans	LA	Conyers	GA	CSXT	Polypropylene	$1,348	1.09732	$1,479	$2,663	$6,064	410%	$1,479	$1	410%	0%

Variable Cost, Jurisdictional Threshold, Tariff Rate and Revenue/Variable Cost Ratios Per Car for TPI Movements -- 1Q11

Origin 1/	Destination	Railroad	Commodity	Phase III Cost Base Year 2009	1Q2011 Index to 1Q11	1Q2011 Phase III Cost 2/	1Q2011 Jurisdictional Threshold 3/	1Q2011 Tariff Rate 4/	1Q2011 Revenue/Variable Cost Ratio 5/	CSXT Reply Variable Cost 7/	Variable Cost Difference 8/	CSXT Reply R/VC Ratio 9/	R/VC Difference 10/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

1/ The issue movement lane numbers correspond to the issue movement lane numbers in TPI's Fourth Amended Complaint.
2/ Column (5) x Column (6)
3/ Column (7) x 1.8
4/ Average Tariff Rate including fuel surcharge for 1Q11 -- see Rebuttal Exhibit II-A-5
5/ Column (9) ÷ Column (7)
6/ Movement where PC Miler/Rail miles were used.
7/ Source: CSXT Reply Exhibit II-A-4 dated August 5, 2011
8/ Column (7) - Column (11)
9/ Source: CSXT Reply Exhibit II-A-4 dated August 5, 2011
10/ Column (10) - Column (13)

Rebuttal Exhibit II-A- 4

Traffic and Operating Characteristics Used For Variable Cost Calculations

	Origin 1/ (1)		Destination (2)		Railroad (3)	Miles (4)	Shipment Type (5)	Cars Per Train (6)	Car Type (7)	Car Owner (8)	Tons Per Car (9)	Commodity (Full STCC) (10)	Movement Type (11)	CSXT Reply Miles Accepted (12)	CSXT Reply Tons Accepted (13)
Exhibit A															
2.	Clinton	IN	Atherton	IN	CSXT	4	ORIGINATE & TERM	1	Covered Hopper	Private	100.5	2821139	Single Car	Yes	Yes
Exhibit B															
1.	Memphis	TN	Social Circle	GA	CSXT	608	RECEIVE & DELIVER	1	Covered Hopper	Private	101.5	2821139	Single Car	Yes	Yes
2.	Memphis	TN	Evansville	IN	CSXT	392	RECEIVE & TERM	1	Covered Hopper	Private	99.8	2821139	Single Car	Yes	Yes
3.	New Orleans	LA	Covington	GA	CSXT	555	RECEIVE & TERM	1	Covered Hopper	Private	100.2	2821140	Single Car	No	Yes
4.	Chicago	IL	Clinton	IN	CSXT	150	RECEIVE & TERM	1	Covered Hopper	Private	101.3	2821139	Single Car	Yes	Yes
5.	New Orleans	LA	Ampthill	VA	CSXT	1,132	RECEIVE & TERM	1	Covered Hopper	Private	102.9	2821142	Single Car	Yes	Yes
6.	Memphis	TN	Bowling Green	KY	CSXT	305	RECEIVE & TERM	1	Covered Hopper	Private	96.9	2821139	Single Car	Yes	Yes
7.	New Orleans	LA	Conyers	GA	CSXT	545	RECEIVE & TERM	1	Covered Hopper	Private	97.4	2821140	Single Car	Yes	Yes
8.	New Orleans	LA	Barnett	GA	CSXT	745	RECEIVE & DELIVER	1	Covered Hopper	Private	96.9	2821139	Single Car	Yes	Yes
9.	New Orleans	LA	Athens	GA	CSXT	594	RECEIVE & TERM	1	Covered Hopper	Private	103.0	2821139	Single Car	Yes	Yes
10.	Memphis	TN	Vine Hill	TN	CSXT	242	RECEIVE & DELIVER	1	Covered Hopper	Private	97.7	2821139	Single Car	Yes	Yes
11.	New Orleans	LA	Hope Hull	AL	CSXT	327	RECEIVE & TERM	1	Covered Hopper	Private	97.8	2821140	Single Car	No	Yes
12.	New Orleans	LA	Oneco	FL	CSXT	974	RECEIVE & DELIVER	1	Covered Hopper	Private	97.0	2821139	Single Car	Yes	Yes
13.	Memphis	TN	Glasgow	KY	CSXT	340	RECEIVE & TERM	1	Covered Hopper	Private	99.8	2821140	Single Car	Yes	Yes
14.	New Orleans	LA	Winchester	VA	CSXT	1,524	RECEIVE & TERM	1	Covered Hopper	Private	97.4	2821140	Single Car	Yes	Yes
15.	Chicago	IL	Orangeburg	NY	CSXT	939	RECEIVE & TERM	1	Covered Hopper	Private	97.3	2821142	Single Car	Yes	Yes
16.	New Orleans	LA	Galloway	FL	CSXT	917	RECEIVE & TERM	1	Tank Car > 22K Gallons	Private	91.9	2818342	Single Car	Yes	Yes
17.	Chicago	IL	Anderson	IN	CSXT	235	RECEIVE & TERM	1	Covered Hopper	Private	98.0	2821139	Single Car	Yes	Yes
18.	Chicago	IL	Cincinnati	OH	CSXT	361	RECEIVE & TERM	1	Covered Hopper	Private	96.5	2821142	Single Car	Yes	Yes
19.	Memphis	TN	Evansville	IN	CSXT	392	RECEIVE & TERM	1	Covered Hopper	Private	99.8	2821140	Single Car	Yes	Yes
20.	Chicago	IL	Cumberland	MD	CSXT	612	RECEIVE & TERM	1	Covered Hopper	Private	100.5	2821139	Single Car	Yes	Yes
21.	New Orleans	LA	Hamlet	NC	CSXT	857	RECEIVE & TERM	1	Covered Hopper	Private	96.0	2821139	Single Car	Yes	Yes
22.	Chicago	IL	Mentor	OH	CSXT	427	RECEIVE & TERM	1	Covered Hopper	Private	100.8	2821139	Single Car	Yes	Yes
23.	New Orleans	LA	North Cove	NC	CSXT	1,023	RECEIVE & TERM	1	Covered Hopper	Private	100.6	2821142	Single Car	Yes	Yes
25.	Memphis	TN	Guthrie	KY	CSXT	282	RECEIVE & DELIVER	1	Covered Hopper	Private	97.0	2821140	Single Car	Yes	Yes
26.	New Orleans	LA	Beech Island	SC	CSXT	700	RECEIVE & TERM	1	Covered Hopper	Private	97.9	2821140	Single Car	Yes	Yes
28.	New Orleans	LA	Social Circle	GA	CSXT	598	RECEIVE & DELIVER	1	Covered Hopper	Private	101.6	2821139	Single Car	Yes	Yes
29.	Memphis	TN	Piqua	OH	CSXT	745	RECEIVE & TERM	1	Covered Hopper	Private	97.3	2821140	Single Car	Yes	Yes
30.	East St. Louis	IL	Painesville	OH	CSXT	600	RECEIVE & TERM	1	Tank Car > 22K Gallons	Private	90.5	2911315	Single Car	No	No
31.	New Orleans	LA	Monroe	NC	CSXT	892	RECEIVE & TERM	1	Covered Hopper	Private	103.5	2821139	Single Car	Yes	Yes
32.	Effingham	IL	Terre Haute	IN	CSXT	201	RECEIVE & TERM	1	Covered Hopper	Private	95.7	2821140	Single Car	Yes	Yes
33.	Chicago	IL	Terre Haute	IN	CSXT	389	RECEIVE & TERM	1	Covered Hopper	Private	97.6	2821142	Single Car	No	Yes
34.	Chicago	IL	Utica	NY	CSXT	739	RECEIVE & DELIVER	1	Covered Hopper	Private	98.0	2821139	Single Car	Yes	Yes
35.	New Orleans	LA	Cartersville	GA	CSXT	558	RECEIVE & TERM	1	Covered Hopper	Private	100.5	2821139	Single Car	Yes	Yes
36.	New Orleans	LA	Stanley	NC	CSXT	929	RECEIVE & TERM	1	Covered Hopper	Private	98.1	2821139	Single Car	Yes	Yes
37.	New Orleans	LA	Laurens	SC	CSXT	675	RECEIVE & DELIVER	1	Covered Hopper	Private	100.0	2821139	Single Car	Yes	Yes
38.	New Orleans	LA	De land	FL	CSXT	862	RECEIVE & TERM	1	Covered Hopper	Private	100.5	2821139	Single Car	No	Yes
39.	New Orleans	LA	Lawrenceville	GA	CSXT	555	RECEIVE & TERM	1	Covered Hopper	Private	98.0	2821142	Single Car	Yes	Yes
42.	Effingham	IL	Ivyland	PA	CSXT	1,043	RECEIVE & DELIVER	1	Covered Hopper	Private	96.5	2821140	Single Car	No	Yes
43.	New Orleans	LA	Covington	GA	CSXT	555	RECEIVE & TERM	1	Covered Hopper	Private	100.2	2821139	Single Car	No	Yes
44.	East St. Louis	IL	Sidney	OH	CSXT	359	RECEIVE & TERM	1	Covered Hopper	Private	94.0	2821139	Single Car	Yes	Yes

Traffic and Operating Characteristics Used For Variable Cost Calculations

	Origin 1/ (1)		Destination (2)		Railroad (3)	Miles (4)	Shipment Type (5)	Cars Per Train (6)	Car Type (7)	Car Owner (8)	Tons Per Car (9)	Commodity (Full STCC) (10)	Movement Type (11)	CSXT Reply Miles Accepted (12)	CSXT Reply Tons Accepted (13)
45.	New Orleans	LA	Hollywood	FL	CSXT	1,185	RECEIVE & TERM	1	Covered Hopper	Private	100.4	2821139	Single Car	No	Yes
46.	New Orleans	LA	Lakeland	FL	CSXT	913	RECEIVE & TERM	1	Covered Hopper	Private	97.3	2821140	Single Car	Yes	Yes
48.	New Orleans	LA	Ackerman	GA	CSXT	534	RECEIVE & TERM	1	Covered Hopper	Private	97.5	2821139	Single Car	Yes	Yes
49.	Chicago	IL	Westboro	MA	CSXT	1,024	RECEIVE & TERM	1	Covered Hopper	Private	101.0	2821142	Single Car	Yes	Yes
51.	Memphis	TN	Gallaway	TN 2/	CSXT	31	RECEIVE & TERM	1	Covered Hopper	Private	97.5	2821140	Single Car	No	Yes
52.	Memphis	TN	Bridgeport	AL	CSXT	315	RECEIVE & DELIVER	1	Covered Hopper	Private	98.0	2821140	Single Car	Yes	Yes
53.	Memphis	TN	Vine Hill	TN	CSXT	242	RECEIVE & DELIVER	1	Covered Hopper	Private	97.7	2821142	Single Car	Yes	Yes
54.	New Orleans	LA	LaGrange	GA	CSXT	610	RECEIVE & TERM	1	Covered Hopper	Private	97.0	2821139	Single Car	Yes	Yes
55.	New Orleans	LA	Ansley	MS	CSXT	41	RECEIVE & TERM	1	Covered Hopper	Private	96.3	2821140	Single Car	Yes	Yes
56.	Chicago	IL	Terre Haute	IN	CSXT	389	RECEIVE & TERM	1	Covered Hopper	Private	97.6	2821139	Single Car	No	Yes
57.	Memphis	TN	Hopkinsville	KY	CSXT	309	RECEIVE & TERM	1	Covered Hopper	Private	99.0	2821142	Single Car	Yes	Yes
58.	New Orleans	LA	Orlando	FL	CSXT	887	RECEIVE & TERM	1	Covered Hopper	Private	96.8	2821142	Single Car	Yes	Yes
59.	New Orleans	LA	Augusta	KY	CSXT	1,001	RECEIVE & TERM	1	Covered Hopper	Private	97.5	2821139	Single Car	Yes	Yes
60.	New Orleans	LA	Baltimore	MD	CSXT	1,288	RECEIVE & TERM	1	Covered Hopper	Private	96.5	2821142	Single Car	No	Yes
61.	Chicago	IL	Utica	NY	CSXT	739	RECEIVE & DELIVER	1	Covered Hopper	Private	98.0	2821142	Single Car	Yes	Yes
62.	Chicago	IL	Clarksburg	WV	CSXT	817	RECEIVE & TERM	1	Covered Hopper	Private	97.3	2821139	Single Car	Yes	Yes
63.	Memphis	TN	Madisonville	KY	CSXT	350	RECEIVE & TERM	1	Covered Hopper	Private	105.5	2821139	Single Car	Yes	Yes
64.	New Orleans	LA	Atlanta	GA	CSXT	505	RECEIVE & TERM	1	Tank Car > 22K Gallons	Private	84.5	2911315	Single Car	Yes	Yes
66.	New Orleans	LA	Wareco	GA	CSXT	665	RECEIVE & DELIVER	1	Covered Hopper	Private	101.5	2821139	Single Car	Yes	Yes
67.	Chicago	IL	Akron	OH	CSXT	474	RECEIVE & TERM	1	Covered Hopper	Private	103.4	2821139	Single Car	Yes	Yes
69.	Memphis	TN	Gallaway	TN 2/	CSXT	31	RECEIVE & TERM	1	Covered Hopper	Private	97.5	2821139	Single Car	No	Yes
70.	New Orleans	LA	Chattanooga	TN	CSXT	649	RECEIVE & TERM	1	Covered Hopper	Private	101.8	2821139	Single Car	Yes	Yes
71.	New Orleans	LA	Eton	GA	CSXT	684	RECEIVE & TERM	1	Covered Hopper	Private	102.7	2821139	Single Car	Yes	Yes
72.	New Orleans	LA	Tyner	TN	CSXT	668	RECEIVE & TERM	1	Covered Hopper	Private	101.4	2821139	Single Car	Yes	Yes
74.	Memphis	TN	Vine Hill	TN	CSXT	242	RECEIVE & DELIVER	1	Covered Hopper	Private	97.7	2821142	Single Car	Yes	Yes
75.	Memphis	TN	Jackson	TN 2/	CSXT	119	RECEIVE & TERM	1	Covered Hopper	Private	98.5	2821139	Single Car	No	Yes
76.	Memphis	TN	Lewisburg	TN	CSXT	592	RECEIVE & TERM	1	Covered Hopper	Private	108.0	2821139	Single Car	Yes	Yes
77.	New Orleans	LA	Evergreen	AL	CSXT	407	RECEIVE & TERM	1	Covered Hopper	Private	97.0	2821142	Single Car	Yes	Yes
78.	New Orleans	LA	Helena	AL	CSXT	466	RECEIVE & TERM	1	Covered Hopper	Private	98.0	2821139	Single Car	Yes	Yes
79.	New Orleans	LA	Newnan	GA	CSXT	556	RECEIVE & TERM	1	Covered Hopper	Private	97.5	2821139	Single Car	Yes	Yes
80.	New Orleans	LA	Green Spring	WV	CSXT	1,390	RECEIVE & DELIVER	1	Covered Hopper	Private	98.0	2821139	Single Car	Yes	Yes
81.	Chicago	IL	Indianapolis	IN	CSXT	201	RECEIVE & TERM	1	Covered Hopper	Private	98.0	2821140	Single Car	Yes	Yes
82.	Chicago	IL	Livonia	MI	CSXT	326	RECEIVE & TERM	1	Covered Hopper	Private	97.0	2821142	Single Car	Yes	Yes
83.	Chicago	IL	Lockport	NY	CSXT	562	RECEIVE & TERM	1	Covered Hopper	Private	100.0	2821139	Single Car	Yes	Yes
84.	Chicago	IL	Wapakoneta	OH	CSXT	502	RECEIVE & TERM	1	Covered Hopper	Private	97.0	2821139	Single Car	Yes	Yes
86.	New Orleans	LA	Thomson	GA	CSXT	744	RECEIVE & TERM	1	Covered Hopper	Private	98.0	2821142	Single Car	Yes	Yes
87.	New Orleans	LA	Tarboro	NC	CSXT	1,008	RECEIVE & TERM	1	Covered Hopper	Private	97.0	2821142	Single Car	Yes	Yes
89.	Memphis	TN	Horse Cave	KY	CSXT	342	RECEIVE & TERM	1	Covered Hopper	Private	100.4	2821140	Single Car	No	Yes
91.	New Orleans	LA	Matthews	NC	CSXT	775	RECEIVE & TERM	1	Covered Hopper	Private	100.4	2821142	Single Car	No	Yes
93.	Chicago	IL	North Vernon	IN	CSXT	605	RECEIVE & DELIVER	1	Covered Hopper	Private	97.4	2821142	Single Car	Yes	Yes
94.	New Orleans	LA	Pendergrass	GA	CSXT	651	RECEIVE & TERM	1	Covered Hopper	Private	103.3	2821139	Single Car	Yes	Yes
96.	Chicago	IL	Francesville	IN	CSXT	143	RECEIVE & TERM	1	Covered Hopper	Private	96.8	2821142	Single Car	Yes	Yes
97.	New Orleans	LA	Jefferson	GA	CSXT	610	RECEIVE & TERM	1	Covered Hopper	Private	95.5	2821140	Single Car	Yes	Yes
98.	New Orleans	LA	Jefferson	GA	CSXT	610	RECEIVE & TERM	1	Covered Hopper	Private	95.5	2821139	Single Car	Yes	Yes

Traffic and Operating Characteristics Used For Variable Cost Calculations

Origin 1/ (1)		Destination (2)		Railroad (3)	Miles (4)	Shipment Type (5)	Cars Per Train (6)	Car Type (7)	Car Owner (8)	Tons Per Car (9)	Commodity (Full STCC) (10)	Movement Type (11)	CSXT Reply Miles Accepted (12)	CSXT Reply Tons Accepted (13)
100. Memphis	TN	Gallaway	TN 2/	CSXT	31	RECEIVE & TERM	1	Covered Hopper	Private	97.5	2821142	Single Car	No	Yes
101. Memphis	TN	Glasgow	KY	CSXT	340	RECEIVE & TERM	1	Covered Hopper	Private	99.8	2821139	Single Car	Yes	Yes
102. New Orleans	LA	Ackerman	GA	CSXT	534	RECEIVE & TERM	1	Covered Hopper	Private	97.5	2821142	Single Car	Yes	Yes
103. New Orleans	LA	Beech Island	SC	CSXT	700	RECEIVE & TERM	1	Covered Hopper	Private	97.9	2821139	Single Car	Yes	Yes
104. New Orleans	LA	De land	FL	CSXT	843	RECEIVE & TERM	1	Covered Hopper	Private	98.0	2821142	Single Car	Yes	Yes
105. New Orleans	LA	Hamlet	NC	CSXT	857	RECEIVE & TERM	1	Covered Hopper	Private	96.0	2821142	Single Car	Yes	Yes
106. New Orleans	LA	Hamlet	NC	CSXT	857	RECEIVE & TERM	1	Covered Hopper	Private	96.0	2821140	Single Car	Yes	Yes
108. Chicago	IL	Akron	OH	CSXT	474	RECEIVE & TERM	1	Covered Hopper	Private	103.4	2821142	Single Car	Yes	Yes
109. Chicago	IL	Lima	OH	CSXT	488	RECEIVE & TERM	1	Covered Hopper	Private	96.4	2821142	Single Car	Yes	Yes
110. Chicago	IL	Lima	OH	CSXT	488	RECEIVE & TERM	1	Covered Hopper	Private	96.4	2821139	Single Car	Yes	Yes
111. Chicago	IL	Pittsfield	MA	CSXT	878	RECEIVE & TERM	1	Covered Hopper	Private	102.5	2821139	Single Car	Yes	Yes
112. New Orleans	LA	Dalton	GA	CSXT	690	RECEIVE & TERM	1	Covered Hopper	Private	102.9	2821139	Single Car	Yes	Yes
113. Chicago	IL	Clarksburg	WV	CSXT	817	RECEIVE & TERM	1	Covered Hopper	Private	97.3	2821142	Single Car	Yes	Yes
115. Chicago	IL	Indianapolis	IN	CSXT	201	RECEIVE & TERM	1	Covered Hopper	Private	98.0	2821139	Single Car	Yes	Yes
116. Social Circle	GA	Covington	GA	CSXT	11	RECEIVE & TERM	1	Covered Hopper	Private	101.5	2821139	Single Car	Yes	Yes
117. Social Circle	GA	Athens	GA	CSXT	123	RECEIVE & TERM	1	Covered Hopper	Private	101.8	2821139	Single Car	Yes	Yes
118. Social Circle	GA	Conyers	GA 2/	CSXT	21	RECEIVE & TERM	1	Covered Hopper	Private	105.9	2821139	Single Car	No	Yes
119. Chicago	IL	Evansville	IN	CSXT	271	RECEIVE & TERM	1	Covered Hopper	Private	110.0	2821140	Single Car	Yes	Yes
120. New Orleans	LA	Conyers	GA	CSXT	545	RECEIVE & TERM	1	Covered Hopper	Private	97.4	2821139	Single Car	Yes	Yes

1/ The issue movement lane numbers correspond to the issue movement lane numbers in TPI's Fourth Amended Complaint.
2/ Movement where PC Miler/Rail miles were used.

Rebuttal Exhibit II-A- 5

Summary of CSXT Tariff Rates for TPI Movements 3Q10 - 1Q11

	Origin 1/		Destination		Commodity	Miles	Base Tariff Rate Ex Fuel	3Q10 Fuel Surcharge Per Mile 2/	3Q10 Fuel Surcharge Per Car 3/	3Q10 Rate Inc. Fuel 4/	4Q10 Fuel Surcharge Per Mile 5/	4Q10 Fuel Surcharge Per Car 6/	4Q10 Rate Inc. Fuel 7/	1Q11 Fuel Surcharge Per Mile 8/	1Q11 Fuel Surcharge Per Car 9/	1Q11 Rate Inc. Fuel 10/
	(1)		(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Exhibit A																
2.	Clinton	IN	Atherton	IN	Polypropylene	4	$2,725	$0.24	$1	$2,726	$0.29	$1	$2,726	$0.41	$2	$2,727
Exhibit B																
1.	Memphis	TN	Social Circle	GA	Polypropylene	608	$5,349	$0.24	$146	$5,495	$0.29	$176	$5,525	$0.41	$249	$5,598
2.	Memphis	TN	Evansville	IN	Polypropylene	392	$4,786	$0.24	$94	$4,880	$0.29	$114	$4,900	$0.41	$161	$4,947
3.	New Orleans	LA	Covington	GA	Polystyrene	555	$5,841	$0.24	$133	$5,974	$0.29	$161	$6,002	$0.41	$228	$6,069
4.	Chicago	IL	Clinton	IN	Polypropylene	150	$3,682	$0.24	$36	$3,718	$0.29	$44	$3,726	$0.41	$62	$3,744
5.	New Orleans	LA	Ampthill	VA	Polyethylene HD	1,132	$8,884	$0.24	$272	$9,156	$0.29	$328	$9,212	$0.41	$464	$9,348
6.	Memphis	TN	Bowling Green	KY	Polypropylene	305	$4,959	$0.24	$73	$5,032	$0.29	$88	$5,047	$0.41	$125	$5,084
7.	New Orleans	LA	Conyers	GA	Polystyrene	545	$5,841	$0.24	$131	$5,972	$0.29	$158	$5,999	$0.41	$223	$6,064
8.	New Orleans	LA	Barnett	GA	Polypropylene	745	$6,864	$0.24	$179	$7,043	$0.29	$216	$7,080	$0.41	$305	$7,169
9.	New Orleans	LA	Athens	GA	Polypropylene	594	$5,841	$0.24	$143	$5,984	$0.29	$172	$6,013	$0.41	$244	$6,085
10.	Memphis	TN	Vine Hill	TN	Polypropylene	242	$4,959	$0.24	$58	$5,017	$0.29	$70	$5,029	$0.41	$99	$5,058
11.	New Orleans	LA	Hope Hull	AL	Polystyrene	327	$4,238	$0.24	$78	$4,316	$0.29	$95	$4,333	$0.41	$134	$4,372
12.	New Orleans	LA	Oneco	FL	Polypropylene	974	$7,680	$0.24	$234	$7,914	$0.29	$282	$7,962	$0.41	$399	$8,079
13.	Memphis	TN	Glasgow	KY	Polystyrene	340	$4,959	$0.24	$82	$5,041	$0.29	$99	$5,058	$0.41	$139	$5,098
14.	New Orleans	LA	Winchester	VA	Polystyrene	1,524	$9,033	$0.24	$366	$9,399	$0.29	$442	$9,475	$0.41	$625	$9,658
15.	Chicago	IL	Orangeburg	NY	Polyethylene HD	939	$7,346	$0.24	$225	$7,571	$0.29	$272	$7,618	$0.41	$385	$7,731
16.	New Orleans	LA	Galloway	FL	Aromatics (Styrene)	917	$6,819	$0.24	$220	$7,039	$0.29	$266	$7,085	$0.41	$376	$7,195
17.	Chicago	IL	Anderson	IN	Polypropylene	235	$3,837	$0.24	$56	$3,893	$0.29	$68	$3,905	$0.41	$96	$3,933
18.	Chicago	IL	Cincinnati	OH	Polyethylene HD	361	$4,489	$0.24	$87	$4,576	$0.29	$105	$4,594	$0.41	$148	$4,637
19.	Memphis	TN	Evansville	IN	Polystyrene	392	$4,786	$0.24	$94	$4,880	$0.29	$114	$4,900	$0.41	$161	$4,947
20.	Chicago	IL	Cumberland	MD	Polypropylene	612	$6,362	$0.24	$147	$6,509	$0.29	$177	$6,539	$0.41	$251	$6,613
21.	New Orleans	LA	Hamlet	NC	Polypropylene	857	$6,558	$0.24	$206	$6,764	$0.29	$249	$6,807	$0.41	$351	$6,909
22.	Chicago	IL	Mentor	OH	Polypropylene	427	$4,843	$0.24	$102	$4,945	$0.29	$124	$4,967	$0.41	$175	$5,018
23.	New Orleans	LA	North Cove	NC	Polyethylene HD	1,023	$7,294	$0.24	$246	$7,540	$0.29	$297	$7,591	$0.41	$419	$7,713
25.	Memphis	TN	Guthrie	KY	Polystyrene	282	$4,959	$0.24	$68	$5,027	$0.29	$82	$5,041	$0.41	$116	$5,075
26.	New Orleans	LA	Beech Island	SC	Polystyrene	700	$6,864	$0.24	$168	$7,032	$0.29	$203	$7,067	$0.41	$287	$7,151
28.	New Orleans	LA	Social Circle	GA	Polypropylene	598	$5,841	$0.24	$144	$5,985	$0.29	$173	$6,014	$0.41	$245	$6,086
29.	Memphis	TN	Piqua	OH	Polystyrene	745	$6,255	$0.24	$179	$6,434	$0.29	$216	$6,471	$0.41	$305	$6,560
30.	East St. Louis	IL	Painesville	OH	Aromatics	600	$3,590	$0.24	$144	$3,734	$0.29	$174	$3,764	$0.41	$246	$3,836
31.	New Orleans	LA	Monroe	NC	Polypropylene	892	$8,239	$0.24	$214	$8,453	$0.29	$259	$8,498	$0.41	$366	$8,605
32.	Effingham	IL	Terre Haute	IN	Polystyrene	201	$3,571	$0.24	$48	$3,619	$0.29	$58	$3,629	$0.41	$82	$3,653
33.	Chicago	IL	Terre Haute	IN	Polyethylene HD	389	$3,682	$0.24	$93	$3,775	$0.29	$113	$3,795	$0.41	$159	$3,841
34.	Chicago	IL	Utica	NY	Polypropylene	739	$7,344	$0.24	$177	$7,521	$0.29	$214	$7,558	$0.41	$303	$7,647
35.	New Orleans	LA	Cartersville	GA	Polypropylene	558	$5,841	$0.24	$134	$5,975	$0.29	$162	$6,003	$0.41	$229	$6,070
36.	New Orleans	LA	Stanley	NC	Polypropylene	929	$8,239	$0.24	$223	$8,462	$0.29	$269	$8,508	$0.41	$381	$8,620
37.	New Orleans	LA	Laurens	SC	Polypropylene	675	$7,080	$0.24	$162	$7,242	$0.29	$196	$7,276	$0.41	$277	$7,357
38.	New Orleans	LA	De land	FL	Polypropylene	862	$7,411	$0.24	$207	$7,618	$0.29	$250	$7,661	$0.41	$353	$7,764
39.	New Orleans	LA	Lawrenceville	GA	Polyethylene HD	555	$5,841	$0.24	$133	$5,974	$0.29	$161	$6,002	$0.41	$228	$6,069
42.	Effingham	IL	Ivyland	PA	Polystyrene	1,043	$8,029	$0.24	$250	$8,279	$0.29	$302	$8,331	$0.41	$428	$8,457
43.	New Orleans	LA	Covington	GA	Polypropylene	555	$5,841	$0.24	$133	$5,974	$0.29	$161	$6,002	$0.41	$228	$6,069
44.	East St. Louis	IL	Sidney	OH	Polypropylene	359	$5,024	$0.24	$86	$5,110	$0.29	$104	$5,128	$0.41	$147	$5,171
45.	New Orleans	LA	Hollywood	FL	Polypropylene	1,185	$7,455	$0.24	$284	$7,739	$0.29	$344	$7,799	$0.41	$486	$7,941
46.	New Orleans	LA	Lakeland	FL	Polystyrene	913	$7,680	$0.24	$219	$7,899	$0.29	$265	$7,945	$0.41	$374	$8,054
48.	New Orleans	LA	Ackerman	GA	Polypropylene	534	$5,841	$0.24	$128	$5,969	$0.29	$155	$5,996	$0.41	$219	$6,060
49.	Chicago	IL	Westboro	MA	Polyethylene HD	1,024	$8,657	$0.24	$246	$8,903	$0.29	$297	$8,954	$0.41	$420	$9,077
51.	Memphis	TN	Gallaway	TN 11/	Polystyrene	31	$4,340	$0.24	$7	$4,347	$0.29	$9	$4,349	$0.41	$13	$4,353
52.	Memphis	TN	Bridgeport	AL	Polystyrene	315	$5,400	$0.24	$76	$5,476	$0.29	$91	$5,491	$0.41	$129	$5,529
53.	Memphis	TN	Vine Hill	TN	Polyethylene HD	242	$4,959	$0.24	$58	$5,017	$0.29	$70	$5,029	$0.41	$99	$5,058
54.	New Orleans	LA	LaGrange	GA	Polypropylene	610	$5,391	$0.24	$146	$5,537	$0.29	$177	$5,568	$0.41	$250	$5,641
55.	New Orleans	LA	Ansley	MS	Polystyrene	41	$5,447	$0.24	$10	$5,457	$0.29	$12	$5,459	$0.41	$17	$5,464
56.	Chicago	IL	Terre Haute	IN	Polypropylene	389	$3,682	$0.24	$93	$3,775	$0.29	$113	$3,795	$0.41	$159	$3,841
57.	Memphis	TN	Hopkinsville	KY	Polyethylene HD	309	$4,959	$0.24	$74	$5,033	$0.29	$90	$5,049	$0.41	$127	$5,086

Summary of CSXT Tariff Rates for TPI Movements 3Q10 - 1Q11

	Origin 1/		Destination			Commodity	Miles	Base Tariff Rate Ex Fuel	3Q10 Fuel Surcharge Per Mile 2/	3Q10 Fuel Surcharge Per Car 3/	3Q10 Rate Inc. Fuel 4/	4Q10 Fuel Surcharge Per Mile 5/	4Q10 Fuel Surcharge Per Car 6/	4Q10 Rate Inc. Fuel 7/	1Q11 Fuel Surcharge Per Mile 8/	1Q11 Fuel Surcharge Per Car 9/	1Q11 Rate Inc. Fuel 10/
	(1)		(2)			(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
58.	New Orleans	LA	Orlando	FL		Polyethylene HD	887	$7,411	$0.24	$213	$7,624	$0.29	$257	$7,668	$0.41	$364	$7,775
59.	New Orleans	LA	Augusta	KY		Polypropylene	1,001	$7,612	$0.24	$240	$7,852	$0.29	$290	$7,902	$0.41	$410	$8,022
60.	New Orleans	LA	Baltimore	MD		Polyethylene HD	1,288	$9,419	$0.24	$309	$9,728	$0.29	$374	$9,793	$0.41	$528	$9,947
61.	Chicago	IL	Utica	NY		Polyethylene HD	739	$7,344	$0.24	$177	$7,521	$0.29	$214	$7,558	$0.41	$303	$7,647
62.	Chicago	IL	Clarksburg	WV		Polypropylene	817	$6,196	$0.24	$196	$6,392	$0.29	$237	$6,433	$0.41	$335	$6,531
63.	Memphis	TN	Madisonville	KY		Polypropylene	350	$4,786	$0.24	$84	$4,870	$0.29	$102	$4,888	$0.41	$144	$4,930
64.	New Orleans	LA	Atlanta	GA		Aromatics	505	$5,588	$0.24	$121	$5,709	$0.29	$146	$5,734	$0.41	$207	$5,795
66.	New Orleans	LA	Wareco	GA		Polypropylene	665	$6,840	$0.24	$160	$7,000	$0.29	$193	$7,033	$0.41	$273	$7,113
67.	Chicago	IL	Akron	OH		Polypropylene	474	$4,843	$0.24	$114	$4,957	$0.29	$137	$4,980	$0.41	$194	$5,037
69.	Memphis	TN	Gallaway	TN	11/	Polypropylene	31	$4,340	$0.24	$7	$4,347	$0.29	$9	$4,349	$0.41	$13	$4,353
70.	New Orleans	LA	Chattanooga	TN		Polypropylene	649	$5,681	$0.24	$156	$5,837	$0.29	$188	$5,869	$0.41	$266	$5,947
71.	New Orleans	LA	Eton	GA		Polypropylene	684	$5,681	$0.24	$164	$5,845	$0.29	$198	$5,879	$0.41	$280	$5,961
72.	New Orleans	LA	Tyner	TN		Polypropylene	668	$5,681	$0.24	$160	$5,841	$0.29	$194	$5,875	$0.41	$274	$5,955
74.	Memphis	TN	Vine Hill	TN		Polyethylene HD	242	$4,959	$0.24	$58	$5,017	$0.29	$70	$5,029	$0.41	$99	$5,058
75.	Memphis	TN	Jackson	TN	11/	Polypropylene	119	$4,340	$0.24	$28	$4,368	$0.29	$34	$4,374	$0.41	$49	$4,389
76.	Memphis	TN	Lewisburg	TN		Polypropylene	592	$4,959	$0.24	$142	$5,101	$0.29	$172	$5,131	$0.41	$243	$5,202
77.	New Orleans	LA	Evergreen	AL		Polyethylene HD	407	$3,069	$0.24	$98	$3,167	$0.29	$118	$3,187	$0.41	$167	$3,236
78.	New Orleans	LA	Helena	AL		Polypropylene	466	$5,080	$0.24	$112	$5,192	$0.29	$135	$5,215	$0.41	$191	$5,271
79.	New Orleans	LA	Newnan	GA		Polypropylene	556	$5,841	$0.24	$133	$5,974	$0.29	$161	$6,002	$0.41	$228	$6,069
80.	New Orleans	LA	Green Spring	WV		Polypropylene	1,390	$9,033	$0.24	$334	$9,367	$0.29	$403	$9,436	$0.41	$570	$9,603
81.	Chicago	IL	Indianapolis	IN		Polystyrene	201	$3,939	$0.24	$48	$3,987	$0.29	$58	$3,997	$0.41	$82	$4,021
82.	Chicago	IL	Livonia	MI		Polyethylene HD	326	$5,432	$0.24	$78	$5,510	$0.29	$95	$5,527	$0.41	$134	$5,566
83.	Chicago	IL	Lockport	NY		Polypropylene	562	$6,261	$0.24	$135	$6,396	$0.29	$163	$6,424	$0.41	$230	$6,491
84.	Chicago	IL	Wapakoneta	OH		Polypropylene	502	$3,970	$0.24	$120	$4,090	$0.29	$146	$4,116	$0.41	$206	$4,176
86.	New Orleans	LA	Thomson	GA		Polyethylene HD	744	$6,864	$0.24	$179	$7,043	$0.29	$216	$7,080	$0.41	$305	$7,169
87.	New Orleans	LA	Tarboro	NC		Polyethylene HD	1,008	$8,370	$0.24	$242	$8,612	$0.29	$292	$8,662	$0.41	$413	$8,783
89.	Memphis	TN	Horse Cave	KY		Polystyrene	342	$5,252	$0.24	$82	$5,334	$0.29	$99	$5,351	$0.41	$140	$5,392
91.	New Orleans	LA	Matthews	NC		Polyethylene HD	775	$8,239	$0.24	$186	$8,425	$0.29	$225	$8,464	$0.41	$318	$8,557
93.	Chicago	IL	North Vernon	IN		Polyethylene HD	605	$3,939	$0.24	$145	$4,084	$0.29	$175	$4,114	$0.41	$248	$4,187
94.	New Orleans	LA	Pendergrass	GA		Polypropylene	651	$5,841	$0.24	$156	$5,997	$0.29	$189	$6,030	$0.41	$267	$6,108
96.	Chicago	IL	Francesville	IN		Polyethylene HD	143	$4,123	$0.24	$34	$4,157	$0.29	$41	$4,164	$0.41	$59	$4,182
97.	New Orleans	LA	Jefferson	GA		Polystyrene	610	$5,841	$0.24	$146	$5,987	$0.29	$177	$6,018	$0.41	$250	$6,091
98.	New Orleans	LA	Jefferson	GA		Polypropylene	610	$5,841	$0.24	$146	$5,987	$0.29	$177	$6,018	$0.41	$250	$6,091
100.	Memphis	TN	Gallaway	TN	11/	Polyethylene HD	31	$4,340	$0.24	$7	$4,347	$0.29	$9	$4,349	$0.41	$13	$4,353
101.	Memphis	TN	Glasgow	KY		Polypropylene	340	$4,959	$0.24	$82	$5,041	$0.29	$99	$5,058	$0.41	$139	$5,098
102.	New Orleans	LA	Ackerman	GA		Polyethylene HD	534	$5,841	$0.24	$128	$5,969	$0.29	$155	$5,996	$0.41	$219	$6,060
103.	New Orleans	LA	Beech Island	SC		Polypropylene	700	$6,864	$0.24	$168	$7,032	$0.29	$203	$7,067	$0.41	$287	$7,151
104.	New Orleans	LA	De land	FL		Polyethylene HD	843	$7,411	$0.24	$202	$7,613	$0.29	$244	$7,655	$0.41	$346	$7,757
105.	New Orleans	LA	Hamlet	NC		Polyethylene HD	857	$6,558	$0.24	$206	$6,764	$0.29	$249	$6,807	$0.41	$351	$6,909
106.	New Orleans	LA	Hamlet	NC		Polystyrene	857	$6,558	$0.24	$206	$6,764	$0.29	$249	$6,807	$0.41	$351	$6,909
108.	Chicago	IL	Akron	OH		Polyethylene HD	474	$4,843	$0.24	$114	$4,957	$0.29	$137	$4,980	$0.41	$194	$5,037
109.	Chicago	IL	Lima	OH		Polyethylene HD	488	$3,970	$0.24	$117	$4,087	$0.29	$142	$4,112	$0.41	$200	$4,170
110.	Chicago	IL	Lima	OH		Polypropylene	488	$3,970	$0.24	$117	$4,087	$0.29	$142	$4,112	$0.41	$200	$4,170
111.	Chicago	IL	Pittsfield	MA		Polypropylene	878	$8,190	$0.24	$211	$8,401	$0.29	$255	$8,445	$0.41	$360	$8,550
112.	New Orleans	LA	Dalton	GA		Polypropylene	690	$5,681	$0.24	$166	$5,847	$0.29	$200	$5,881	$0.41	$283	$5,964
113.	Chicago	IL	Clarksburg	WV		Polyethylene HD	817	$6,196	$0.24	$196	$6,392	$0.29	$237	$6,433	$0.41	$335	$6,531
115.	Chicago	IL	Indianapolis	IN		Polypropylene	201	$3,939	$0.24	$48	$3,987	$0.29	$58	$3,997	$0.41	$82	$4,021
116.	Social Circle	GA	Covington	GA		Polypropylene	11	$3,300	$0.24	$3	$3,303	$0.29	$3	$3,303	$0.41	$5	$3,305
117.	Social Circle	GA	Athens	GA		Polypropylene	123	$3,300	$0.24	$30	$3,330	$0.29	$36	$3,336	$0.41	$50	$3,350
118.	Social Circle	GA	Conyers	GA	11/	Polypropylene	21	$3,300	$0.24	$5	$3,305	$0.29	$6	$3,306	$0.41	$9	$3,309
119.	Chicago	IL	Evansville	IN		Polystyrene	271	$4,863	$0.24	$65	$4,928	$0.29	$79	$4,942	$0.41	$111	$4,974
120.	New Orleans	LA	Conyers	GA		Polypropylene	545	$5,841	$0.24	$131	$5,972	$0.29	$158	$5,999	$0.41	$223	$6,064

Summary of CSXT Tariff Rates for TPI Movements 3Q10 - 1Q11

					3Q10			4Q10			1Q11		
				Base Tariff	Fuel Surcharge		Rate	Fuel Surcharge		Rate	Fuel Surcharge		Rate
Origin 1/	Destination	Commodity	Miles	Rate Ex Fuel	Per Mile 2/	Per Car 3/	Inc. Fuel 4/	Per Mile 5/	Per Car 6/	Inc. Fuel 7/	Per Mile 8/	Per Car 9/	Inc. Fuel 10/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

1/ The issue movement lane numbers correspond to the issue movement lane numbers in TPI's Fourth Amended Complaint.
2/ Average fuel surcharge per mile based on CSXT Fuel Surcharge Publication 8661-B for July, August and September 2010 of $0.23/mile, $0.24/mile and $0.24/mile, respectively.
3/ Column (4) x Column (6)
4/ Column (5) + Column (8)
5/ Average fuel surcharge per mile based on CSXT Fuel Surcharge Publication 8661-B for October, November and December 2010 of $0.27/mile, $0.29/mile and $0.32/mile, respectively.
6/ Column (4) x Column (9)
7/ Column (5) + Column (10)
8/ Average fuel surcharge per mile based on CSXT Fuel Surcharge Publication 8661-B for January, February and March 2011 of $0.35/mile, $0.40/mile and $0.48/mile, respectively.
9/ Column (4) x Column (12)
10/ Column (5) + Column (13)
11/ Movement where PC Miler/Rail miles were used.

Rebuttal Exhibit II-B- 1

Redacted

Rebuttal Exhibit II-B- 2

Redacted

Rebuttal Exhibit II-B- 3

Redacted

Rebuttal Exhibit II-B- 4

Redacted

Rebuttal Exhibit II-B- 5

RULES GOVERNING ABSORPTION OF SWITCHING CHARGES

1. Where provisions in this section provide that switching charges of other railroads will be absorbed, CSXT will pay to the switching railroads their published switching charge, subject to such limitations as prescribed herein.
2. Amounts of other railroads switching charges not absorbed by CSXT will be assessed against the party paying the line-haul transportation charges, unless arrangements are made to the contrary.
3. Absorption provisions published in other tariffs take precedence over those provided for in this section.

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

DEFINITION OF "COMPETITIVE TRAFFIC" – ITEM 13000 (Not applicable on Coal, Coke or Iron Ore)
When the absorption is at origin, traffic that does not terminate at:
When the absorption is at destination, traffic that does not originate at:

1. A local CSXT station included in CSXT OPSL number 1-29999, in OPSL 6000-Series.
2. A station on a railroad whose only interchange is with CSXT (including the interchange station of both CSXT and the connecting railroad), at a station included in CSXT OPSL number 1-29999, in OPSL 6000-Series.
3. A station on a railroad whose only interchange is with another railroad, whose only interchange is with CSXT, at a station included in CSXT OPSL number 1-29999, in OPSL 6000-Series.
4. A station on:
    A. SCXF (including the interchange station of both CSXT and SCXF).
    B. GC (except Savannah, McRae, Helena, Rhine, East Dublin, Dublin, and Macon, GA).
    C. GFRR (except Camilla, Albany, Chapco, or Dosaga, GA).

REFERENCE TO ABSORPTION OF SWITCHING CHARGES – ITEM 13001
Where reference is made to absorption of switching charges, such reference relates only to Reciprocal Switching charges, except as otherwise provided.

ABSORPTION ON COAL, COKE AND IRON ORE – ITEM 13004
Except as otherwise provided in this section, CSXT will absorb switching charges on Coal (STCC 11), Coke (STCC 29 914) and Iron Ore (STCC 10 11).

INTERMEDIATE SWITCHING – ITEM 13006
Intermediate switching charges that are billed to CSXT will be absorbed, except as otherwise provided.

MAXIMUM ABSORPTIONS – ITEM 13007
Switching charges will be absorbed in full, as follows:
1. Chicago, IL when in connection with BOCT.
2. Connellsville, PA when in connection with SWP.
3. Louisville, KY when in connection with RJCC.
4. Lyons, NY when in connection with FGLK.
5. Orlando, FL when in connection with FCEN.
6. Pittsburgh, PA when in connection with AVR.
7. Portsmouth, VA when in connection with NPB.
8. Solvay, NY when in connection with FGLK.
9. (AA) (R) Terre Haute, IN when in connection with INRD for the account of Gavilon Grain, LLC

(AA) – Addition
(R) - Reduction

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

SHIPMENTS REQUIRING TWO OR MORE CARS – ITEM 13009

When more than one car is required for a shipment or when loaded in or on so-called articulated cars, switching absorptions, if any, will only apply to one car. Switching charges on the balance of the cars will not be absorbed. (Not applicable on shipments moving on rates which by their application require the use of more than one car.)

MAXIMUM ABSORPTION OF SWITCHING CHARGES ON BRICK – ITEM 13010

1. The provisions of this item apply to the exclusion of any provisions published elsewhere in this Section, except as provided in Item 13007.
2. The maximum absorption of switching charges on Brick (32 511 XX) at either origin, destination or both are $200.00 per car. Exceptions to this rule include the following maximums:
   - $250.00 per car at Selma, AL, Augusta, GA, Colon, NC, Johnson City, TN, Knoxville, TN
   - $250.00 per car at destination Chicago, IL when from CSXT Origins
   - $250.00 per car at New Orleans, LA

(B) MAXIMUM ABSORPTION OF SWITCHING CHARGES ON GRAIN – ITEM 13011 – Item Cancelled Effective September 30, 2008. Effective on October 1, 2008 the provisions published in Item 13011.1 will apply.

1. The provisions of this item apply to the exclusion of any provisions published elsewhere in this section, except as provided in Item 13007.
2. Reciprocal switching charges on Grain as described below will be absorbed, subject to a maximum absorption of $18.00 per car at origin and $18.00 per car at destination.

STCC NOS.	COMMODITY DESCRIPTION
01-131-10	Barley
01-139-10	Buckwheat
01-132-10	Corn or Maize in the ear, not shelled, dried
01-132-15	Corn or Maize shelled, dried
01-139-20	Emmer
01-139-90	Grain, nec
01-139-30	Grain Screenings, unground
01-139-25	Millet, other than Millet Seed
01-136-55	Milo (Milo Maize)
01-133-10	Oats
01-135-10	Rye
01-136-90	Sorghum Grain, nec, or Sorghum Grains, in mixture
01-144-10	Soybeans, dried
01-144-15	Soybeans, fresh
01-144-20	Screenings, Soybean, not ground or processed
01-137-10	Wheat
01-137-20	Wheat, Durum, Amber or Red

(B) – Cancel – Effective September 30, 2008

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

(C) NON-ABSORPTION OF SWITCHING CHARGES ON GRAIN – ITEM 13011.1 (Supersedes Item 13011 that expired September 30, 2008)

1. The provisions of this item apply to the exclusion of any provisions published elsewhere in this section, except as provided in Item 13007.
2. Reciprocal switching charges on Grain as described below are non-absorbed and will be in addition to the line haul freight charges.

STCC NOS.	COMMODITY DESCRIPTION
01-131-10	Barley
01-131-30	Barley, Feed, Nec
01-132-10	Corn (Not Popcorn) Or Maize
01-132-11	Corn (Not Popcorn) Or Maize
01-132-15	Corn (Not Popcorn) Or Maize
01-132-16	Corn (Not Popcorn) Or Maize
01-132-30	Corn
01-132-40	Corn (Not Popcorn) Or Maize
01-133-10	Oats
01-133-30	Oats, Feed, Nec
01-135-10	Rye
01-135-30	Rye, Feed, Nec
01-136-55	Milo (Milo Maize)
01-136-90	Sorghum Grain, Nec, Or Sorghum Grains
01-137-10	Wheat
01-137-15	Wheat
01-137-20	Wheat, Durum, Amber Or Red
01-137-30	Wheat, Feed, Nec
01-137-40	Wheat
01-139-10	Buckwheat
01-139-15	Spelt
01-139-20	Emmer
01-139-25	Millet, Other Than Millet Seed
01-139-30	Grain Screenings
01-139-90	Grain, Nec
01-144-10	Soybeans, Dried
01-144-15	Soybeans, Fresh
01-144-20	Screenings, Soybean

(C) – Change in wording for clarification purposes

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

NON-ABSORPTION OF SWITCHING CHARGES ON WOOD – ITEM 13012

1. The provisions of this item apply to the exclusion of any provisions published elsewhere in this section, except as provided in Item 13007.
2. Switching charges will not be absorbed on:
   - Cordwood (STCC 24 117 25)
   - Fuelwood (STCC 24 117 15)
   - Pulpwood (STCC 24 114 10)
   - Resinous Wood (STCC 24 119 85)
   - Waste Wood (STCC 40 231)
   - Pulpwood or other Wood Chips (STCC 24 115 XX)

(C) MAXIMUM ABSORPTION OF SWITCHING CHARGES ON UREA, PHOSPHATES AND FERTILIZER – ITEM 13013

1. The provisions of this item apply to the exclusion of any provisions published elsewhere in this section, except as provided in Item 13007.
2. Switching charges will be absorbed on:
   - Ammonium Nitrate Fertilizer (STCC 28 712 44)
   - Defluorinated Phosphate (STCC 28 712 40)
   - Defluorinated Superphosphate (STCC 28 712 40)
   - Diammonium Phosphate Fertilizer (STCC 28 712 35)
   - Fertilizing Compounds, Manufactured Fertilizers (STCC 28 714 30)
   - Monoammonium Phosphate Fertilizer (STCC 28 712 36)
   - Superphosphate, Ammoniated Phosphate Rock, acidulated or ammoniated (STCC 28 712 51)
   - Superphosphate, other than ammoniated (STCC 28 712 50)
   - (B) Urea, other than liquor or liquid (STCC 28 181 70), moving on prices published in Tariff CSXT 4002-series, subject to a maximum absorption of $100.00 per car, at origin and/or destination.

NON-ABSORPTION OF SWITCHING CHARGES ON PHOSPHATES – ITEM 13015

1. The provisions of this item apply to the exclusion of any provisions published elsewhere in this section, except as provided in Item 13007.
2. Switching charges will not be absorbed at destination, on shipments that originate at CSXT stations in Florida, on the following commodities:
   - Diammonium Phosphate (STCC 28 712 35)
   - Monoammonium Phosphate (STCC 28 712 36)
   - Fertilizer (STCC 28 712 35)
   - Superphosphate (Acid Phosphate), other than ammoniated (STCC 28 712 50)

(C) – Change
(B) – Cancel – Account Obsolete

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

NON-ABSORPTION OF SWITCHING CHARGES ON RAILWAY EQUIPMENT, MOVING ON OWN WHEELS – ITEM 13016

1. The provisions of this item apply to the exclusion of any provisions published elsewhere in this section, except as provided in Item 13007.
2. Switching charges will not be absorbed on railway equipment, empty, moving on own wheels:
   - Freight train cars (STCC 37 422)
   - Locomotives or tenders (STCC 37 411)
   - Maintenance or repair cars (STCC 37 424)
   - Passenger train cars (STCC 37 421)
   - Street cars or self propelled railroad cars (STCC 37 423)

MAXIMUM ABSORPTION OF SWITCHING CHARGES ON MACHINERY – ITEM 13017

1. The provisions of this item apply to the exclusion of any provisions published elsewhere in this section, except as provided in Item 13007.
2. Switching charges on Machinery (STCC 34 431; 34 432; 34 433; 34 434; 34 435; 35; 36; 37 4; and 41 114 45) will be absorbed subject to a maximum absorption of $250.00 per car.

NON-ABSORPTION OF SWITCHING CHARGES AT TRANSIT STATIONS – ITEM 13018

1. The provisions of this item apply to the exclusion of any provisions published elsewhere in this section, except as provided in Item 13007.
2. Switching charges at transit stations, including stopping-in-transit stations, will not be absorbed.

ABSORPTION ON GROUNDWOOD PAPER, NEWSPRINT PAPER, PAPER BAGS, PRINTING PAPER, PULPBOARD, WOODPULP AND WRAPPING PAPER – ITEM 13020

1. The provisions of this item apply to the exclusion of any provisions published elsewhere in this section.
2. Destination reciprocal switching charges on the following traffic will be absorbed:
   - STCC 26 111 Woodpulp
   - STCC 26 211 15 Newsprint Paper
   - STCC 26 212 16 Groundwood Paper
   - STCC 26 213 Printing Paper
   - STCC 26 214 Wrapping Paper
   - STCC 26 311 Pulpboard
   - STCC 26 431 Paper Bags
   - STCC 40 241 15 Scrap Paper

Originating at:

Acme, NC
Brewton, AL
Calhoun, TN
Catawba, SC
Conalco, TN
Doctortown, GA
Eastover, SC
Fernandina Beach, FL
Fountain, AL
Georgetown, SC
Hartsville, SC
Hawesville, KY
Hopewell, VA
Hybart, AL
Interstate, GA
Kreole, MS
MacMillan, AL
Montgomery, AL
Mulford, TX
Port St. Joe, FL
Quinlan, FL
Roanoke Rapids, NC
St. Marys, GA
Savannah, GA
Stevenson, AL
Stone, SC

(N) – No change

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
(B) 13020	Adirondack Jct., PQ	CPRS	Switching charge will be absorbed
13021	Akron, OH	AB WE	Switching charge will be absorbed
13025	Albany, NY	APD CPRS	Switching charge will be absorbed
13027	Aliquippa, PA	AOR	Switching charge will be absorbed
13030	Anderson, IN	CEIW	Switching charge will be absorbed
13032	Anguilla Jct., GA	GITM	Switching charge will be absorbed
13039	Atlanta, GA	NS	A. Switching charge will not be absorbed on: Sand (STCC 14 413) originating at Junction City, GA. B. Switching charge will be absorbed on: 1. Sulfuric Acid (STCC 28 193) originating at Copperhill, TN when destined to East Point, GA 2. All other traffic: Competitive traffic only (Item 13000)
13045	Augusta, GA	NS	Switching charge will be absorbed on competitive traffic only (Item 13000)
13048	Baltimore, MD	CTN PBR	Switching charge will be absorbed
		NS	Switching charge will be absorbed on traffic to and from Dundalk Marine Terminal.
13051	Barberton, OH	AB	Switching charge will be absorbed
13060	Beauharnois, PQ	CN	Switching charge will be absorbed
13066	Bessemer, AL	BS NS	Switching charge will be absorbed on competitive traffic only (Item 13000)
13069	Bessemer, PA	URR	Switching charge will be absorbed, except on trainload or unit train shipments of Bituminous Coal (STCC 11)

(B) – Cancel – Account Obsolete

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13072	Birmingham, AL	BS BNSF NS	Switching charge will be absorbed on competitive traffic only (Item 13000)
13076	Boston, MA	ST	Switching charge will be absorbed
13076.1	Bridgeport, NJ	SLRS	Switching charge will be absorbed
(B) 13078	Brunswick, GA	NS	Switching charge will be absorbed on: 1. Traffic originating at or destined to plant of LCP Chemical Georgia, Inc. 2. All other traffic: Competitive traffic only (Item 13000)
13084	Buffalo, NY	BPRR BSOR CPRS NS SB	Switching charge will be absorbed

(B) – Cancel – Account Obsolete

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ABSORPTION RULES
SECTION XIII – B

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13099	Cantonment, FL	AGR	Switching charge will be absorbed on competitive traffic only (Item 13000)
13105	Cecile Jct., PQ	CN	Switching charge will be absorbed
13114	Charleston, SC	PTR PUCC	Switching charge will be absorbed on competitive traffic only (Item 13000).
13117	Charleston, WV	NS	Switching charge will be absorbed
13120	Charlotte, NC	NS	Switching charge will be absorbed on: 1. Outbound shipments of manufactured tobacco or cigarettes (STCC 21 111) originating at Concord, NC 2. All other traffic: Competitive traffic only (Item 13000)
13129	Chattanooga, TN	NS	Switching charge will be absorbed on competitive traffic only (Item 13000)
13135	Chicago, IL	ALL CARRIERS	Switching charge will be absorbed
13138	Chicago Heights, IL	ALL CARRIERS	Switching charge will be absorbed except on: Coal (STCC 11) or Coke (STCC 29 914) destined to industries on NS will be subject to a maximum absorption of $17.00 per car
13141	Chillicothe, OH	NS	Switching charge will be absorbed
(C) 13144	Cincinnati, OH	IORY NS	Switching charge will be absorbed (C) Switching charge will be absorbed on: 1. Compounds, Cleaning, Scouring or Washing: originating at Doe Run, KY: NEC Liquid (STCC 28 419) 2. Miscellaneous Chemical Products: Diethanolamine (STCC 28 181 27) Glycol Ethers (STCC 28 181 64), Monoethanolamine (STCC 28 181 27) Polypropylene Glycol (STCC 28 185 55) Triethanolamine (STCC 28 181 27) 3. Plastic materials (STCC 28 211) 4. All other traffic: Switching Charge will be absorbed on competitive traffic only (Item 13000)

(C) – Change in wording

The explanations of Reference Marks appear on the last page of this section.

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13147	Cleveland, OHN	S NSR WE	Switching charge will be absorbed
		CWRO	Switching charge will be absorbed except on Coke, the direct product of Coal (STCC 29 914 25), originating at Pittsburgh (Glenwood) PA will be subject to a maximum absorption of $0.98 per ton.
13149	Colesburg, TN	SCTR	Switching charge will be absorbed
13153	Columbia, SC	NS	Switching charge will be absorbed on competitive traffic only (Item 13000)
13159	Columbus, OH	CCRA IORY	Switching charge will be absorbed Switching charge will be absorbed
		NS	Reciprocal Switching: Switching charge will be absorbed. Intermediate Switching charge between CSXT and CCRA will **NOT** be absorbed.
(B) 13160	Conneaut, OH	BLE CN	Switching charge will be absorbed except on: 1. Commodities covered by STCC 24, 26, 40 23 and 40 24, subject to a maximum absorption of: • $275.00 per car to or from CN Districts 5 & 7 • $400.00 per car to or from CN Districts 1, 2 & 3 2. Commodities covered by STCC 20, subject a maximum absorption of $40.00 per car
13161	Connellsville, PA	SWP	Switching charge will be absorbed
13162	Connersville, IN	CNUR	Switching charge will be absorbed subject to a maximum of $500.00 per car.
13165	Cordele, GA	NS	Switching charge will be absorbed on competitive traffic only (Item 13000).
13168	Culbertson, PA	PSCC	Switching charge will be absorbed
13177	Danville, IL	NS	Switching charge will be absorbed
13183	Dayton, OH	NS	Switching charge will be absorbed

(B) – Cancel – Account Obsolete

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ABSORPTION RULES
SECTION XIII – B

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13186	Decatur, AL	NS	Switching charge will be absorbed on: 1. Terephthalic Acid (STCC 28 186 71), Adiponitrile (STCC 28 181 32), Hexamethylene Diammonium Adipate Solution (STCC 28 181 33), Hexamethylenediamine Solution (STCC 28 181 69), Dimethylterephthalate (STCC 28 151 34) 2. Anhydrous Dimethylamine, Monoethylamine or Trimethylamine (STCC 28 139) originating at Pace, FL 3. Methanol (STCC 28 184) when destined to Old Hickory, TN 4. Plastic materials (STCC 28 211) originating at Decatur, AL 5. Gluten Meal (STCC 20 419 28) or Gluten Feed (STCC 20 421 75) outbound 6. All other traffic: Switching charge will be absorbed on competitive traffic only (Item 13000).
13189	Decatur, IL	CN NS	Switching charge will be absorbed
13192	Defiance, OH	MAW	Switching charge will be absorbed
13201	Detroit, MI	CN DC NS	Switching charge will be absorbed
(B) 13207	Douglas, GA	NS	Switching charge will be absorbed on competitive traffic only (Item 13000).
13213	Durham, NC	NS	Switching charge will be absorbed on: 1. Cement (STCC 32 411), inbound when consigned to Ready Mixed Concrete Co., Camden Ave. Plant NO. 15 2. All other traffic: Switching charge will be absorbed on competitive traffic only (Item 13000).
13216	East St. Louis, IL St. Louis, MO	NS	Switching charge will be absorbed on: 1. Metal Products (STCC 33) originating or terminating at Granite City Steel Works Division of National Steel Corp. 2. All other traffic: competitive traffic only (Item 13000)
		ALL OTHER CARRIERS	All other switching charges will be absorbed on carriers competitive traffic only (Item 13000).
13217	Effingham, IL	CN	Switching charge will be absorbed

(B) – Cancel – Account Obsolete

The explanations of Reference Marks appear on the last page of this section.

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ABSORPTION RULES
SECTION XIII – B

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13219	Elsmere Jct., DE	ESPN	Switching charge will be absorbed
13225	Ensley, AL	BS	Switching charge will be absorbed on competitive traffic only (Item 13000).
13226	Erie, PA	NS EEC	Switching charge will be absorbed Switching charge will be absorbed
13228	Evansville, IN	ISW ISRR NS	Switching charge will be absorbed on competitive traffic only (Item 13000).
13233	Findlay, OH	NS	Switching charge will be absorbed
(B) 13234	Flint, MI	CN	Switching charge will be absorbed
13240	Fostoria, OH	NS NASR	Switching charge will be absorbed Switching charge WILL NOT be absorbed
13242	Fulco Jct., GA	FCR	Switching charge will be absorbed
13252	Gainesville, GA	NS	Switching charge will be absorbed on: 1. Blackstrap Molasses (STCC 20 617) or Invert Molasses (STCC 20 616) originating at Auburndale, Clewiston, Okeelanta or South Clewiston, FL 2. All other traffic: Switching charge will be absorbed on competitive traffic only (Item 13000).
13264	Grand Rapids, MI	GR GDLK	Switching charge will be absorbed Switching charge will be absorbed
13267	Greenville, NC	CLNA	Switching charge will be absorbed on competitive traffic only (Item 13000).
13268	Greenville, NJ	PJR	Switching charge will be absorbed
13270	Guilderland Center, NY	SNY	Switching charge will be absorbed
13276	Gulfport, MS	KCS	Switching charge will be absorbed on competitive traffic only (Item 13000).
13279	Hagerstown, MD	NS	Switching charge will be absorbed
13280	Hainesport, NJ	HIRR	Switching charge WILL NOT be absorbed
(B) 13284	Hanover, PA	YRC	Switching charge will be absorbed
13285	Harriman, TN	NS	Switching charge will be absorbed on competitive traffic only (Item 13000).
13300	Hopewell, VA	NS	Switching charge will be absorbed on competitive traffic only (Item 13000).

(B) – Cancel – Account Obsolete

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ABSORPTION RULES
SECTION XIII – B

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13308	Huntingdon, PQ	CN	Switching charge will be absorbed
13312	Indianapolis, IN	INRD	Switching charge will be absorbed
13315	Jacksonville, FL	NS TTR	Switching charge will be absorbed on competitive traffic only (Item 13000).
13321	Jeffersonville, IN	LIRC	Switching charge **WILL NOT** be absorbed
		MGRI	Switching charge will be absorbed
13330	Johnson City, TN	ETRY	Switching charge will be absorbed on competitive traffic only (Item 13000).
		NS	Switching charge will be absorbed on competitive traffic only (Item 13000).
13333	Johnstown, PA	LVRJ	Switching charge will be absorbed
13339	Kenova, WV	NS	Switching charge will be absorbed
13345	Knoxville, TN	NS	Switching charge will be absorbed on: 1. Grain Flour (STCC 20 419) subject to a maximum absorption of $80.00 per car 2. All other traffic: competitive traffic only (Item 13000)
		KXHR	Switch charge will be absorbed
(C) 13348	Lafayette, IN	NS	Switching charge will be absorbed on: (C) 1. Motor vehicles, freight (STCC 37 112 XX) and Motor vehicles, passenger (STCC 37 111 XX) 2. All other traffic: competitive traffic only (Item 13000)
13354	Landenburg Jct., DE	WWRC	Switching charge will be absorbed
13357	Lansing, MI	NS	Switching charge will be absorbed
13363	Lawrenceburg, IN	CIND	Switching charge will be absorbed

(C) - Change

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ABSORPTION RULES
SECTION XIII – B

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13372	Lima, OH	NS	Switching charge will be absorbed
13376	Lorain, OH	LT	Switching charge will be absorbed
13378	Louisville, KY	INRD	Switching charge will be absorbed
		LIRC NS PAL	Switching charge will be absorbed on: 1. NS industries identified as "formerly KIT". 2. All other traffic: Switching charge will be absorbed on competitive traffic only (Item 13000).
		RJCC	Switching charge will be absorbed
13381	Lynchburg, VA	NS	Switching charge will be absorbed
13383	Lyons, NY	FGLK	Switching charge will be absorbed
(B) 13393	Marion, NC	NS	Switching charge will be absorbed on: 1. Cement (STCC 32 411) originating at Kingsport, TN 2. All other traffic: Switching charge will be absorbed on competitive traffic only (Item 13000)
13396	Marion, OH	NS	Switching charge will be absorbed
13399	Martinsburg, WV	WW	Switching charge will be absorbed
13401	Massena, NY	MSTR	Switching charge will be absorbed
13402	McKeesport, PA	MKC	Switching charge will be absorbed
13403	Memphis, TN	BNSF UP	Switching charge will be absorbed on: 1. Shipments originating or terminating at Hunt Wesson Foods 2. All other traffic: Switching charge will be absorbed on competitive traffic only (Item 13000).
		CN	Switching charge will be absorbed on: 1. Gluten meal (STCC 20 419 28) or Gluten Feed (STCC 20 421 75) outbound 2. All other traffic: Switching charge will be absorbed on competitive traffic only (Item 13000).
		NS	Switching charge will be absorbed on competitive traffic only (Item 13000)

(B) – Cancel – Account Obsolete

The explanations of Reference Marks appear on the last page of this section.

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ABSORPTION RULES
SECTION XIII – B

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13406	Metcalf, IL	EIRC	Switching charge will be absorbed subject to a maximum absorption of $100.00 per car
(B) 13411	Michigan City, IN	CSS	Switching charge will be absorbed
13415	Middletown, OH	NS	Switching charge will be absorbed
13427	Mobile, AL	BNSF CN NS	Switching charge will be absorbed on competitive traffic only (Item 13000).
		TASD	Switching charge will be absorbed on: 1. Food or Kindred Products (STCC 20) 2. Lumber (STCC 24 211) originating at Buchanan Lumber Co. 3. All other traffic: Switching charge will be absorbed on competitive traffic only (Item 13000).
13429	Moltonville, NC	CTR	Switching charge will be absorbed
13434	Morrisville, PA	SLRS	Switching charge will be absorbed
13439	Mt. Vernon, IL	UP	Switching charge will be absorbed on competitive traffic only (Item 13000).
13442	Muncie, IN	NS	Switching charge will be absorbed
13449	Natco, TN	TSRR	Switching charge will be absorbed
13453	New Castle, IN	CNUR	Switching charge will be absorbed
13454	New Castle, PA	BPRR NCIR	Switching charge will be absorbed

(B) – Cancel – Account Obsolete

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13460	New Orleans, LA	CN KCS	Switching charge will be absorbed on competitive traffic only (Item 13000)
		UP	Switching charge will be absorbed on: 1. Acrylamide Solution (STCC 28 182 10), Acrylonitrile (STCC 28 181 02), Anhydrous Ammonia (STCC 28 198 15), Melamine (STCC 28 151 12), Sulfuric Acid (STCC 28 193 15) from Cytic Industries 2. All other traffic: Switching charge will be absorbed on competitive traffic only (Item 13000)
		NOPB	Switching charge will be absorbed on: competitive traffic only (Item 13000) subject to a maximum absorption of $106.00 per car
		NS	Switching charge will be absorbed on: 1. Refined Sugar (STCC 20 6) originating at Three Oaks, LA 2. All other traffic: competitive traffic only (Item 13000)
13463	Norfolk, VA	NS ESHR	Switching charge will be absorbed on: competitive traffic only (Item 13000)
		NPB	Switching charge will be absorbed
(B) 13468	North Bessemer, PA	CN	Switching charge will be absorbed except on: 1. Commodities covered by STCC 24, 26, 40 23 and 40 24, subject to a maximum absorption of: • $225.00 per car to or from CN District 6 • $275.00 per car to or from CN Districts 5 & 7 • $325.00 per car to or from CN District 4 • $400.00 per car to or from CN Districts 1, 2 & 3 2. Commodities covered by STCC 20, subject a maximum absorption of $40.00 per car
13472	North Birmingham, AL	ABWR	Switching charge will be absorbed on: Coal (STCC 11) originating at CSXT stations (except ALABAMA) and Coke (Direct Product of Coal) (STCC 29 914)
13481	Orangeburg, SC	NS	Switching charge will be absorbed on competitive traffic only (Item 13000)
13483	Orlando, FL	FCEN	Switching charge will be absorbed
13485	Painesville, OH	NS	Switching charge will be absorbed
13488	Palmer, MA	NECR	Switching charge will be absorbed
13488.5	Paris, KY	TTIS	Switching charge will be absorbed
13489	Parkersburg, WV	LKRR	Switching charge will be absorbed subject to a maximum absorption of $174.00
13490	Pascagoula, MS	MSE	Switching charge will be absorbed on: competitive traffic only (Item 13000)
13493	Paulsboro, NJ	SLRS	Switching charge **WILL NOT** be absorbed
13495	Pensacola, FL	AGR	Switching charge will be absorbed on competitive traffic only (Item 13000)
13497	Perry, OH	NS	Switching charge will be absorbed
13499	Petersburg, VA	NS	Switching charge will be absorbed on competitive traffic only (Item 13000)

(B) – Cancel – Account Obsolete

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ABSORPTION RULES
SECTION XIII – B

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13502	Pittsburgh, PA	AVR	Switching charge will be absorbed.
		PAM	
		POHC	
13505	Port Huron, MI	CN	Switching charge will be absorbed
13506	Port Manatee, FL	MAUP	Switching charges WILL NOT be absorbed except: Switching will be absorbed subject to a maximum of $30.00 on STCC 26 211, 26 212, 26 213, 26 214, 26 311, 26 495, or 40 241
13510	Portsmouth, VA	NPB	Switching charge will be absorbed
13514	Princeton, IN	NS	Switching charge will be absorbed on competitive traffic only (Item 13000)
13517	Raleigh, NC	NS	Switching charge will be absorbed on competitive traffic only (Item 13000)
13519	Raritan Center, NJ	RCRY	Switching charge will be absorbed
13523	Reynolds, IN	TPW	Switching charge will be absorbed
13526	Richmond, IN	NS	Switching charge will be absorbed
13529	Richmond, VA	NS	Switching charge will be absorbed on: competitive traffic only (Item 13000)
13532	Rochester, NY	RSR	Switching charge will be absorbed
(B) 13540	St. Anne, IL	UP	Switching charge will be absorbed
13541	St. Louis, MO	ALL CARRIERS	(See Item 13216)
(B) 13543	Salem, IL	UP	Switching charge will be absorbed

(B) – Cancel – Account Obsolete

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ABSORPTION RULES
SECTION XIII – B

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13550	Savannah, GA	NS SAPT	Switching charge be absorbed on: 1. Kaolin and Water Mixed (STCC 32 952) originating at Dry Branch, GA 2. Tall Oil, crude (STCC 28 612 35) originating at Roanoke Rapids, NC 3. All other traffic: Switching charge will be absorbed on competitive traffic only (Item 13000).
		GC GITM	Switching charge will be absorbed
13556	Seymour, IN	LIRC	Switching charge will be absorbed
13557	Sharon, PA	NS	Switching charge will be absorbed
13560	Shenango, PA	CN	Switching charge will be absorbed except on: 1. Commodities covered by STCC 24, 26, 40 23 and 40 24, subject to a maximum absorption of: $400.00 per car to or from CN Districts 1, 2 & 3 2. Commodities covered by STCC 20, subject a maximum absorption of $40.00 per car
13566	Solvay, NY	FGLK	Switching charge will be absorbed
13567	South Kearny, NJ	NJRC	Switching will NOT be absorbed
13568	Spartanburg, SC	NS	Switching charge will be absorbed on: 1. Cement (STCC 32 411) originating at Cementon, SC 2. All other traffic: Switching charge will be absorbed on competitive traffic only (Item 13000).
(B) 13571	Springfield, MA	ST	Switching charge will be absorbed
13574	Stevenson, AL	NS	Switching charge will be absorbed on competitive traffic only (Item 13000)
13577	Suffolk, VA	NS	Switching charge will be absorbed on: competitive traffic only (Item 13000)
13589	Terre Haute, IN	INRD	Switching charge will be absorbed
(B) 13590	Thurmond, WV	WVSR	Switching charge will be absorbed
13592	Tiffin, OH	NOW	Switching charge will be absorbed
13595	Toledo, OH	AA NS	Switching charge will be absorbed
		CN	Switching charge will be absorbed except on 1. Coal (STCC 11) subject to a maximum absorption of $95.00 per car 2. Traffic moving on CSXT Circulars 4021 or 4022
(C) 13598	Tuscola, IL	CN (B) UP	Switching charge will be absorbed

(C) - Change
(B) – Cancel – Account Obsolete

The explanations of Reference Marks appear on the last page of this section.

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ABSORPTION RULES
SECTION XIII – B

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13603	Valdosta, GA	NS VR	Switching charge will be absorbed on competitive traffic only (Item 13000).
(B) 13606	Vassar, MI	HESR	Switching charges will be absorbed
13612	Walkerville, ON	CN	1. Switching charge will be absorbed on: Liquefied Petroleum Gas (STCC 29 121) 2. All other traffic subject to a maximum absorption of $205.00 per car.
13618	Wayne, MI	NS	Switching charge will be absorbed
13624	West Palm Beach, FL	FEC	Switching charge will be absorbed on competitive traffic only (Item 13000).
13627	Wilmington, DE	NS	Switching charge will be absorbed
13630	Wilmington, NC	WTRY	Switching charge will be absorbed
(C) 13633	Wilson, NC	NS (AA) CLNA	Switching charge will be absorbed on competitive traffic only (Item 13000). Switching charge will be absorbed on competitive traffic only (Item 13000).
13636	Winchester, VA	WW	Switching charge will be absorbed
13639	Windsor, ON	CN	Switching charge will be absorbed on: 1. Liquefied Petroleum Gas (STCC 29 121) 2. All other traffic subject to a maximum absorption of $205.00 per car
		ETL	Switching charge will be absorbed on: 1. Industrial Inorganic Acids (STCC 28 194), Liquefied Petroleum Gas (STCC 29 121), Sulfuric Acid (STCC 28 193) 2. Soybean Meal, etc (STCC 20 923), Nut or Vegetable meal, etc (STCC 20 939) 3. All other traffic subject to a maximum absorption of $205.00 per car

(B) – Cancel
(C) – Change
(AA) - Addition

The explanations of Reference Marks appear on the last page of this section.

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

ABSORPTION RULES
SECTION XIII – B

ITEM	STATION	CONNECTING RAILROAD	APPLICATION
13640	Winston Salem, NC	NS	Switching charge will be absorbed
(B) 13642	Wixom, MI	CRLE	Switching charge will be absorbed
(AA) 13643	Wixom, MI	MAL	Switching charge will be absorbed
13644	Woodville, OH	NOW	Switching charge will be absorbed
13645	Woodward, AL	BS	Switching charge will be absorbed on competitive traffic only (Item 13000)
13651	Youngstown, OH	MVRY YARR	Switching charge will be absorbed 1. Switching charge will be absorbed on Potatoes (STCC 01 195 XX) 2. Switching charge will be absorbed on Lumber (STCC 24 211 XX) 3. All other traffic subject to a maximum absorption of $150.00 per car

(B) - Cancel
(AA) - Addition

CSX TRANSPORTATION
Marketing Services
6737 Southpoint Drive South
Jacksonville, FL 32216

Rebuttal Exhibit II-B- 6

Redacted

Rebuttal Exhibit II-B- 7

Redacted

Rebuttal Exhibit II-B- 8

Redacted

Rebuttal Exhibit II-B- 9

QUALITATIVE MARKET DOMINANCE DETERMINATION

I. INTRODUCTION

In Exhibit II-B-10 of TPI's Opening Evidence, TPI's experts demonstrated that in spite of similarly-priced transportation alternatives for 58 of the 104 issue movements, CSXT has market dominance over TPI's traffic moving in these 58 lanes, because the transportation alternatives do not provide economically *effective* competition. CSXT's market dominance is evidenced by its ability to capture an overwhelming majority of TPI traffic in these lanes and at rates that significantly exceed its cost of providing the service. Further, because CSXT's costs are far less than that of its competitors, CSXT has the ability to lower its rates to less than its competitor's costs while earning a contribution from the traffic at issue. Stated differently, CSXT can lower its rates to such an extent that it can force its competitor out of business and still make a profit.

In Reply, CSXT attempted to respond to TPI's arguments and evidence of ineffective competition but they ignored precedents included in previous ICC and STB decisions and instead relied on economically invalid and inconsequential arguments. In addition, CSXT, through its Witness Mr. Gordon Heisler, presented information related to 78 proposed intermodal alternatives which it argues provide viable transportation options for 78 of the 104 origin/destination pairs at issue in this proceeding.

In this Rebuttal, CSXT's arguments related to the intermodal alternatives are addressed and TPI demonstrates that not one of Mr. Heisler's proposed intermodal alternatives represent *effective* competition because the alternative carriers' cost of providing service far exceeds CSXT's cost of providing service to the issue traffic.

QUALITATIVE MARKET DOMINANCE DETERMINATION

Rebuttal Exhibit II-B-9 is organized under the following topical headings:

II. CSXT's Reply Evidence Fails to Recognize that Market Dominance Can Exist Even if Alternative Transportation has Similar or Lower Rates

III. CSXT's Claims that TPI's Cost Analysis is Flawed are Inconsequential and Economically Invalid

IV. The Intermodal Alternatives Presented by CSXT Do Not Provide Effective Competition

V. Conclusion

QUALITATIVE MARKET DOMINANCE DETERMINATION

II. CSXT's REPLY EVIDENCE FAILS TO RECOGNIZE THAT MARKET DOMINANCE CAN EXIST EVEN IF ALTERNATIVE TRANSPORTATION HAS SIMILAR OR LOWER RATES

CSXT claims that rail/truck transload alternatives provide physically feasible options for transporting TPI's products[1] in 78 of the 104 traffic lanes at issue in this proceeding and therefore CSXT cannot have market dominance over the traffic moving in these 78 lanes. CSXT's position ignores the precedent set forth in previous ICC and STB proceedings which hold that, for a finding of market dominance competition must be *effective*.

In Opening, TPI quoted from the ICC's decision in *McCarty Farms*: "The existence of intermodal competition is not enough to establish a lack of market dominance."[2] In *McCarty Farms*, the ICC determined that "truck and truck/barge service competes to some extent with BN rail service for carriage of wheat and barley from Montana to the PNW."[3] But, the ICC also found that "BN lacks *effective* competition, *i.e.*, competition adequate to restrain its rates at or below a maximum reasonable level.[4] The ICC found that, "even with truck and truck/barge competition, BN has been able to capture the vast majority of the total transportation market" and "its rates have significantly exceeded...the BN's costs of providing service."[5]

Moreover, in *FMC*, the STB concluded that a transload alternative with comparable rates to the defendant railroad's rates did not provide *effective* competition, because the *transload*

---

[1] Including polypropylene, polystyrene and polyethylene.
[2] 3 I.C.C. 2d 832.
[3] Id. at 831.
[4] Id. at 831 (italics in original).
[5] Id. at 831-32.

option operates at a large cost disadvantage compared to rail.[6] That caused the STB to conclude that UP's ability to match prices set by the higher-cost transload alternative, while maintaining a dominant market share, could not demonstrate *effective* competition for the issue traffic.[7]

In its Opening Evidence, TPI examined 58 of the 104 lanes at issue in this proceeding, and demonstrated that the competing carriers' cost of providing alternative service in each of these lanes is substantially higher than CSXT's cost of service and therefore the alternative transportation does not provide *effective competition.*

III. CSXT's CLAIMS THAT TPI'S COST ANALYSIS IS FLAWED ARE INCONSEQUENTIAL AND ECONOMICALLY INVALID

CSXT critiques TPI's showing that transportation alternatives to CSXT have much higher costs than CSXT. CSXT contends that, even if a carrier's costs are relevant to the market dominance inquiry, TPI's attempt to compare costs across modes in its Opening Exhibit II-B-10 is flawed for several reasons.[8]

---

[6] 4 STB at 717-18.

[7] CSXT claims TPI provides no citation to Board or ICC decisions supporting its assertion that a rail carrier is market dominant if a cost comparison shows the internal costs are lower than the internal costs of a competitor. See CSXT Reply at II-88. CSXT's claim is erroneous. In addition to the above citation to *FMC*, TPI quoted *FMC* in its Opening evidence as stating; "the fact that the [carrier] matches prices set by alternatives with significantly higher cost, while maintaining a dominant market share, is not enough to demonstrate effective competition for the traffic at issue. See Opening Exhibit II-B-10, pp, 3-4.

[8] CSXT Reply at II-88-91.

QUALITATIVE MARKET DOMINANCE DETERMINATION

A. COMPARING URCS COSTS WITH COSTS OF OTHER MODES

CSXT asserts that, in the absence of an URCS-equivalent for alternative modes, no reliable analysis is possible. That simply is not true. URCS calculates long-run variable costs for individual railroads. Long-run variable costs are costs which change with a change in output over the long term. Long-term costs assume that a company has the flexibility to change production inputs over time.

Long-run variable cost for railroads can be determined through various formulas whether it be the STB's Uniform Railroad Costing System ("URCS"), Rail Form A (historically used by the ICC) or an individual rail carrier's internal management costing systems. The intent of each of these formulas is the same, i.e. to measure the change in a railroad's cost with a change in output. One of the many uses of these variable costs is to set the floor for transportation rates.

Other transportation modes and other industries also calculate variable costs. For example, the ICC used a Highway Form B to calculate motor carrier costs. The intent of Highway Form B costs and Rail Form A costs were the same, i.e., to calculate variable costs of the carriers in the respective industries. The level of these costs may be different among carriers, modes and industries but the intent is identical, i.e. to calculate a carrier's costs associated with handling traffic.

CSXT's position also ignores the fact that comparisons of such analyses have been accepted in prior proceedings. In *McCarty Farms*, for example, the ICC determined that truck direct and truck/barge service did not provide *effective* competition to rail based on the fact that

these were high cost alternatives according to the cost studies presented by Complainants.[9] Similarly, in *FMC* the STB concluded that a truck/rail transload alternative with comparable rates did not provide effective competition because the transload option operates at a large cost disadvantage.[10] In both instances, the costs of the non-rail alternative was not determined from an URCS analysis and yet the ICC and the STB found that the costs were comparable to the railroad's costs for market dominance determinations.

B. COMPARING MOTOR CARRIER CARRIER VARIABLE COSTS WITH FULLY ALLOCATED COST

CSXT claims that a cost comparison across modes is not reliable because "there are significant differences between the cost structure of the rail industry and that of the motor carrier industry."[11] Specifically, CSXT asserts that "a study purporting to show that the variable costs of trucking are higher than the variable costs of rail transportation is meaningless in the absence of a showing that trucking costs are higher than the fully allocated cost of rail transportation, including all necessary infrastructure maintenance and capital improvements."[12] CSXT claims that motor carrier and rail costs are not comparable due to the extent that motor carriers do not incur capital or operating costs related to the highway infrastructure, and railroads do incur capital and operating expenses related to infrastructure. CSXT's solution to this alleged mismatch in costs is to compare motor carrier long-run average costs with railroad fully allocated costs.

---

[9] 3 I.C.C. 2d at 831-832.
[10] 4 S.T.B at 717-718.
[11] CSXT Reply at II-89.
[12] Id. at II-89-90.

QUALITATIVE MARKET DOMINANCE DETERMINATION

CSXT's position that long-run average cost of trucking should be compared with fully allocated cost of the rail industry is non-sensical for at least four reasons. First, fully allocated cost can only be determined for an entity as a whole and not for specific movements. Fully allocated costs are comprised of variable costs that are directly attributable to a specific movement and an arbitrary allocation of fixed costs. In *Guidelines*,[13] the ICC recognized that any attempt to develop fully allocated costs were arbitrary and therefore adopted "Constrained Market Pricing" to set maximum rates. This eliminated prior rate making approaches used by the ICC based on a railroad's so called full costs, i.e., it eliminated the use of the ratio method and the "ton and ton-mile methodology to allocate fixed costs as well as the ICC's "7% solution."[14]

Second, even if fully allocated costs could be determined for a specific movement, comparing long-run average costs of the motor carrier industry with fully allocated cost of the rail industry for specific moves is incorrect because the two cost methodologies, by definition, are different measures of cost levels. Long-run average cost varies with a change in output over the long term, whereas fully allocated cost has a component of cost which does not change with changes in volume, but rather is arbitrarily assigned to a movement of traffic, thus the two cost methods cannot be used for comparison purposes.[15]

Third, CSXT would have the STB consider costs incurred by entities other than the two competitors in the market place, such as the Federal government or various state or local

---

[13] Ex Parte No. 347 (Sub-No. 1), *Coal Rate Guidelines, Nationwide*, 1 I.C.C. 2d, 522 ("*Guidelines*")

[14] The "7% solution" based rates on fully allocated costs plus a seven percent additive. The U.S. Court of Appeals concluded that this methodology was "arbitrary and capricious". See Docket No. 78-2051, decided June 9, 1980.

[15] *Guidelines* defined fully allocated costs as: The sum of the variable costs of a transportation movement and an arbitrary apportionment of constant costs..." (1 I.C.C. 2d, 553).

governments which provide capital and operating expenses in building the infrastructure used by motor carriers in its determination of market dominance. As these costs are not incurred by the motor carrier, they are not relevant to the motor carrier's or the railroad's ability to set prices for provision of a specific service (only a carrier's variable costs of service are relevant for a market dominance analysis, as this cost level sets the floor for rate setting purposes). Highway trucks pay numerous fees, tolls and taxes that support the construction and maintenance of highway infrastructure. For example, highway trucks pay: 1) federal heavy vehicle use tax, 2) federal excise fuel tax, 3) excise taxes on tractors, trailers and tires, 4) operating taxes to support the Federal Highway Trust Fund, and, 5) state tolls and fees for over-the-road use.[16] These payments are used to provide funds for construction or reconstruction, rehabilitation, maintenance and operations and administration.[17]

Finally, were CSXT's position related to infrastructure capital and maintenance correct, which it is not, the roadway capital and maintenance costs should be removed from the calculation of CSXT's cost of providing service, in order to make the comparison with motor carrier costs. This correction would only serve to increase the cost advantage enjoyed by the railroad.

C. INCLUSION OF TRANSLOAD FEES AND STORAGE CHARGES

CSXT criticizes the TPI analysis for treating the full price of transloading facility fees and storage charges as the costs of those fees and charges, stating that TPI "cooked" the numbers

---

[16] See, "Facts about Trucking in Georgia", Georgia Trucking Association, www.gmta.org/industrylinks.asp.
[17] "Highway Cost Allocation Study, 2009-2011 Biennium", Oregon Department of Administrative Services, Office of Economic Analysis, www.oregon.gov/das/oea/doc/highwaycost/2009report.pdf.

and by including the transload fees and storage charges TPI "severely skewed" the analysis. CSXT then states that the storage charges are "hopelessly inflated".[18]

TPI included transloading facility and storage charges in its analysis as a surrogate for the cost of providing these services. CSXT did not present an alternative or identify the difference between fees and costs. In spite of CSXT's vitriolic language, the level of these fees and charges is a relatively small part of the overall cost of providing the alternative service.[19] In fact, removal of the transload facility fee and storage charges from the analysis in their entirety, which unquestionably understates the costs for the alternative transportation service of the alternative mode, still results in costs for CSXT's proposed intermodal alternatives that far exceed CSXT's costs of providing service in every traffic lane.

D. CALCULATION OF MOTOR CARRIER COSTS

CSXT criticizes the source and application of TPI's motor carrier costs. As discussed below, each of CSXT's claims is ill-founded and or insignificant.

First, CSXT claims that the motor carrier variable cost study relied upon by TPI, performed by the American Transportation Research Institute ("ATRI") was funded by the trucking industry and was developed as an advocacy tool to convince policymakers that they were understating truck costs. CSXT's argument is ill-founded for two reasons. First, assuming CSXT is correct and the costs in the ATRI report are somewhat high, the fact remains that they are developed for the industry as a whole and understate the cost incurred by specialized carriers

---

[18] CSXT Reply at II-90.

[19] Combined transload facility fees and storage charges for the individual alternatives examined in TPI's opening evidence ranges from ${{ [redacted] }} to ${{ [redacted] }} per rail carload.

like those which operate self-loading and unloading pneumatic/vacuum trailers required to transport TPI's products. As discussed in TPI's Opening evidence, specialized carriers incur driver's wages that are 28 percent higher than the industry average, the specially engineered equipment is more expensive than the industry average equipment with higher repair and maintenance costs, insurance costs are 30 percent higher than truckload carriers and permitting costs are higher than that for the average carrier.[20] To the extent that the ATRI overstated the average cost of motor carrier industry as a whole, it substantially *understated* the average cost of specialized carriers like those the CSXT proposes would haul TPI's products.

Further, Attachment No. 1 to this Rebuttal Exhibit II-B-9 shows that the cost of providing service by the alternative carriers exceeds that of CSXT's cost of serving the existing traffic by up to a factor of 5.7 times and only part of this cost is attributable to the motor carrier portion of the move. Stated differently, the average cost in the ATRI report would have to be overstated by more than 100 percent before it would alter the conclusion that CSXT's costs are lower than those of providing the alternative service. For the cost of providing service by the alternative carrier to be the same as CSXT's cost of providing service *for even one* of the 78 traffic lanes, the average motor carrier cost would have to drop from $1.905 per mile to $0.97 per mile. The absurdity of CSXT's allegation that the ATRI costs are overstated is even more apparent, when one assumes the ATRI cost were $0.00 per mile. Even under this scenario 71 of the 78 lanes which CSXT claims are competitive would have higher costs of providing service than does CSXT!

---

[20] TPI Opening Evidence, Exhibit II-B-10, pp 9-10.

QUALITATIVE MARKET DOMINANCE DETERMINATION

Next, CSXT states that TPI doubles the truck costs by assuming a 100 percent empty return ratio, i.e., TPI assumes that every truck that carries a TPI shipment will be unable to find any other shipments or backhaul after delivery of TPI's shipment. CSXT claims that this assumption does not comport with reality and yet it provides no evidence to the contrary. CSXT's claims are ill-founded for two reasons. First, it assumes that a specialized carrier operating a self-loading and unloading pneumatic/vacuum trailer can use this equipment for nearly any purpose. This is clearly not the case. This specialized equipment was designed and engineered for moving pelletized products and has little to no alternative application.

Moreover, CSXT assumes that substantial quantities of TPI's product would be moved by these specialized carriers, which, given the extraordinary volume of truck traffic that this would create, all but requires dedicated truck service and 100 percent empty backhaul. For example, according to CSXT's Reply Exhibit II-B-2, {{[redacted]}} truck shipments per week would be required to move 100 percent of TPI's shipments from Norfolk Southern's ("NS") Thoroughbred Bulk Transfer facility in Doraville, GA to the TPI destination at Social Circle, GA.[21] Round trip travel time for {{[redacted]}} trips, including load and unload time equals {{[redacted]}} hours per week.[22] Providing this level of service would require {{[redacted]}}[23] dedicated trucks providing around the clock service, i.e., a 100 percent empty backhaul just to keep up with the proposed service. CSXT's

---

[21] The truck shipments are based on a combination of shipments moving in Complaint lanes B1 and B28. The truck portion of both of these lanes is between Doraville and Social Circle.

[22] Googlemaps.com estimates one-way travel time from Doraville to Social Circle to equal one hour and two minutes. Rounding this to one hour each way plus {{[redacted]}} hours for loading and {{[redacted]}} hours for unloading equals total round trip time of six hours, times {{[redacted]}} trips equals {{[redacted]}} hours per week.

[23] {{[redacted]}} hours/(7days x 24 hours) = {{[redacted]}} trucks, excluding any time for servicing, maintenance, meals or delays due to traffic.

argument that motor carrier equipment in this service is flexible and can pick up opportunities wherever they arise is clearly refuted by its own evidence.

IV. THE INTERMODAL ALTERNATIVES PRESENTED BY CSXT DO NOT PROVIDE EFFECTIVE COMPETITION

As discussed in TPI's Opening, Exhibit II-B-10 and in the previous section of this Rebuttal Exhibit, a determination of market dominance requires an examination of the economics underlying both the rates at issue and those of the alternative transportation and the margins that can be earned by the defendant carrier. For an effective competitive constraint to exist, CSXT's cost of providing the service must be comparable to or greater than that of the cost of providing the alternative service by all carriers and service providers in that supply chain. Stated differently, if CSXT's margin from the rates at issue, minus the difference between the CSXT rail rate and the cost of providing the alternative service is substantially positive, then the alternative is not an effective constraint on CSXT's pricing and CSXT does possess market dominance over this same traffic.

To demonstrate CSXT's market dominance for each of the 78 origin/destination pairs where CSXT alleges TPI has an effective intermodal competitive alternative, we: 1) determined the CSXT margin for each origin/destination pair; 2) determined the cost of providing the alternative service[24]; 3) subtracted the cost of the alternative service from the CSXT rail rate; and

[24] CSXT's claims on numerous occasions that the "cost" of the alternative service is the same or lower than that of CSXT, however, CSXT is referring to the rates charged for the alternative service and CSXT's rates, not the competing carrier(s)' alternative service or CSXT's cost of providing service to the issue traffic. *See* for example, CSXT Reply at I-1, II-66, and II-68-70.

4) compared the rail margin, to the rail rate less the alternative cost of providing the service. This analysis demonstrates that CSXT's margin from the rates at issue for the 78 lanes identified by CSXT exceed the difference between CSXT's rate on the issue movement and the cost of the alternative service by a substantial margin. Thus, CSXT has sufficient market power to force the competitor out of the market place. The net result is that CSXT is market dominant in each of the 78 issue lanes where CSXT claims that an effective intermodal competitive alternative exists.

The procedures and methodology used in this analysis are the same as those presented in Exhibit II-B-10 of TPI's Opening Evidence, with one minor modification. In response to a criticism raised in CSXT's Reply evidence, transload facility fees and storage charges have been excluded from our analyses in Rebuttal.

This section addresses our procedures and methodology by topic, i.e., revenue, rail costs, truck costs and other costs. Our overall methodological discussion is followed by a discussion of the two groups of transportation alternatives proposed by CSXT which are:

1. Movement by an alternative rail carrier from an interchange location where CSXT currently receives issue shipments, to a truck transload facility and delivery by truck to destination; and

2. Movement by an alternative rail carrier from an interchange location different than the location where CSXT currently receives issue traffic shipments, and subsequent movement to a truck transload facility for delivery by truck to destination.

A. OVERALL METHODOLOGY

In our development of rail revenues and costs for the issue traffic in this analysis, TPI uses the same CSXT rail miles and tons per car as presented in Section II-A of this Rebuttal

evidence. For the 78 intermodal alternative routes proposed by CSXT in its Reply, TPI accepts the rail miles and truck miles used in Mr. Heisler's workpapers and Exhibits.

1. Rail Revenue

Rail revenue in our analysis is based on the CSXT rates at issue, including the average fuel surcharge applied by CSXT during 1Q2011. This is the same time period for revenue development as used by Mr. Heisler in CSXT's Reply evidence.

Connecting carrier revenues are included in our analysis in 13 traffic lanes where Mr. Heisler has proposed a truck direct to customer alternative, and the existing route includes both CSXT and a connecting carrier. In these instances, the revenue for the connecting carrier is included in order that a comparison between revenues for the entire move and cost for the entire move can be made. For example, for lane B-8, the issue movement is for shipment from New Orleans, LA to Washington, GA. These shipments are received in interchange by CSXT and are interchanged to the Georgia Woodlands Railroad, LLC ("GWRC") at Barnett, GA for delivery to Washington, GA. In order for revenues to be compared with the cost of providing the alternative service from origin to the customer, both CSXT and GWRC revenues must be considered.

2. Rail Costs

For each of the 78 issue traffic origin/destination pairs where CSXT proposes intermodal alternatives we developed CSXT's URCS Phase III variable costs of providing service based on the STB's 2009 URCS unit costs. In addition, to CSXT variable costs, URCS Phase III costs were developed for the Class II and Class III connecting railroads included in the analysis using

the STB's 2009 URCS regional costs. For each of the carriers represented in CSXT's proposed intermodal alternative routes, we developed URCS Phase III variable costs based on the STB's 2009 URCS unit costs for each respective carrier.[25] All URCS costs were indexed to 1Q2011 levels.

Connecting railroad variable costs were included in our analysis for the 13 issue traffic lanes where Mr. Heisler's proposed intermodal alternative includes a truck to customer shipment and the existing rail shipment includes both the CSXT and a connecting railroad.

3. Truck Costs

Marginal truck costs were developed for each of Mr. Heisler's alternatives based on the truck cost per mile found in the December 2008 report titled *An Analysis of the Operational Costs of Trucking*, by ATRI. This report provides a marginal cost per mile for the motor carrier industry of $1.73 per loaded or empty mile for truckload, less-than-truckload and specialty carriers combined.

TPI's products are transported in pellet form. To transport pellets by motor carrier, specialized carriers operating self-loading and unloading pneumatic/vacuum trailers are utilized. The ATRI Report states that the $1.73 marginal cost per mile understates the actual cost incurred by specialized motor carriers. The ATRI Report indicates at several locations that costs for specialty carriers are greater than the industry average. For instance at page 16, the ATRI Report indicates that wages for drivers of specialty carriers are 28 percent higher than the compensation for the average carrier. In addition, at page 13, the ATRI Report acknowledges that specialized

[25] These carriers include NS, BNSF Railway Company ("BNSF"), Canadian National ("CN") and Canadian Pacific ("CP").

carriers operate more expensive, specially-engineered equipment and have a significantly higher cost per mile than the truckload and less-than-truckload sectors. Further, at page 14, the ATRI Report indicates that specialized carriers have the highest repairs and maintenance; and insurance premiums for specialized carriers are 130 percent higher than truckload carriers.[26] At page 15 the ATRI Report states that permitting costs for specialized carriers are considerably higher than for the average carrier.

For reasons cited above, the $1.73 marginal cost per mile *understates* the actual cost incurred by the specialized motor carriers that would move TPI's pellets. Based on these statements from the ATRI Report, we increased the driver wage related costs by 28 percent to more accurately reflect the wages of specialty carriers.[27] This adjustment to the $1.73 average truck cost results in a specialty carrier 2008 cost per mile of $1.899, which was then indexed to 1Q2011 levels using the Producer Price Index for "Truck Transportation". This produces a specialty carrier cost per mile of $1.905 at 1Q2011 wage and price levels.

The $1.905 marginal cost per mile was applied to the truck miles from transload to destination shown in Heisler's Exhibit II-B-6 for each origin/destination pair and increased to reflect a 100 percent empty backhaul.[28]

---

[26] As shown on page 9 of the ATRI Report, truckload carriers comprise 51 percent of the survey responses on which the average cost per mile is based.

[27] The resulting motor carrier cost per mile remains understated to the extent that it does not reflect the higher costs for equipment capital, maintenance, insurance and permitting costs.

[28] Specialized carriers such as those operating self-loading and unloading pneumatic/vacuum trailers have little to no opportunity for loaded backhaul shipments and as a result typically operate with a 100 percent empty backhaul. In addition, as shown in the previous section, to accommodate the intermodal alternatives proposed by Mr. Heisler, dedicated truck service may be required, thus a 100 percent empty return is necessary.

QUALITATIVE MARKET DOMINANCE DETERMINATION

In addition, motor carrier costs for transload from rail to truck and for truck cleaning are included in this analysis. To estimate the transload cost, we accepted the driver's wage cost for specialty carriers including benefits, and bonuses per hour from the ATRI Report, indexed to 1Q2011 wage and price levels, multiplied by two hours for transload activities.[29] This yields a railcar equivalent cost of $270.75 per carload.

Truck cleaning costs are based on the labor costs for "cleaners of vehicles and equipment" as reported by the Bureau of Labor statistics, and an assumption that two people working two hours are required to clean a self-loading and unloading pneumatic/vacuum trailer. The cost of labor for cleaning equals $68.12 per trailer, and is applied to each truckload based on {{ [redacted] }} in developing the rates charged for the intermodal alternatives proposed in its Reply evidence.[30]

B. SPECIFIC APPLICATION TO INDIVIDUAL ORIGIN/DESTINATION PAIRS

The specific application of our methodology to individual origin/destination pairs is discussed below and is organized under each of the two categories of transportation alternatives proposed by Mr. Heisler.

---

[29] The two hours for transload activities is based on the time used by CSXT Witness Gordon R. Heisler in his October 1, 2010 verified statement in this proceeding.

[30] See CSXT Reply at II-70.

QUALITATIVE MARKET DOMINANCE DETERMINATION

1. Alternative Rail Carrier from Existing CSXT Interchange to Truck/Transload to Destination

Of the 78 issue traffic lanes with intermodal alternatives proposed by CSXT, 62 originate on Western carriers and connect to CSXT in Chicago, East St. Louis, Memphis or New Orleans for furtherance to destination. For these 62 traffic lanes, Mr. Heisler proposes that a different rail carrier move the issue traffic from the existing CSXT interchange location to a truck transload facility, then move to destination by truck. As shown in Attachment No. 1 to this Rebuttal Exhibit II-B-9, CSXT's cost associated with each of these 62 traffic lanes (Column (3)) is significantly less than the cost of CSXT's proposed intermodal alternative service (Column (4)). Further, as shown in Column (8), the difference between CSXT's rail margin (Column (6)) and the CSXT rail rate (Column (3)) minus the cost of providing the alternative service (Column (4)) is significant. Thus CSXT has market dominance over each of these origin/destination pairs.

Moreover, we reviewed Mr. Heisler's Exhibit II-B-6 which shows that of the intermodal alternatives that CSXT proposed for these 62 traffic lanes, 44 are a greater distance than the existing issue traffic route, and 22 of those are a greater distance by more than 100 miles.

2. Alternative Rail Carrier from Different Interchange Than used by CSXT to Truck/Transload to Destination

For 16 of the issue traffic lanes, Mr. Heisler's intermodal alternatives interchange with originating Western carriers at interchange locations that are different than the actual interchange location between the originating carrier and CSXT. For these 16 traffic lanes, Mr. Heisler proposes that a different rail carrier move the issue traffic from the alternative interchange

location to a truck transload facility, then move to destination by truck. As shown in Attachment No. 2 to this Rebuttal Exhibit II-B-9, CSXT's cost associated with each of these 16 traffic lanes (Column (3)) is significantly less than the cost of CSXT's proposed intermodal alternative service (Column (4)). Further, as shown in Column (8), the difference between the rail margin (Column (6)) and the difference between the CSXT rail rate (Column (2)) minus the cost of providing the alternative service (Column (4)) is significant. Thus CSXT has market dominance over each of these origin/destination pairs.

The alternative interchange locations proposed for these 16 issue traffic movements is shown in the Rebuttal Table 1 below.

Rebuttal
Table No. 1
Alternative Interchange Locations

Existing Interchange (1)	**Alternative Interchange** (2)
1. Memphis	East St. Louis
	New Orleans
2. New Orleans	Chicago
3. Chicago	East St Louis
	New Orleans
4. East St. Louis	Chicago

Source: CSXT Reply Exhibit II-B-6

We reviewed CSXT's Exhibit II-B-6 which shows that of the intermodal alternatives Mr. Heisler proposed for these 16 traffic lanes, 11 of the alternatives travel a greater distance from the proposed interchange point to destination than the existing issue traffic route from interchange to destination. Moreover seven of these 11 alternatives are a greater distance by

more than 100 miles. In addition, to the greater distance from interchange location to destination for these 16 proposed alternatives, the origin carrier distance to the new interchange is greater for five of the proposed alternatives than for the existing route of movement.

V. CONCLUSION

Our analysis of the economics of the issue traffic rates and CSXT's existing operations with those of Mr. Heisler's proposed intermodal alternatives, demonstrates that CSXT's margin from the rates at issue exceed the difference between CSXT's rate on the issue movement and the cost of the alternative service by a substantial margin. CSXT has sufficient market power to force the competitor out of the market place. The net result is that CSXT is market dominant in each of the 78 issue lanes where CSXT claims that an effective competitive alternative exists. This conclusion is consistent with the STB's findings in *FMC* that a transload alternative with comparable rates to the defendant railroad's rates did not provide *effective* competition, *because the transload option operates at a large cost disadvantage compared to rail.*[31]

[31] 4 STB at 717-18.

Rebuttal Exhibit II-B- 10

ADS BY GOOGLE

Cheap Moving ®
NEVER Pay Full Price! Billy gives you LOW budget moving.
www.Billy.com/Moving

Family Moving Company
We Offer Moving Services To Residential & Commercial Clients.
www.storkmoving.com

Local Moving Companies
Residential & Commercial Movers & Freight Services. Get a Free Quote!
www.abreezemovers.com

International Mover FL
International Moving Services FL
L:954-426-3533 | TF:1-855-871-6683
www.AMJMoversFlorida.com

5 Star South FL Movers
BBB-Accredited - 70 yrs experience Household, senior and office moves.
www.griffinmoving.com

More Like This

COMPANY NEWS; SUNOCO AGREES TO BUY MITSUBISHI'S ARISTECH CHEMICAL

Published: November 10, 2000

Sunoco agreed yesterday to buy the Aristech Chemical Corporation, a unit of the Mitsubishi Corporation of Japan, for $695 million. Aristech, based in Pittsburgh, makes polypropylene and phenol, two compounds widely used in plastics, at two plants in Texas and one each in West Virginia, Ohio and Pennsylvania. Sunoco will pay $167 million more for Aristech if the company's profit margins exceed a certain level, the company said. Sunoco, which owns five refineries in the United States and sells gasoline through 3,500 stations in 17 states, had $8.3 billion in sales last year.

ADS BY GOOGLE

Jones Moving & Storage
Since 1919 305-756-7633
miamimoving.net

FlatRate Moving™ Systems
One Rate, All-inclusive, Guaranteed Local & Long Distance 305-622-5262
FlatRate.com

Moving Franchise
Franchise Opportunity With A Moving Company. Call Us Now For More Info!
www.TwoMenAndATruck.com

ADS BY GOOGLE

Press Releases

Sunoco Chemicals' Press Releases

SUNOCO AND EPSILON ENTER INTO AGREEMENTS UNDER WHICH SUNOCO WILL ASSUME RESPONSIBILITY FOR GENERAL MANAGEMENT OF EPSILON

Philadelphia, October 19, 2001 -- Epsilon Products Company (Marcus Hook, PA) and Sunoco, Inc. (Philadelphia, PA) today announced they have entered into agreements under which Sunoco will assume responsibility for general management, sales, and support functions on Epsilon's behalf. Epsilon Products Company is a joint venture between Sunoco, Inc. and BAR-L, Inc., whose 760 million-pound plant at Marcus Hook, PA, manufactures a full range of polypropylene products. The joint venture was formed in June 2000. Although Epsilon will continue as a distinct legal entity for ownership purposes, Sunoco will combine elements of Epsilon's current organization with its own resources to provide a wider range of services and products to all customers. Sunoco will market Epsilon production under the Sunoco name in combination with production from its own two polypropylene plants. Total combined productive capacity will now equal approximately 2.3 billion pounds per year. Both companies expect the process to be completed by early 2002.

Sunoco Chemicals, a business unit of Sunoco, Inc., currently operates 1.5 billion pounds of polypropylene capacity at its LaPorte, TX and Neal, WV plants, selling products predominantly throughout North America and utilizes a supporting technical center in Pittsburgh, Pa. Sunoco Chemicals is also a leading marketer of phenol and related derivatives and plasticizers.

Sunoco, Inc. (NYSE: SUN) headquartered in Philadelphia, PA, is a leading manufacturer and marketer of petroleum and petrochemical products. With 730,000 barrels per day of refining capacity, almost 4,100 retail sites selling gasoline and convenience items, interests in over 10,000 miles of cured oil and refined product pipelines and 35 product terminals, Sunoco is one of the largest independent refiner-marketers in the United States. Sunoco is a growing force in petrochemicals with over nine billion pounds of annual production capacity, largely chemical intermediates used in the manufacture of fibers, plastics, film and resins. Sunoco also manufactures almost two million tons annually of high-quality

Rebuttal Exhibit II-B- 11

The Dispatch

May 2005
Volume 6, Issue 5

The newsletter of Watco Companies, Inc.
www.watcocompanies.com

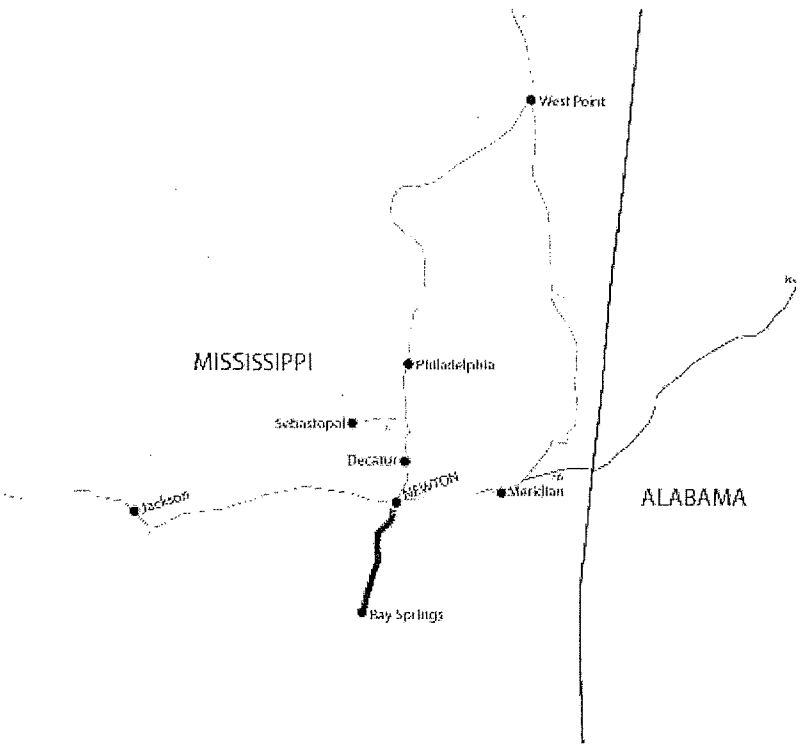
Watco expands gulf region operations with MSR

by Amy Parady
Marketing Manager

Following suit to the recent successful start-up of the Appalachian and Ohio Railroad in West Virginia, Watco is on the move again, expanding in the Gulf Region with the addition of The Mississippi Southern Railroad. The newest addition to our ever growing list of railroads across the nation results from our valued relationship with the Kansas City Southern Railway Company.

The Mississippi Southern, formerly the Bay Springs branch line of the KCS, which extends from Newton, MS to Bay Springs, MS, is the result of a lease agreement with the KCS. Watco began operations on the 28.5 mile line during the first week of April 2005. The lease of this line was welcomed by the community of Bay Springs and the customers located on the line whose businesses largely depend on rail transportation. In February 2005, the Bay Springs branch line had been embargoed by the KCS due to poor track conditions. Watco and KCS worked together, and in record time both parties came to an agreement on the lease arrangements and the plan was quickly put into action.

Operations and Marketing personnel along with KCS representatives met with customers and state/city officials on March 23rd to unveil our plan to take this line out of embargoed status and begin operations as the Mississippi Southern Railroad within the following week. Track work rapidly began and time was spent with the customers to develop customer profiles in order to meet our goal. Due to the support from the community, our Class I partner, and the efforts of Watco personnel, we were able to achieve this goal. On April 5th, 2005, the Mississippi Southern Railroad opened for business to serve customers along the line in several different industries including forest and agricultural products.



While we were able to bring the track out of embargoed status through our rehabilitation efforts, there is still much to do and with that comes the associated expense. Watco is currently working on a capital plan which includes lobbying for federal and state dollars. This plan will allow us to invest in the track and provide a 10 year service guarantee to the City of Bay Springs and customers located on the line.

We have established great communication with our customers and Class I partner through our customer service center, marketing personnel and local operations allowing for the start-up to be highly successful. Our flexibility and commitment has already been noticed by our customers and has provided the ground work for future organic growth with those customers as well as opportunities for new business.

For current job opportunities with Watco Companies, Inc. please visit www.watcocompanies.com and click on "Job Opportunities"!

Watco friend and partner retires after 19 years in the industry

by Julie Fortman
Managing Editor

Gordon Heisler is recognized as a career logistician. Spending the last 19 years of his professional career with Sunoco Chemicals (Sunoco), Heisler spent his time insuring Sunoco's products reached customers safely, on time, and at the right price. However, beginning June 1st, his activities will include golf and bicycling as he enters retirement.

Sunoco, Inc. is one of the largest independent refiners and marketers in the United States of petroleum and petrochemical products with 900,000 barrels per day of refining capacity and approximately 4,800 retail sites in 24 states. The Company has major market positions in domestic polypropylene and phenol businesses as well as refinery petrochemicals.

Watco Companies has provided industrial switching services at Sunoco's Tulsa, Oklahoma refinery for eight years. According to Sunoco's website www.sunocoinc.com the Tulsa refinery can process 85,000 barrels a day of crude oil into fuels and more than 100 lubricants products, waxes and aromatic oils used in a wide variety of industries.

Before 1997, Tulsa's switching services were provided by Class I railroads, but to improve safety and services, Sunoco decided to explore contract switching. Under Heisler's direction, the conversion to private switching and building of a rail storage yard in the refinery was accomplished; with Watco Companies involved in the construction and becoming the switching services provider.

"Watco's switching service has been excellent; our fleet utilization has improved and the level of service to customers is much better. In addition, switching safety performance was upgraded considerably," Heisler said. "Watco's flexibility in adapting to our changing refining operations enabled us to increase the facilities productivity."

Located in Philadelphia, Pennsylvania, Heisler is responsible for managing all land transportation activities supporting Sunoco, operating a 5,800 railcar fleet, negotiating rail and trucking contracts, operating logistics systems and private railroad operations. He is a member of the American Chemistry Council, American Plastics Council and the National Industrial Transportation League.

> **"Gordon is a true friend of Watco. I've really enjoyed our relationship because he is always willing to share his knowledge of the rail industry and the logistics world as a whole."**
> **-- Rick Webb**

Rick Webb, Watco CEO, said Heisler's friendship and knowledge are valuable.

"Gordon is a true friend of Watco. I've really enjoyed our relationship because he is always willing to share his knowledge of the rail industry and the logistics world as a whole," Webb said. "I've learned a lot from Gordon and hope he'll continue to find the time in his retirement to keep educating us on how we can keep improving or service to Sunoco and other Customers. If not for great Customers like Gordon, we would not be the success we are today. I thank Gordon for many years of good service and wish him the best for many, many more in his retirement."

Heisler said the relationship between Watco and Sunoco has been very positive and Sunoco looks forward to future endeavors with Watco.

"Sunoco is very encouraged by the Watco-Sunoco relationship. We like to work with profitable partners who grow with us and continually improve their operations and services. Watco is clearly a progressive company that has demonstrated flexibility and creative solutions in solving our challenges," he said.

During his Sunoco career, Heisler achieved many successes besides converting the Tulsa location to private rail switching. Heisler was responsible for negotiations during the ConRail breakup into Norfolk Southern and CSX, which positioned Sunoco to take full advantage of rail competition and improve service He also led the negotiations in 2004 with the BNSF in LaPorte, Texas, where Sunoco will build a rail switching/storage facility similar to Tulsa for handling plastics. Additionally, besides calling himself a career logistician, he also is known as the Godfather of Sunoco's Transportation Emergency Response due to his leadership in creating an emergency response team, preparing Sunoco for incidents in transit involving their products.

Heisler and his wife of 34 years, Barbara, have one daughter and two grandchildren. In his retirement, he intends to spend plenty of quality time with his family and the outdoors. An avid bicyclist, Heisler has bicycled internationally in France, Switzerland and British Columbia. Most recently he completed the Bike New York in New York City, riding more than 50 miles.

"I had a newspaper delivery route when I was 10 years old and I've been hooked on bicycling ever since," he said.

Though as a 10-year-old he may not have realized it, perhaps that newspaper route was the beginning of a successful life as a career logistician.

Rebuttal Exhibit II-B- 12

Friday, July 15, 2011

SEARCH: GO

SUBSCRIBE/LOGIN
Magazine
Newsletters
Videos

SUPPLYCHAINBRAIN
ONE FORUM • ONE FOCUS • MANY MINDS

Editors' Blog
RFP Service
Job Board
Advertise

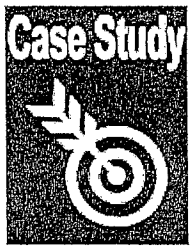
LOGISTICS/FREIGHT TECHNOLOGY GENERAL SCM REGIONS INDUSTRIES SUPPLIERS EVENTS RESEARCH SPECIALISTS RESOURCES

CHEMICALS & ENERGY

Sunoco's Shipping Process Inside Its Plants Goes from Manual to Highly Optimized

Jean V. Murphy, Global Logistics & Supply Chain Strategies | September 01, 2004

A conversation with Gordon Heisler, director of transportation operations at Sunoco Inc., in Philadelphia.



Sunoco makes a wide range of petroleum-based products and is the largest producer of phenol in the United States and No. 2 globally. It is the third-largest producer of polypropylene in North America, a business that it has built through acquisition over the past five years. As director of transportation, Gordon Heisler recently co-sponsored the selection and implementation of a rail shipping and visibility solution for Sunoco's polypropylene plants.

From SCB Sponsors

FedEx Smart Post : With a return service designed with customers' top concerns taken into account, learn more here

Pilot Freight Services : No matter the situation, our devoted team will meet all your last minute auto-supply shipping needs.

Saddle Creek : Full range of asset- and non-asset-based transportation capabilities for flexibility, efficiency and cost control.

More Related Links »

Q: Can you describe Sunoco's polypropylene business for us?
Heisler: Sunoco is currently the third-largest producer of polypropylene in the U.S., but five years ago we were not in the polymers business at all. Polypropylene is basically plastic pellets that have a growing number of applications.

The primary end use channels of polypropylene are consumer products, automotive, fibers, film, and packaging.

Over the past five years, we acquired four plants from three different companies. These are all in the U.S., but they are geographically dispersed, so we were looking for a solution that would streamline the processes and standardize the plant shipping operations. The four plants operate under a single order-management system, but beyond that we were looking for ways to improve the supply chain and the utilization of our fleet of railroad hopper cars. Between the four plants, we ship in excess of 12,000 carloads of plastics a year. Virtually all of our polymer product is shipped by rail in hopper cars.

Q: The project was focused on the use of railcars once they were inside your plants?
Heisler: The focus was exclusively "inside the fence." Before we implemented the @Plant solution from Quality Transportation Services (QTS), all movements and activities inside our plants were performed manually. Our shipping process involves receiving, inspecting and validating before loading the cars, weighing them, doing lab sampling, generating the bill of lading and confirming the order in our order management system for each shipment and all the documentation associated with these functions. This was all handled with very manual and non-integrated methods. Since we had built this business through acquisition, each company had its own way of handling the shipping process and we were looking for a way to automate and standardize the shipping process.

To accomplish our goal, we first needed to have visibility at the location and current status of rail equipment inside our plant facilities. We already tracked the movement of cars outside the plants using the railroads' car-location messages, which we then made available to our customers through our online

Oliver Wight

Oliver Wight Courses

Integrated Supply Chain Management

September 13-15 in Chicago

or

November 15-17 in Miami

Click here for course descriptions

 Create PDF files without this message by purchasing novaPDF printer (http://www.novapdf.com)

service. But inside the plant we needed more detail, in real time, about what cars had arrived and were available for loading. Before, this was done by a person walking along the tracks inside our plants and writing down car numbers.

Manual processes were used on both the inbound as well as the outbound. Weighing the cars, for example, involved having someone get the scale ticket, take it inside the plant and manually key it into a system. The same thing with the lab certificate.

Virtually all of the processes used in the shipping process were essentially manual and utilized non-integrated systems, with a lot of duplicate paperwork and repetitive entries. Obviously, this left a lot of room for error. Accuracy is paramount in today's environment, but it was impossible to be 100 percent accurate due to multiple manual entries into different systems.

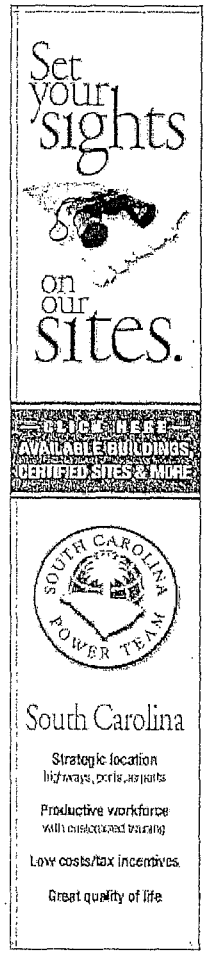
Q: How did you decide on the rail car management system from QTS?
Heisler: We looked at three different solutions that would allow us to have inside-the-plant visibility of railroad equipment. We selected QTS because we liked the technology they offered and the flexibility. QTS has been a supplier to Sunoco for a number of years and had a successful track record on logistics software. When we got into the project we actually discovered many more capabilities in the system than we originally thought were there.

Initially, as I said, we were principally looking to track rail cars inside our facilities. But the QTS product offered us an opportunity to take these previously manual or disparate-system functions involved in the shipping process and integrate them together into a common rail shipping system.

Q: So how does it work?
Heisler: We have integrated all railcar activities and that includes inbound, outbound and intra-plant. We also have incorporated visibility of all railcars inside the facilities as well as at local storage yards in the vicinity. This was accomplished through the installation of fixed readers that scan the Automatic Electronic Identification (AEI) tags on each railcar. These readers are placed at the entrance to each facility. The tag itself, the transponder, is on the railcar and the stationary readers are at the gates, so it is just like what happens when you go through an EZ Pass tollbooth where the reader reads the transponder. It collects the location and direction and car number and this information is time stamped and transmitted to the QTS @Plant system.

We also have portable AEI readers that are used to scan each car number into a specific spot within the plant. As I described before, one of our loaders used to go out and do a car inventory by walking a string of cars and manually writing down each of the car numbers and its position. This is now performed using a portable AEI reader, which accurately captures the car number and its location. It is virtually fail-safe, which is a huge improvement over a manual process. We have taken a process that was completely manual before and replaced it with accurate, real-time data on exactly what cars are where and their status within our facilities.

Q: Explain how this changes your operations.
Heisler: Knowing the exact location and status of railcars has streamlined our loading process. In the past, for example, a person would write down the car information and take it into the office for data entry. If a digit were transposed, we might very well miss a shipment that day because the car number that began with an eight had been written down as a three, and never got onto the loading rack. Instead of loading 10 cars that day, we may have only loaded nine. The system also validates our private car number IDs that reside in the data base against all arriving cars; so a foreign car is identified immediately. Another benefit is automation and integration of the weighing function. The car is indexed at the scale



 Create PDF files without this message by purchasing novaPDF printer (http://www.novapdf.com)

using one of the handheld readers, so the car identification is synchronized with scale weight of the car loaded. The lab system is similarly integrated. After the car is loaded and weighed, the lab runs various tests on the product. When these tests are completed, the data is transferred right into the shipping office screens as opposed to loaders and lab personnel hand delivering pieces of paper that would previously have to be re-keyed.

Q: Are the various plants connected?
Heisler: Yes. If you look at how we conduct the business now, our supply-chain managers are located in Pittsburgh and the plants are hundreds of miles away. Pittsburgh now has visibility inside the fence at every facility as to the real-time status of every shipment and every car. The data available includes the weight of the car, the product loaded and whether it has passed lab certification and is ready for shipment. This access to data has huge benefits for us. Product inventories are in our system immediately allowing for immediate decisions by supply-chain management. We have consolidated the shipping functions at two plants into one as a result of the project.

Q: Have you quantified the results?
Heisler: The project has exceeded our original estimates of defined benefits in several areas. One would be data accuracy as we are no longer subject to the handwriter of the day. The time it takes to complete our whole shipping administration process has been reduced by more than 50 percent per shipment. We have the benefits from improved visibility locally and from supply-chain management. We have exceeded our original estimates on benefits in terms of personnel savings, data accuracy and real-time, shared data. In addition, we have seen a significant productivity gain in terms of our shipping clerks and other folks inside the plants. It was very time consuming to legibly write down car numbers and to re-key all that data. Now it all just flows onto the screen. Creating our switch list is now a simple drag-and-drop operation. We also generate our bills of lading electronically. We have also automated previous manual processes for railcar demurrage and detention management. Since our in-plant efficiency has improved, we are also seeing railcar asset utilization improvements that we feel are in excess of one day per car. Overall, the project has been viewed as a very successful one.

> more Chemicals & Energy articles

Industry Verticals | Logistics/Transportation | Technology Solutions | World Regions |General SCM
Newsletters | Supplier Directory | The Job Board | The Library | Events Calendar | Research & Analysis
Sponsored Channels | Resources | About Us | Subscribe | Advertise on SCB.com | Contact Us

© Copyright 2002-2008 **Keller Publishing, LLC.** Privacy Statement

 Create PDF files without this message by purchasing novaPDF printer (http://www.novapdf.com)

Rebuttal Exhibit II-B- 13

Sunoco Chemicals' Letters and Speeches

Sunoco, Inc.
Ten Penn Center
1801 Market Street
Philadelphia, PA 19103-1699

To All Sunoco Chemicals Customers:

On Tuesday, September 28, 1999, Charles K. Valutas, vice president of Sunoco Chemicals met along with representatives of the Chemical Manufacturers Association (CMA), Pennsylvania Chemical Industry Council (PCIC) and other chemical companies, with a delegation of Pennsylvania Congressmen and staff. Held in Washington, D.C., the meeting addressed key issues surrounding rail competition and performance in the Northeast corridor and their effect on our industry. The recent service issues resulting from the breakup of Conrail into Norfolk-Southern and CSX were highlighted.

At a second meeting with railroad subcommittee senior staff, these issues were further addressed to Bud Schuster (R-PA), chairman of the House Committee on Transportation and Infrastructure.

Mr. Valutas, in his comments, discussed the poor performance of the railroads since the breakup and its economic hardship on Sunoco Chemicals and its customers, the requirement for performance standards as part of a competitive environment, and the long-range benefits to our industry, region, and the railroads that growth provides. Without competitive, highly service oriented rail carriers, such growth will be limited.

Jack Drosdick, chief operating officer of Sunoco, Inc., has also addressed the Norfolk Southern service issues with David Goode, chairman of Norfolk Southern. Jack's message was that service provided since the Conrail breakup was totally unacceptable and must be improved immediately. He requested additional resources be deployed, specifically on Sunoco's behalf, to improve service to our customers.

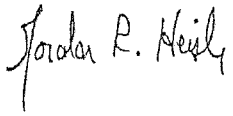
You, our customer, can be assured that Sunoco Chemicals is doing everything in its power to make these issues prominent among key policy makers in an effort to provide the highest levels of service and supply of petrochemicals to your plant.

 Create PDF files without this message by purchasing novaPDF printer (http://www.novapdf.com)

What can you do? Send a FAX, e-mail, or call your congressman to register your viewpoint. Make your congressman aware of the serious nature of current rail service failures and their effect on your facility and business. Support increased competition and performance standards as a way to improve rail service.

Enclosed is a summary of the CMA issue brief describing current industry legislative initiatives that benefit rail service and competition if enacted. If you would like more information, contact the CMA at (800) 262-8200 or (703) 741-5000. For Sunoco specific data, contact myself at (215) 977-6763, gordon_r_heisler@sunoil.com or your normal Sunoco Chemicals sales representative.

Sincerely,



Gordon R. Heisler
Manager, Transportation Operations
Sunoco Chemicals

Top of Page

 Create PDF files without this message by purchasing novaPDF printer (http://www.novapdf.com)

Sunoco Chemicals'
Letters and Speeches

Summary of the Chemical Manufacturers Association's Issue Brief on Competitive Rail Transportation

Competitive domestic rail transportation is essential for global chemical industry competitiveness. Additionally, competitive rail transportation improves product delivery and keeps delivery costs affordable.

BACKGROUND

Congress needs to reauthorize the Surface Transportation Board (STB), the agency that regulates rail rates and services. Rail shippers and customers seek legislation that will provide for reasonable rail competition and protections from monopoly abuses by the rail industry.

INDUSTRY POSITION

- The chemical industry is dependent on the railroads. The data shows that about 66% of all chemical production facilities are captive to a single railroad. The railroads exercise monopoly power over the majority of our industry.

- Recently, severe rail service problems have grabbed national headlines, and, during the last Congress, those problems were addressed significantly. The rail service problems that crippled industries in the western states, as well as current Conrail-related problems in the Northeast, are merely symptoms of a larger problem that continues to plague our industry and our economy--a lack of effective competition between the railroads.

- U.S. economy is based on choices; however, in rail transportation that is often *not* the case. The chemical industry seeks commercial access in rail transportation where customer service, reliability and rates are efficient and reasonable.

 Create PDF files without this message by purchasing novaPDF printer (http://www.novapdf.com)

Rebuttal Exhibit II-B- 14

Redacted

Rebuttal Exhibit II-B- 15

Redacted

Rebuttal Exhibit II-B- 16

Redacted

Rebuttal Exhibit II-B- 17

Redacted

Rebuttal Exhibit II-B- 18

Print Page

allBusiness
YOUR SMALL BUSINESS ADVANTAGE

The dirty facts about railcar unloading.

The Dirty Facts About Railcar Unloading

Each year, tens of thousands of railcars move billions of pounds of plastic resin across the country. In this age of increasing quality consciousness, customers expect a high degree of purity and consistency in the materials delivered to their loading docks. Resin producers go to extremes to prevent contamination of the product shipped, but transportation and handling offer numerous possibilities for resin contamination. If that contamination ultimately shows up in a molded part, or a blocked orifice in a mold or die, the processor's first thought usually is to call the resin supplier. Then it may require a painstaking investigation to track down the source of the contamination. And all too frequently, the trail leads back to the point where material was unloaded from the railcar into the customer's plant.

Despite the enormous sums invested by resin producers in making and shipping high-quality products, improper handling of railcars can defeat their best efforts. Increased awareness of proper unloading procedures and cooperation with your resin supplier can reduce or even eliminate problems attributed to contamination.

WHERE THE DIRT COMES FROM

If a railcar compartment containing 45,000 lb of resin and 13 grains of sand (totaling less than 0.25 milligrams) were delivered to a molder of beverage closures, up to 20% of the hot-runner gates in a 64-cavity mold could become blocked over the course of a week.

Although the contamination level here was less than one part per billion, the mold must still be taken out of service and cleared in a mold shop. This costs valuable hours of production downtime. For a fiber, film or wire-insulation producer, much finer particulate contamination can cause problems of similar severity.

Contamination on this scale can come from the dirty shirt or coveralls of a worker reaching inside the railcar hopper to obtain a sample or from the sampling devices and containers he uses if they have not been properly cleaned and handled.

During hatch sampling, dirt in pockets, buttons, zipper tabs, belt buckles, smoking materials, hats, badges and pins are among the many things that can contaminate resin in a railcar. This is especially true when a sampler must reach several feet into the car because the lot has settled. Long-handled sampling devices can reduce the need to bend over, which tends to send objects tumbling from shirt pockets.

Larger objects such as bolts or tools are another potential source of contamination and can represent a danger to personnel and processing equipment. Extruder screws with barrier flights or Maddox mixing sections can trap particles larger than 0.020 in. Once trapped, these objects can slowly abrade the screw and barrel until the screw is pulled and the object removed. A wrench or bolt of sufficient size can become wedged between a screw flight and the hopper opening, causing broken screw stems or castings, damaged motors and drives, even fires. For this reason, installation of screens or magnetic devices designed to catch such objects before they enter the hopper is recommended.

When contamination does occur, pinpointing the source is critical to prevent it from recurring. Scientists have occasionally been called in to identify dead insects in resin supplies and help determine, based on their natural habitat, the most likely site of contamination. In another case, laboratory analysis of dirt found in resin sent overseas determined that the contamination had taken place in the country of destination, not before or during shipping.

KNOW YOUR RAILCARS

Making sure clean resin stays that way starts with the railcar itself. Proper handling procedures--both by the resin producer and the customer--can reduce or even eliminate contamination.

One reason resin suppliers lease or own fleets is to ensure that the railcars are dedicated to a specific resin and to control their care. Because supplier-owned fleets are dedicated to shipping one product, there is no need to be concerned about what else the car may have held during back-hauling, which may occur in common-carrier tank trucks, for example.

Reliable suppliers routinely inspect and repair railcars when they are returned. Himont U.S.A., for example, has an extensive inspection facility where mechanical components, ladders, walkways, caps, compartment linings, hatches and valves are examined and, if necessary, repaired. Every returning car is washed with purified water and dried with filtered air before it is reloaded.

During loading, Himont takes great pains to preserve the quality of the resin. Cars are loaded at stations protected from the weather. Discharge chutes or shrouds are placed directly into the hatch to reduce entry of dust or insects. Preshipment samples are taken with utmost care to avoid contamination. Hatches are sealed promptly to limit the risk of contamination.

Even the steel sides and cable locks of railcars do not enter 100% protection against contamination. Cars "breathe" when pressure, altitude and temperature change. USually, only moisture will enter under these conditions, but users of resins known to absorb moisture should have drying equipment.

When a railcar moves through standing water or heavy rain, water can accumulate in the discharfe tubes. When the discharge tube cap is removed, a brief but impressive stream of water may pour out. In this case, the product itself is rarely contaminated, but the supplier should be notified. After drying the tubes and purging 50 to 100 lb of resin, the compartment usually can be used safely. Before making the decision to use such compartments, however, a top sample should be taken to ensure that the compartment is dry.

Despite such threats as derailments, floods, vandalism and harsh weather, railcars are more secure against loss and contamination than any other method of shipment. Nevertheless, cars can be damaged in transit, possibly leading to contamination of the product inside, and should be inspected before unloading.

In particular, bits of the compartment lining material (typically epox) can be dislodged by derailments, sideswipes, use of improper vibrators, denting from a sledgehammer, careless use of vacuum wands, and similar accidents. If these bits end up in the resin, the distinctive color of the liner material aids in detection and identification of the contaminant.

TAKE CARE IN UNLOADING

IF te railcar is not damaged, passes the initial inspection--including a careful examination of valves and unloading tubes--and its cable-lock hatch seals are intact, the processor can safely assume the contents are in the same condition as when the resin was loaded. A car with one or more broken seals may have been tampered with an should be carefully checked and sampled.

It is good practice to record the time, date and seal number before cutting the seal. New seals should be placed on an open hatch if the car is not in asecure, fenced location and more than a little time passes between opening and unloading.

Open railcar hatches and outlets are a major cause of water, dirt and insect contamination. Hatches should never be allowed to stand open.

Before sampling or unloading a railcar, there are several safety issues that require attention:

* The car should be immobile--chocked firmly and grounded.

* All personnel in the vicinity should wear safety glasses at all times. Hard hats and hearing protection should also be worn when required by the operation.

* The top of a railcar is far enough above the ground for a fall to cause injury. A safety line or temporary railing should be used to prevent falls.

* Always use cutters designed for removing cable locks (normally used to close car hatches). Other devices greatly increase the effort, the hazard to personnel and the danger of damaging the hatches or caps.

* Beware of electric shocks during sampling. Most plastics are excellent insulators and can build up an enormous static charge during loading and transportation. While the shock is not usually dangerous by itself, it can cause involuntary movement or possibly a fall.

Consult with you resin supplier or safety professional for a complete list of safety recommendations.

Once you have taken these precautions, you can start the unloading process. To prevent sever damage to the railcar, always open at least one hatch to the compartment being unloaded. Fit the top hatch and outlet with a weather-resistant filter assembly to prevent pulling insects, dust or rain into the resin. A filter should also be placed over the end of the valve tube not attached to the unloading hose.

If unloading does not take place over a concrete pad or other easily cleaned surface, place plywood sheets or other material under the discharge tubes to catch spilled or purged material.

Initially open the valve slightly, gradually opening it further during unloading until fully open to ensure complete removal. Should the valve be frozen, a3ft length of pipe may be slipped over the valve handles to increase leverage. One molder repeatedly used the coupler on the those to bang open valves. This practice was quickly halted when aluminum dimples that had been chipped from the coupling were found to be clogging mold gates.

Flexible stainless-steel hose is recommended for unloading, but aluminum or plastic hose may be used if regularly inspected. When not in use, all hoses shoould be capped to prevent entry of foreign material, including rodents that might consider an unattended hose a ready-mode burrow.

Carefully attach a flexible hose to the discharge tube, ensuring that the flow will be in the direction of the hose spirals. A hose that is installed backward may shed pieces of metal into the resin flow. Bends in the hose should be as gradual as possible. In summer, unloading hoses should be shaded and protected from other sources of heat.

To avoid development of resin forms such as "snake skins," "angel hair, " or excessive dust, conveying conditions should be carefully controlled. Velocities should be kept below 5500 ft/min (lower in extreme heat or cold) by adjusting air flow. Gauges and controls should be used to maintain suitable conveying conditions and ensure a relatively high concentration of resin in the conveying system.

When a compartment is empty, shut off the conveying system and close the open hatch. Close and lock both outlet caps in place. Again, always remember to shut off the conveying system before closing the hatch, because the compartment can be crushed from the vacuum.

Prepare to empty the next compartment in a similar manner. A checklist, such as the accompanying example, can help ensure that unloading is performed according to standard operating procedures.

Once a car is empty, it should be closed, with all caps returned to their position and hatches dogged. When a car is returned to the supplier, residual resin may shake out, polluting the railroad bed and endangering wildlife, unless valves are closed and capped.

After unloading, be sure to clean up spilled resin from concrete pads or plywood sheets for recycling. Lightweight plastic pellets are easily transported by running water. Poor unloading practices quickly become apparent in drains or nearby bodies of water. Purged or

spilled resin should be recycled, saving money and protecting the environment.

© Copyright 2011 The Gale Group, Inc. All rights reserved.
© Copyright © 1990 Gardner Publications, Inc.

You may not repost, republish, reproduce, package and/or redistribute the content of this page, in whole or in part, without the written permission of the copyright holder.

☒ Close Window

Terms of Use Agreement and Privacy Policy
Copyright © 1999 - 2011 AllBusiness.com, Inc. All Rights Reserved

Rebuttal Exhibit II-B- 19

Redacted

Rebuttal Exhibit II-B- 20

Talking Freight

Surface Freight Transportation Responsibilities: Who Does What?

January 21, 2009 Talking Freight Transcript

Presentations

Jennifer Symoun:
Good afternoon or good morning to those of you to the West. Welcome to the Talking Freight Seminar Series. My name is Jennifer Symoun and I will moderate today's seminar. Today's topic is Surface Freight Transportation Responsibilities: Who Does What? Please be advised that today's seminar is being recorded.

Today we'll have three presentations, given by John Steinhoff of the Federal Motor Carrier Safety Administration, Jim Pugh of the Maritime Administration, and Barbara Pelletier of the Federal Railroad Administration.

John Steinhoff is the Policy Advisor to the Deputy Administrator of the Federal Motor Carrier Safety Administration (FMCSA). Mr. Steinhoff has had a 33 year career with the Department of Transportation, with virtually all of it focused towards commercial motor vehicle safety issues. During his career, he has held senior leadership positions in both headquarters and the field, including 9 years as Regional Director/Field Administrator based in Baltimore, MD

Jim Pugh is the Director of the Office of Marine Highways & Passenger Services at the Maritime Administration. In that capacity he is responsible for increasing the use of America's coastal and inland waterways to relieve congestion, improve air quality and increase safety. Prior to joining the Maritime Administration, he was Deputy Division Chief of the Domestic Ports Division based at U.S. Coast Guard Headquarters. He was also the Coast Guard Program Manager for Marine Transportation System Recovery. Jim has over thirty years of broad experience in ports, shipping and international trade. This experience includes being the port director in San Diego, Houston and Indiana. He was also president of Americas Marine Express, an innovative containership service between Memphis and Central America. His professional consulting experience in transportation and logistics covers projects throughout the world. He has been an active leader in the transportation industry for many years and has served in numerous leadership positions, including Vice Chairman of the American Association of Port Authorities. He is Certified in Transportation and Logistics, and registered to practice before the Federal Maritime Commission.

Barbara Pelletier is the Director of the International Program at the Federal Railroad Administration (FRA). Barbara has been with the FRA since 1978 holding a variety of positions. Her federal career began in 1973 with the Federal Highway Administration where she was a Social Science Analyst, involved with the highway noise study. In 1975, Barbara joined the now Federal Transit Administration (FTA), formerly known as UMTA. There she held the position of Transportation Representative and was responsible for directing and managing activities related to the capital grant, loan and operating assistance programs. Barbara joined the FRA in 1978 as a Program Analyst working with the Local Rail Service Assistance Program. In 1983 Barbara transferred to the Office of Policy in the FRA. There she worked on various projects including FRA's Strategic Plan, the Customer Service Program, and Operation Respond. She was a member of the Secretary of Transportation's Y2K Team,

responsible for outreach to the rail industry and she had the opportunity to plan, develop and implement a first time World Railways Congress.

I'd now like to go over a few logistical details prior to starting the seminar. Today's seminar will last 90 minutes, with 60 minutes allocated for the speakers, and the final 30 minutes for audience Question and Answer. If during the presentations you think of a question, you can type it into the smaller text box underneath the chat area on the lower right side of your screen. Please make sure you are typing in the thin text box and not the large white area. Please also make sure you send your question to "Everyone" and indicate which presenter your question is for. Presenters will be unable to answer your questions during their presentations, but I will start off the question and answer session with the questions typed into the chat box. Once we get through all of the questions that have been typed in, the Operator will give you instructions on how to ask a question over the phone. If you think of a question after the seminar, you can send it to the presenters directly, or I encourage you to use the Freight Planning LISTSERV. The LISTSERV is an email list and is a great forum for the distribution of information and a place where you can post questions to find out what other subscribers have learned in the area of Freight Planning. If you have not already joined the LISTSERV, the web address at which you can register is provided on the slide on your screen.

Finally, I would like to remind you that this session is being recorded. A file containing the audio and the visual portion of this seminar will be posted to the Talking Freight Web site within the next week. We encourage you to direct others in your office that may have not been able to attend this seminar to access the recorded seminar.

The PowerPoint presentations used during the seminar are available for download from the file download box in the lower right corner of your screen. The presentations will also be available online within the next week. I will notify all attendees of the availability of the PowerPoints, the recording, and a transcript of this seminar.

We're now going to go ahead and get started. Today's topic, for those of you who just joined us, is Surface Freight Transportation Responsibilities: Who Does What? Our first presentation will be given by John Steinhoff of the Federal Motor Carrier Safety Administration. As a reminder, if you have questions during the presentation please type them into the chat box and they will be answered in the last 30 minutes of the seminar.

John Steinhoff:
Thanks for the opportunity to provide an overview of the Federal Motor Carrier Safety Administration.

FMCSA is a safety regulatory agency who's primary mission is to reduce crashes, injuries involving large trucks and buses. Fatalities injuries and property damage from truck and bus related crashes on our highways cost this nation about $60 billion every year. FMCSA does not have a direct role in directing or implementing freight policy. FMCSA sets safety standards for the motor carrier industry covering areas such as driver qualifications, the number of hours a driver can drive and work, vehicle maintenance, driver licensing, drug and alcohol testing and minimum levels of insurance.

FMCSA is one of 12 agencies within the department and one of 3 agencies within the department that's focused on improving highway safety. We were formed as a modal administration within the Department of Transportation on January 1, 2000. Prior to

the year 2000 our programs were part of the Federal Highway Administration. Prior to the creation of FHWA in 1967, FMCSA was part of the Interstate Commerce Commission. FMCSA has about 1100 federal employees that are supported by 600 contractors. We have 825 people in field offices in each of the states, the District of Columbia and Puerto Rico, and the remainder, approximately 275 people, work in headquarters. If you'd like to get more information about the location of our offices I suggest that you visit our website www.fmcsa.dot.gov. I wrote the website address on my very last slide of this presentation.

You'll note that we have 330 investigators deployed around the country. These investigators perform very comprehensive investigations on motor carriers, either truck or bus companies, involved in crashes or exhibiting other unsafe behavior such as having a high percentage of their vehicles declared unsafe during roadside inspections, which are often conducted at weigh stations throughout the country. These investigations can and often do result in significant penalties against the companies that we are investigating.

We also have about 150 border inspectors that are deployed along the southern border with Mexico. They ensure that commercial vehicles entering the U.S. are mechanically sound and the drivers possess required safety credentials. The border states have also deployed about 345 border inspectors at last count.

Within DOT we coordinate our truck and bus safety efforts with other modal administrations including Federal Highway, which as you know, focuses on this nation's highway infrastructure, including size and weight limitations for commercial motor vehicles. We coordinate with the National Highway Traffic Safety Administration which develops the commercial motor vehicle standards that manufacturers of the CMVs must meet. They also develop safety initiatives such as alcohol prevention and safety belt usage by drivers. We coordinate with the Pipeline and Hazardous Materials Safety Administration. They develop the hazard materials regulations which are applicable to the motor carrier industry and which we enforce to the industry. And the Federal Railroad Administration which works with FHWA on railroad grade crossing issues.

I'm not going to spend a lot of time on this Organization chart. We are organized by function which is a traditional structure for a federal agency.

People often don't appreciate the size and complexity of the industry that FMCSA regulates. Here are some basic facts about the motor carrier industry:

1. There are approximately 715,000 interstate and foreign-based truck and bus companies registered with FMCSA.
2. Trucking companies operate 8.8 million large trucks.
3. Trucks carry about 80% of the value of all goods shipped in the U.S.
4. Within the 715,000 motor carrier population there are approximately 3700 motor coach companies that operate 32,000 motor coaches and each year, motor coaches travel 2 billion-miles transporting over 600 million passengers.
5. The motor carrier industry employs approximately 10 million people and
6. FMCSA has jurisdiction over 7 million commercial truck and bus drivers.

There are a large number of foreign based motor carriers that operate in the United States. There are about 23,000 Canadian truck and bus companies that operate in the United States and there are about 7100 Mexican carriers with active authority to

operate into the U.S. commercial zones that are along the southern border with Mexico.

Let me just say a few words about FMCSA's jurisdiction. We regulate from the safety perspective the interstate and foreign operation of commercial motor vehicles that weigh more than 10,000-pounds, are used to transport more than 15 passengers or transport hazardous materials in quantities that require the vehicle to be placarded. We generally do not regulate intrastate commerce; in other words, transportation wholly within a single state. However, our state partners apply identical or similar safety regulations to this population under the auspices of FMCSA's the Motor Carrier Safety Assistance Program (MCSAP). FMCSA also applies through the states commercial driver's license requirements for drivers of commercial vehicles with a gross vehicle rating of more than 26,000-pounds or CMVs designed to transport more than 15 passengers. These licenses are often called CDLs and these requirements also apply to purely intrastate operations. I'll say just a couple more words on our partnerships with our states in a couple of minutes.

This slide shows the growth of the motor carrier industry (the red line) and the good progress being made in reducing the rate of fatalities involving commercial rate vehicles (the blue line). In 2007 we met our goal of .175 fatalities per 100 million-miles traveled. We achieved a rate of .170 fatalities. Preliminary estimates indicate that we're going to have a further decline in the year 2008. Note the steady increase in the number of truck and bus companies since the economic deregulation of the industry in the 1980s. In the mid 1980's there were approximately 300,000 motor carriers registered with FMCSA. By 2000 that were about 600,000 motor state carriers and now there are over 700,000 interstate motor carriers registered with FMCSA. Although the world is currently going through an economic slow down, experts are projecting that freight volume will continue to increase over the next 20 years and we expect the motor carrier population to follow that upward trend as well.

In calendar year 2007, 41,059 people died in highway crashes, a drop of 1,583 deaths compared to 2006. These would be all types of crashes. From 2006 to 2007, the number of people killed in large truck crashes declined from 5027 to 4808, which is a 4.4% decrease. The number of people killed in bus crashes declined from 337 to 322, a 4.5% decrease. Since the agency's creation in 2000, the fatality rate for crashes involving large trucks has declined by 13%. While we're pleased with all of these decreases in fatalities, trucks are still over represented in fatal crashes. In 2007 large trucks represented 4% of registered vehicles. They accounted for 7 percent of the actual travel volume on the highways, but when you look at the number of people killed in motor vehicle crashes, 12% died in crashes involved with large trucks. Thus, compared to their prevalence, large trucks are over represented in fatal crashes.

Here is a quick snapshot of how FMCSA uses the funds appropriated by Congress. The key take away here is the majority , 92.5%, of the agency's budget is invested in federal and state programs to reduce large truck and bus crashes.

I'd like to talk just a bit about FMCSA's compliance and enforcement programs. Start at the bottom of this pyramid and work my way up. Given the fact that we have a regulated motor carrier population of over 700,000 companies and keeping in mind that we only have 330 investigators, visiting each company to ensure compliance with the safety regulations is not practical. So, we focus our enforcement resources on the carriers with the greatest risk of a crash. One of our top priorities are new truck and bus companies entering the industry because data show that their crash rates are higher than those of companies that have been in the industry and

operating for a long period of time. We are currently conducting approximate 40,000 audits each year and these audits occur within the first 18 months that a company is in operation. We use the data from 3 million roadside inspections conducted annually. Most of those inspections are done by state partners. We combine this information with crash data to identify high risk carriers and we prioritize those carriers for compliance reviews. During a compliance review a federal or state official meets on site with the company's management. We review records and files and other documentation to determine the effectiveness of the company's safety management controls. In 2007, FMCSA and it's state partners we conducted over 16,000 compliance reviews. The compliance reviews may result in penalties for violations. May result in a follow up review on a company; particularly those that received a less than a satisfactory rating. Then potentially, if the violations are severe enough and there's a severe lack of safety management controls, we can issue an out service order which basically shuts down the company.

Technology is an effective tool for improving CMV safety. We are working with the trucking industry to test and evaluate and encourage the use of safety technology such as lane departure warning systems, electronic stability control systems, and adaptive cruise control. Many of the U.S. fleets that have invested in these technologies have experienced great success, with significant reductions in the number of crashes and significant reductions in the costs associated with these crashes.

FMCSA presently is changing the way it does its business. Comprehensive Safety Analysis 2010 or CSA 2010 is a major initiative to improve the effectiveness of our compliance and enforcement programs. When fully implemented, CSA 2010 will allow us to assess the safety performance of many more truck and bus companies, and will also allow us to intervene to address safety problems as soon as they become apparent. We're going to be applying a wide range of interventions from a warning letter to the assessment of penalties. If you'd like more information about this program or FMCSA in general, visit our website.

Over half of all FMCSA funding is provided to our state partners in the form of grants. FMCSA recognizes that it cannot achieve it's safety goals without a successful partnership with each of the states in the area of truck and bus safety initiatives, particularly since a significant number of trucks and buses operate only in a single state. This slide shows the array of grants available to our state partners and these grants total approximately $300 million.

I recognize that I shot through these slides real quick. Should you have any questions I recommend that you visit our website shown on the screen. After all the presentations have been done, if you have any questions I'll be happy to answer them. Thank you.

J. Symoun:
Thank you John. We'll get to the questions after all three presentations. We're now going to move onto Jim Pugh of the Maritime Administration:

Jim Pugh:
I'm going to tell you a part of what the Maritime Administration does in surface freight transportation. The reason I'm going to limit this is because this is a new program that should be of interest to state DOTs and MPOs and other people. It's called the immediate solution and America's Marine Highways. It's the immediate solution to growing congestion and deteriorating air quality in our urban corridors and capacity constraints. The DOT estimates that congestion is now costing the country about $2 billion a year in lost productivity and I'm sure that those of you who live in the major cities experience that on a daily basis when you are going to

who live in the major cities experience that on a daily basis when you are going to and from work.

This slide illustrates some of the major rail congestion and bottleneck areas that we're faced with that delay and increase the cost of movement of rail freight around the country. We have a similar situation with truck bottlenecks. What the Marine Highways program is trying to do is offer some alternatives for addressing congestion in these areas by substituting a marine transportation system as an extension of the highway and railway network. This is just showing the annual cost of congestion in the various metropolitan areas by size. One of the benefits is the reduction in pollutants, because of the operating efficiency of marine transportation. I have a couple of slides here to show you how inland towing with barge and tugboat compares to railroads and truck. In particular nitrogen oxide and carbon monoxide. In addition to the reduced congestion, there is an improvement potential for the movement of hazardous materials. Many of these hazardous materials are moving through the urban corridors by truck or railroad, where the risk is substantially higher for some kind of accident that will affect the population than moving it by marine transportation. Another benefit of the Marine Highways program! This slide is a little bit dated, as you can tell the crude oil prices have come down to around $80 a barrel. Marine transportation is more fuel efficient and thereby reduces some of our reliance on foreign sources of crude oil and petroleum products. This slide shows you the relative efficiency of water transport compared to rail and truck. In capacity terms, there is a similar situation in that one barge tow could handle 456, 40 foot trailers or 40 foot containers - that would take 228 rail cars or 456 trucks. Where there are opportunities to move a portion of the distance by water, substantial economies can be achieved.

This particular slide is showing you the relationship between our trade and prosperity. The reason this is important is because we -- although we are in a recession right now, we are going to come out of it at some point, and our foreign trade will resume at levels similar to what they were prior to 2007. As trade increases, GDP increases, and they are talking about forecasts that our foreign trade may double by the year 2020. Given the recession causes that to slip for two or three years, it's still significant upward trend. It's putting more and more pressure on our infrastructure, both highway and railway infrastructure, as well as our port system. Water way transportation offers a way to take some of that pressure off by having an alternative mode of movement of the freight cargo, at least deferring some of those infrastructure expansions that are quite costly and sometimes politically not feasible.

So the capacity solution is the marine highways. When there is a waterway adjacent to one of these major interstate corridors or rail corridors, services can be developed that will move cargo from the rail or highway onto water for a portion of that movement and substantially reduce congestion in that corridor, improve the air quality and move it more efficiently that it can by other modes. We are moving only 2% of our domestic freight by highway. Europeans are moving 44% and China 61%. Their highway system is even more constrained than ours. The European community is developing a program now where they're going to actually provide a rebate of 100 Euros to truckers if they use ferries for all or a portion of their trip in the European community. This is just a map that illustrates America's Marine Highways. It's all our coastal waters, the inland waterways, the intracostal canals and the Great Lakes. Services are operating and more are being developed all the time, but we need to work closely with the state DOTs and MPOs so that they recognize that this is an immediate solution to some of their problems. In fact, just recently a couple of new container on barge services from Norfolk to Richmond, Virginia and Brownsville to Manatee started. Both of those services are taking a significant amount of truck traffic off of the interstates in those traffic lanes. The Marine Highways program is a

new program. It is the result of the Energy Independence & Security Act of 2007. The program currently has an interim rule out for a comment period that ends on February 6th. We're also seeking recommendations from public entities, either state DOTs, MPOs or municipal governments for corridor designation. The Secretary of Transportation will make those designations. Once the corridors are designated, we'll put a call out for Marine Highway projects to be applied for. When those are approved, the Maritime Administration will work closely with the project proponents to make sure that we can support them through all the federal efforts, whether that be trying to develop funding for them or working with them to expedite permits or develop a market. Our program is also responsible to identify impediments and solutions to marine transport. We are in the process right now of establishing Marine Highways Advisory Board, which will be a committee that will look at what impediments there are, such as the harbor maintenance tax on domestic water transport, and what the potential solutions to remove those impediments are so that we can work with Congress and the Administration to see if we can provide a level playing field and maybe some incentives to help induce some of the cargo that's moving domestically to move on the Marine Highways system. That's pretty much an outline of the program. The interim final rule comments are due by the 6th of February. We will then review those comments, make whatever changes we need to the final rule and hopefully publish that some time in April. Following that, we'll issue a call for project applications in the Federal Register. As we seek ways to address congestion and air quality and infrastructure capacity in our urban areas, we think Marine Highways can offer, in some circumstances, an immediate solution to congestion, improve air quality, and reduce the cost of maintenance on some of the highway infrastructure. It could also defer some of the capacity that needs to be added if we're successful in substituting water transport in some of the major corridors. That is my presentation. I will be available at the end of the presentation to answer any questions.

J. Symoun:
Thank you Jim. We'll get to questions at the end. We're going to move onto our final presentation given by Barbara Pelletier of the Federal Railroad Administration.

Barbara Pelletier:
Good afternoon everyone. It is a pleasure to be here. My presentation will focus on a general overview of the U.S. railroad industry and the Federal Railroad Administration, what we do and who we are.

Federal Railroad Administration organization. We are headed by an administrator, who is appointed by the President with confirmation. We have five offices under there. The largest of which is our office of safety. The office of safety employs 458 rail safety inspectors throughout the United States. I'm a member of our office of policy and communications. These are the regions throughout the United States as I mentioned earlier. There are 8 regions, each with a regional administrator and deputy administrator. FRA's mission is to promulgate and enforce real safety regulations. We administer railroad financial assistance programs. We conduct research and development in support of improved rail safety. We develop the national rail transportation policy. We administer grant agreements to Amtrak. As such, the Department of Transportation has a seat on Amtrak's Board of Directors that is generally designated to the administrator of the federal railroad administrations. Just some general logistics about the railroad industry. Give you a seasons of it's -- sense of it's magnitude. The U.S. railroad industry has 140,000 plus miles of track. They own 23,732 locomotives. 1.3 million rail freight cars, with a 99 average tons per carload. There are over 186,000 railroad workers, of those 168,000 work for the class I railroad. 2 million-tons of freight carried each year. 32.1 million freight cars are originated. 52.2 million in annual operating revenue with 11. 3% of shareholders return equity that generally has the railroads from around the

[illegible] shareholders return equity that generally has the railroads from around the world very fascinated and interested in how the U.S. industry works. They've not seen such rate of returns on their equity.

This is a map indicating rail density throughout the United States. As you can see coal is our number one commodity and the bulk of our coal originated in Wyoming at the power River coal basin. You can see the heavy flows going both east and west. There's significant traffic moving from the west coast to the east coast.

Okay. In comparison to the rest of the world, the United States carries far more freight than any other railroad, however in contrast, we carry next to no passengers. As you know Europe and Asia, the passenger rail service is very significant. You can see kind of leading the world followed very closely by India and Japan. If you think of the land mass in Japan and the passengers carried versus the United States, you can see where we are not ranking very high in comparison to railroads around the world.

Railroads carry 42% of the market share. Again, this is a break down of commodities carried by the railroad with coal being the number one commodity. The fastest growing sector of carloads in the United States are the container traffic and just this year, I believe the intermodal traffic did out pass coal in terms of volume carried. So intermodal traffic is really the number one commodity as you would have it in the U.S. followed by coal.

This is an indication of the net investment made by the railroads. As you can see the passage is staggered [Indiscernible: Speaker/Audio faint and unclear] railroad city was privatized to treat only of the regulations -- that commission was also done away with and you've got the railroad. Because of their profitability have been able to invest very well in their own infrastructure.

U.S. rail staffing again, as a result of the staggers act has dropped phenomenally through the past few decades. Productivity per rail employee has increased phenomenally. This is a tribute to new technology and actually here is a graph of that. I jumped ahead of myself a little bit. Again, a lot of this is as a result of new technology. Also, the unions are cooperating more with the railroads. Fewer employees are required per train as negotiations pursue, the staggers act freed the railroads far more to compete in the marketplace. Set their rates, work with the unions directly without the government intervention. Rail rates again as a result of staggers, lack of intervention real rates have reduced over the last deck aid.

Intermodalism. This is a little bit older slide. Is second only to coal. Can't say that any more. It has now surpassed coal. Comparison is in 1980, 3 million trailers were originated. Now in 2005, 11 million trailers originated. Of course the advantage of double stacking is you've got one train with a crew of two hauling 200 containers versus the 100 truck drivers hauling 100 double trailers.

This is just a graph indicating the growth in intermodal traffic over the past two decades.

It's a phenomenon we're dealing with in the U.S. is the rapid growth of freight volume. Freight is growing faster than passengers. What issues are we facing in the railroad industry?

Generally a question of congestion and capacity. The diagram on the left shows the -- indicates the truck freight flows, the commodities. The one on the right indicates the rail freight load commodities.

What are we looking at in the future? Freight traffic is expected to double by 2020. The population growth and economic growth mean that domestic transportation system will be everyone further strained. Funding for expansion is not identified. Environmental issues will slow increases in capacity. Something we need to keep in mind when we talk about railroads. Railroads really receive no federal government support, unlike the highway system and the air system.

What are we looking at in terms of freight growth? The rail on the miles have been growing at 3% per year. Intermodal units are grows at almost 5% per year. The tons carried have increased over 2% a year and carloading is also at about 2% per year of an increase.

Railroads are expanding work forces and infrastructure. The rate of expansion is determined by profit. Again, if the railroads are going to expand, they are doing any kind of improvements either through technology, through infrastructure out of their own pocket. The demand for intermodal and coal are key factors. Railroads are reluctant to invest speculatively. Will the demand be there in the future and railroad profits do not justify rapid increases in capacity.

In closing economic strength and trade relationships will increasingly define global influence in the 21st century. And influence can help guide change. The 16th to the 19th century can be considered an age of locational advantage. The 20th century we encountered competitive advantage. The 21st century I believe we're looking at advantage of competitive and collaborative advantage. That concludes my presentation and I'm open for any questions. Thank you.

Questions and Answers

J. Symoun:
Thank you Barbara. We're now going to start off the question and answer session with the questions that have been posted online. Once we get through those questions if time allows we'll open up the phone lines for questions.

You noted that containers have now surpassed coal on the railroads. What measure is used to define that?

B. Pelletier:
I would say it would be probably gross tons. I would have to check that statistic. I'd have to go back and double check that. It's probably tons originated.

J. Symoun:
The next question we have for you is, considering the expected population growth, what is the FRA doing to increase capacity for passengers, i.e. Commuter Rail?

B. Pelletier:
FRA is really not in a position to do very much. Again the railroads are privately owned. Many of the computer rails if they are publicly owned they are generally owned by local communities. We did pass most recently, I guess it was back in November, the new rail safety act was passed. That is a more forward looking act and there is some funding in there to take a look at high speed rails. There are some grant programs, new grant programs for again, local communities. So computer rail is really more a local issue and we look to the locals to propose to us or take on those programs themselves.

J. Symoun:
Okay. Thank you. We're now going to move onto questions for Jim. If you think of

Okay. Thank you. We're now going to move into questions for Chris if you think of additional questions for Barbara, we can always come back to them. Is there any indication how the new Administration views the Marine Highways Program?

J. Pugh:
We see marine transportation as part of that green solution. But until the new secretary gets on board and a new maritime administrator is appointed, we don't know of any change in policy. Basically, this is a win/win policy for everyone because it does address problems that we all share. Congress and air quality. We don't anticipate any change. We won't know that until the new administrator is named.

J. Symoun:
Another question here for you. Could you please elaborate a little more on the European initiative regarding paying trucks $100 euros?

J. Pugh:
The new head of the program for the EEC is the former Transport Minister from Portugal and he feels that the regulatory structure has not resulted in enough use of the water ways and they continue to have increasing congestion problems on their highways, so he' trying to provide -- he's trying to provide a tangible incentive to all the truckers in the EC to use ferries and they have several services available over there. In fact, a little bit more than we have in the U.S. because they've been at it for several years. But their ability to expand their highways is more constrained than ours. They can't physically expand them in a lot of areas because they end up having to take whole towns out to do it. Although it's becoming more and more difficult for us to expand our highways in urban areas and it take as long time and a lot of money to do that. We're currently talking anywhere from between 5 to $30 a mile. There's a lot of dollars involved. A lot of time involved and what we're trying to do is say by using where it's available, the marine transportation, we can defer some of that expansion and do it very efficiently.

J. Symoun:
Another question for you. Is short sea shipping a serious alternative for goods traffic along much of the I-95 corridor?

J. Pugh:
We think it's very, very feasible and very cost effective. In fact, short sea services or marine highway services as we're now calling them, probably has a bigger market for domestic trailer transportation than the international container transport. The I-95 corridor and the I-5 corridor are corridors of the future that have been designated by the Secretary of Transportation, and are looking for innovative solutions. We think that short sea shipping, or marine highways, is one of those solutions that could be implemented immediately and have a drastic impact on reducing congestion on all of those corridors.

J. Symoun:
More questions for you. Let's see here. Given the high cargo carrying efficiency of maritime transportation, what are the causes for such low marine domestic freight market share -- i.e., only 2%? Are there important causes that the Marine Highways Program will not be able to address?

J. Pugh:
Well, I think the traditional problem for marine transportation, if you are talking about high value goods where the inventory costs are substantial they may not be susceptible to taking a form of transport that could be a day or two longer in terms of total transit time. But I think with the problems that we're facing in the urban areas with congestion and capacity of our infrastructure, the average speeds of

highway transportation are being reduced every year because of the delays that are incurring. The time differential between water transport and other forms of surface transport are not as great anymore. I still think in particular very high value cargoes, inventory carrying costs is going to drive their supply chain design. But for medium and low value cargoes, the inventory carrying cost would be $20 a day. It's not significant enough to cause people not to look at transport as an alternative.

J. Symoun:
Okay. Another question. Was Hawaii a candidate for the Marine Highways program? They seem to recall the criteria to be excluded.

J. Pugh:
Alaska is not excluded. It's been very successful and in fact, provides about the only way to get to some of the islands that they serve. But all of the states in the United States and the U.S. territories, including Puerto Rico and Guam and American Samoa and the Virgin Islands are eligible for the Marine Highways program support.

J. Symoun:
Just to clarify you said Alaska now, but were you referring to Hawaii?

J. Pugh:
Both.

J. Symoun:
Would there be any initiative to revive some of the unused canals in the US or are we strictly developing the major river systems to handle traffic more effectively?

J. Pugh:
It actually has been significant effort to rejuvenate the Erie Canal for commercial traffic in the last year, and they're making substantial progress. I don't think they'll be physically expanding the canal, but it now viewed as an alternative way to move cargo across New York state. Most of our effort is focused on the inland water ways, the intracoastal canals that we have, as well as the coastal waters that offer the ability for trailerships and high speed ferries to offer competitive service to highway and rail on those corridors.

J. Symoun:
We're going to move onto questions for John now. John do you have truck or bus crash data broken down by state?

J. Steinhoff:
Crash data comes in from the states. I don't know to what extent it's broken down to crash location in our data systems. Perhaps the questioner could shoot me an email with their name and an email address and I will have one of our data experts who work with the crash data information get back in touch with them and let them know what is available. I'm sure it's available at the state level but when it's accumulated at the federal level I'm not sure if we're getting the crash location information as well.

J. Symoun:
We have a second similar question asking about the crash location. Please email John for further information. That's all we have for John right now. If you can think of anything else for him please type them in.

We have a few questions that can go for more than one presenter. It looks like it will be for both Barbara and Jim. How do you integrate and plan for current and future

conflicts in rail bridge openings for higher rail usage for both passenger and freight and increase usage of marine corridors by marine freight and recreational boating? I'll let either of you jump in on that one.

B. Pelletier:
I'll defer on that one.

J. Pugh:
I'll attempt to answer it. Basically, marine highways as an extension of the highway and railroad networks only works where there's an adjacent water way. Certainly when we are doing our planning for development of the domestic transportation system, we need to think about the marine alternative, particularly in high volume corridors where a substitute service could come in using existing or potentially new facilities to transfer cargo to either a ship or ferry or barge and tug combinations. One of the things that we've tried to encourage the MPOs to do is to look at what the volume of traffic -- truck traffic in particular is in major corridors that run adjacent to either the waterways or the coastal waters. See if there might be enough volume there to support trailership or container on barge services that would allow them to have some breathing room before they have to expand the highway system through some of the urban corridors. The other part of it is it's a pretty substantial decrease in maintenance costs if you can remove some of the truck traffic from both the U.S. and interstate highway systems in these urban areas. That is a calculation that has to be done locally by the state DOTs or the MPOs based on their topography and cost of maintaining the highways, but it is a pretty substantial reduction if you are reduce the volume of truck traffic.

J. Symoun:
Thank you. The next question is for Barbara. I understand rail is nearing capacity. Do you have to reduce freight capacity in order to increase passenger rail availability?

B. Pelletier:
That's a good question. We're really not at that point yet. The railroads -- first of all we're not particularly looking to increase passenger rail availability at this point in time. There is a proposal out -- actually it came from congress man might go looking for basically an idea of concept -- concept ideas for high speed rail projects in the United States. These again, this is just a request for concept papers, but I don't know if there is any plan directly underway to increase passenger service at this point in time. Now, again, the bigger question is the capacity for the freight railroads and they are looking at technological innovation to help improve capacity from that perspective. One at the department of FRA has really encouraged is with ECP breaks which are the electronically controlled pneumatic breaks. The -- brakes. BNS is operating these brakes coming out of the powder River coal basin. That reduces stopping distance and more accurate operation of the trains. So at this point in time, I don't see where we're looking into the impact of increased passenger rail on the freight systems. That's really not an issue yet. But we are looking at this point in time at technological innovations for solving some of the more immediate problems.

J. Symoun:
The next one is for Jim and Barbara. Given the environmental benefits of water and rail transport of freight, is there much being done connecting inland waterway service in the east with western rail service?

J. Pugh:
Currently there is not a direct service but there are some people that are looking at what might be considered a reverse land bridge. As people probably know, the first

double stack container service in the U.S. was from Houston to southern California. Because of the movement of import containers from ports of LA and Long Beach to the Midwest and east coast, there is an opportunity to look at moving those by rail to Texas and putting them on a ship to go to various east coast ports. But these are all niche markets and a lot depends on the volume and type of commodities that are being moved and what type of vessel is employed so that the overall transit time can be competitive with a land bridge rail movement or a combination truck/rail movement.

J. Symoun:
Barbara do you have anything to add to that?

B. Pelletier:
No. I really don't. Again, the railroads are not looking to develop new routes or lines at this point in time. So if you're looking to connect the railroads better to the inland waterways, that really has not been studied yet. Not to say that it's not an absolutely good option and the way to go, but to my knowledge nothing is underway at this time.

J. Symoun:
We have another question for Jim. Do you have any comments on the impact of the Harbor Maintenance Tax on the increased use of the Great Lakes for NAFTA movements?

J. Pugh:
The Harbor Maintenance Tax is an issue we face. Not just the tax itself but the mechanism by which it's levied on domestic cargo. There are several efforts underway in Congress to provide an exemption for domestic cargoes or cargoes that move on our marine highways system. It's difficult for me to forecast whether those will be successful or not, but it certainly is an issue that we face on further development of the marine highways. As I mentioned, it's not just the amount of the tax, but it is the mechanism by with the tax is billed to the beneficial owner of the cargo. In domestic movements, those carriers currently don't have a system by which they can do that, where on the international cargoes is done in the custom brokerage process. It's an issue we're aware of. I'm sure the new Advisory Board will be looking at that and recommending some solutions. Separately, it's been recognized as an issue by several members in both the House and Senate. I expect that there will be a few legislative initiatives in this Congress to try to address that.

J. Symoun:
I don't see anything else typed in at this moment so we'll go ahead and open the phone line for questions. Please give instructions on how to do that.

Operator:
Thank you. At this time if you would like to ask a question from the phone press star one. You will be prompted to record your first and last name. To withdrawal press star two. One moment please.

At this time I'm showing no question from the phone.

J. Symoun:
John, Jim or Barbara, are there any questions that were sent directly to you that I might have missed?

J. Steinhoff:
I had one question here, does FMCSA have a position on the issue of increasing CMV

maximum gross weight, i.e., 80000-pounds to 97,000-pounds? I would say that we approach this issue from the safety side of it. A vehicle with a 80,000-pound gross vehicle weighted rating has certain components in the braking systems and the structural capacity to allow it to transport safely that amount of weight. We rely on the manufacturing standards that the National Highway Traffic Safety Administration has developed for the manufacturer. From our standpoint, if you are dealing with a heavier vehicle, we would then expect to see that the vehicle has been designed and manufactured by the manufacturer with sufficient braking and control capacity that's equal to the braking and control capacity of a vehicle with the gross vehicle weight rating of 80,000 or 70,000 or 40,000-pounds. We approach these issues purely from the safe operations standpoint, not the capacity standpoint.

J. Pugh:
There was a question on the chat board there directed to me, asking how a state such as Wyoming could benefit from the marine highway program. Those states and there's six or seven of them that don't currently have waterways or coastal waters adjacent to them, don't have a direct opportunity to develop marine highways. But they still could benefit by adjacent states having a marine highways program that might divert some of the truck or rail traffic from a corridor that would then go into those states that don't have a marine system. That's the only potential benefit I could see.

J. Symoun:
We did have another question come in for Barbara. Can you briefly describe what the Surface Transportation Board does and how it relates to FRA and its programs?

B. Pelletier:
I'm not the absolute expert on the Board and there are others who are. I can answer that question generally and if I response is not satisfactory who's asking the question if you shoot me an email I can get you more details on that. With the surface transportation board does is it does hear cases presented to it from the railroad sector. For instance, right now, there's a case to acquire a line that runs around Chicago by Canadian railroad or the EJ and E, I believe, to acquire this line. What FRA does is we absolutely do review the case and we provide input or comments to the surface transportation board. We do not have a say in what they do. We merely provide to them an analysis of the project from our perspective. I don't know if that answered your question appropriately. If not, I'd be more than happy to take an email and get some further details on that for you.

J. Symoun:
Did I miss anything for you Barbara?

P. Pelletier:
There was one also very similar type issue -- well -- not similar, but let me get up to it. This came from a gentlemen in Indiana DOT. His question is rail congestion is prominent in Chicago provide incentive for the class one railroads to define or develop routes to by pass Chicago? Again, if you would send me an email I will get you details on that. There is a case before surface transportation board right from for exactly that. I believe it's the EJ and E but I don't want to say for certain. I'm really not involved in this case. I should know more about it is doing the analysis on it but I don't know off the top of my head an I don't want to give any incorrect information. If you would shoot an email to me, I will get you some of the particulars of that case currently before the FCB. Which is exactly supposed to do that, relieve some of the congestion going through Chicago. Talking about developing a loop, a bypass route. There are a lot of issues regarding an environmental study. I do believe it's very close to a decision by the FCB and get more details on that and share those with you.

share those with you.

Operator:
We do have one question on the phone. Dave your line is open.

Question:
Hi. This is Dave. I'm with the Surface Transportation Board and I did want to respond to the question about interface between rail and water. Between the western rail carriers and the water carriers. I think the answer was kind of given from the perspective perhaps of contained and the marine highway. There is a whole other aspect here. There is considerable goods movement moving by rail and transferring to water and vice versa all up and down the inland water ways. Primarily it's coal coming out of the powder driver pay -- powder River pay sin and there's also grain which is going all up and down the River. Fertilizer and chemicals and other bulk commodities. There is a lot of interface between the two but no there's not a lot of container movement.

J. Symoun:
Thank you for clarifying that.

Operator:
One moment. We have one more.

Question:
Hello. I have two questions actually. I have one for Mr. Steinhoff. Could you give a description of the programs on the second to the last page of your presentation?

J. Steinhoff:
The MCSAP program provides reimbursements to the state for personnel and equipment costs associated with roadside inspections, compliance reviews, new entrant safety audits, public education, data improvements, and traffic law enforcement related to commercial motor vehicles. We are in a continuing resolution right now, but the '09 request before Congress is $209 million. This is an 80/20 matching grant.

The next one is border enforcement grants. These are to the border states to help ensure that the motor carriers operating into the United States from either Canada or Mexico are in compliance with the safety regulations. The requests in '09 is 32 million. FMCSA may reimburse States for up to 100% of approved eligible costs.

Commercial driver license improvement grants. Earlier, I spoke briefly about the commercial driver license program. This is a grant that's available to improve state CDL programs. The request for '09 was $25 million and that's also 100% money for eligible state costs.

Commercial Vehicle Information Systems and Networks (CVISN) is basically a mechanism to encourage the states and motor carrier industry to develop and deploy electronic information systems and communication networks, with an overall goal to improve the quality, timeliness, and access of motor carrier safety and credentials data alongside the roadway. It's real-time. The '09 request is for 209 million and it's a 50/50 matching grant.

Performance and Registration Information System Management (PRISM). PRISM links Federal motor carrier safety information systems with State commercial vehicle registration and licensing systems. Basically it's a system to ensure that companies that have been declared unsafe and placed out of service by FMCSA lose the ability

to license their CMVs through a state licensing agency. The request for '09 was $5 million and that's 100% money for eligible state costs.

Safety Data Improvement grants. Helps improve the accuracy and completeness and timeliness of commercial data. Obviously the more information that's available on a company's actual on highway performance and the quicker that information is brought together in a single database, it allows us to direct our limited resources more effectively to the companies that need the attention. The request for '09 is for $3 million. This is an 80/20 grant.

Commercial Drivers License Information System (CDLIS) Modernization Grants: CDLIS is a network through which the various State licensing agencies communicate information regarding CDL driver violations and driver status. This is a modernization program that's been authorized by SAFETEA-LU. The request for '09 is for $8 million. This is an 80/20 matching grant.

Question:
What I wanted to know was at one point Wyoming had Amtrak that went across the south earn part of the state. We have been told that that particular rail line since they took Amtrak off and now it's been that particular line would be no longer suitable for passenger rail traffic. I was just wondering if you have any information on that throughout the nation and if that sounds like a reasonable statement? Also, if you could repeat again the type of braking system that's used in the Powder River basin area?

B. Pelletier:
I'll answer the easy question first. The new braking system, it's ECP, electronically controlled pneumatic brakes. Those are being used elsewhere. I believe CSX has them in use. I think CSX and BNSF are the two utilizing those at this point in time. Now with regard to the rail line in Wyoming and it's conversion or remove sounds like of passenger service to freight, exclusively and then you're saying the line is no longer fit for passenger service, If he's still on, there's gentlemen by the name of Joe Connelly from the FRA. He's one of our safety inspectors. I am not as familiar with the intricacies of classifications and what a line really needs to qualify for certain operating speeds and like. It is a very detailed question. I'm wondering if Joe is interest in responding. I know this is not his expertise area but he may have a better response for you in regards to the actual differences in safety requirements passenger versus freight operations. If Joe is not there, email me and I'll get an answer to your question. But maybe Joe can pop in at this point and shed a little more slight on that question for you.

Joe Connelly:
A lot may have to do with train control. Speeds are regulated by the engineering standards for the track. Also by the signaling systems an by the train control systems in use on the passenger trains, which limit speed on some of the leans. Now I -- lines. I have no idea what happened on this particular line. I guess we could find out why that is. If you really want me to, I will call a couple of people that I know and find out exactly what happened out there. But there literally could be myriad of reasons. A lot has to do with capacity. One of the things FRA has set up a pilot project for is re30s sit train control. You probably read about it since the accident in California. Positive train separation which will also increase capacity safety and speeds of trains because we'll be able to know exactly where they are instead of just being able to roughly locate where some of these trans are. I honestly don't know the answer to your question. I can tell you that there could be a ton of reasons for that. I can give you my email address, joe.connelly@dot.gov. If you write to me about that particular circumstance, I promise I'll find you an answer.

J. Symoun:
Thank you Joe. We are almost out of time. We're going to close out for today. I want to thank all three presenters and thank you for all the questions we had there. As I mentioned before the recording and the presentations and transcript will be available online in the next few weeks and I'll send an email when those become available.

I want to bring up the slide on the Freight Peer-to-Peer Program. The Freight Peer-to-Peer Program (P2P) puts public sector freight transportation professionals in touch with experts in the field and provides technical assistance in order to enhance overall freight skills and knowledge. The program is available to public entities, including State departments of transportation (DOTs) and metropolitan planning organizations (MPOs). To learn more about the program or to arrange a peer exchange, or to discuss participating as a peer/expert please visit the Freight Peer to Peer web site.

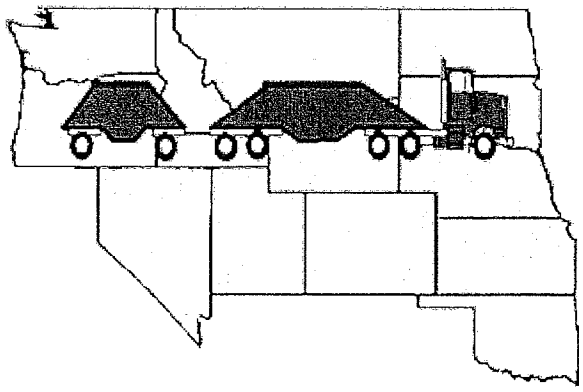
The next seminar is going to be held on February 18th. We're still in the process of working on that seminar. More information will be sent through the LISTSERV soon.

So with that we will close out for today. Thank you everyone and enjoy the rest of your day.

Rebuttal Exhibit II-B- 21

Chapter X

Rail



Western Uniformity Scenario Analysis

Introduction

Railroads, motor carriers, barge, and pipeline are the major modes of transportation for moving intercity freight throughout the nation. Rail and motor carriage account for the greatest share of total freight tons and revenues, with motor carriers accounting for 90 percent of the combined rail and truck revenue share.[40] Railroads handle significantly more bulk traffic such as coal and chemicals than trucks, but compete with trucks for certain high value commodities, primarily through intermodal service offerings.

As discussed in the Department's *Comprehensive Truck Size and Weight (CTS&W) Study*, increases in truck sizes and weights change the economics of truck-rail competition by providing new opportunities for truck productivity improvements. Allowing heavier payloads reduces truck transportation and other logistics costs facing the shipper. To the extent that the trucking industry is able to offer shippers lower total logistics costs, shippers will tend to shift freight that currently moves by rail to the larger, heavier trucks. Because rail is a decreasing cost industry (See Figure X-1) with high fixed costs, loss of traffic will necessarily require spreading those costs across a smaller traffic base, increasing the rail unit cost for handling the remaining traffic. Consequently, shippers remaining on the railroad may face higher rail rates, and to the extent that is the case the net national shipper cost saving attributable to productivity improvements of larger trucks will be reduced.

Figure X-1
Decreasing Cost Industry

Railroads are a decreasing cost industry because they face high fixed and common costs to maintain an extensive network, including the costs of right-of-way acquisition, roadbed preparation, installation of track and signals, etc. This network must be in place before any freight can move. Once an initial investment has been made to provide a given level of capacity, per-unit-costs decline as production increases up to capacity. As output increases to that point, per unit fixed costs and common costs decrease because they are spread over more and more units. Conversely, as railroad traffic shrinks, fixed and common costs are spread over a smaller traffic base, resulting in higher costs per unit

The Western Uniformity Scenario studied in this report is analyzed in this chapter by estimating the effects on railroads' financial condition when new LCV configurations, TPDs, RMDs, and triples are more generally permitted in the identified Western States.[41] The analysis measures the financial impact on the nation's Class I rail industry as a whole, and separately on the two western carriers that would be affected the most - the Burlington Northern and Santa Fe Railway Company (BNSF) and the Union Pacific Railroad Company (UP). The analysis considers both the shorter doubles (low-cube case) and the longer doubles (high-cube case) - triples are permitted in both cases.

Overview of the Class I Railroad Industry[42]

In 2000, the data year for this study, the freight railroad industry produced a record 1.47 trillion ton-miles that generated revenue of $34.1 billion, despite the fact that revenue yield fell to 2.26 cents per ton-mile - a level 15.1 percent lower in nominal dollars, and 30.7 percent lower in real dollars than in 1990.[43] Eight major railroad systems accounted for 91 percent of the industry's total revenue.

The Class I railroad industry is in comparatively better financial condition today than in previous decades, having addressed serious structural problems, upgraded plant and facilities, and taken advantage of technological improvements to better serve customers. Net revenues after operating expenses reached $5.1 billion in 2000, and net income, a measure of profitability, totaled $3.9 billion. The industry operating ratio (expense/revenue) was 85.2, providing an indicator of how efficiently costs were managed. Nevertheless, the industry's return on investment (ROI) was only 6.5 percent, reflecting a continuing decline in ROI since registering a high of 9.4 percent in 1996.

Profile of Study Carriers

As noted above, the principal carriers affected by the Western Uniformity Scenario are the BNSF and the UP - the two Class I railroads that traverse the geographic region of the study. In 2000, these two rail systems accounted for 55 percent of total industry miles of railroad operated, originated over 51 percent of industry carloads, and generated 58 percent of industry revenues. Principal commodities handled by these carriers are coal, chemicals, grain, and intermodal traffic.

The UP is the larger of the two railroads, owning nearly 29,000 miles of road and operating over an additional 4,000 miles of road through trackage rights. The somewhat smaller BNSF owns close to 26,000 miles of road, but operates over a total of about 33,400 miles with trackage rights included. UP originated nearly 7.4 million carloads and BNSF originated 6.9 million carloads in 2000. This traffic generated more than $10.5 billion in operating revenue for UP, and $9.2 billion for BNSF. BNSF's ROI at 8.1 percent, topped UP's 6.6 percent ROI.

Methodology

This section describes the procedure for estimating financial impacts on the rail industry, and the two western carriers, due to diverted rail shipments, and carrier rate reductions to retain shippers' traffic on the railroad. The objective of the analysis is to compute revised industry and study railroads' balance sheets for the year 2010 and reflect the effects of the scenario's low-cube and high-cube cases. Measures of impacts on revenues, freight service expense (FSE), contribution to overhead and profit, and ROI are assessed.

The rail impact analysis employed two models - the DOT's Intermodal Transportation and Inventory Cost (ITIC) Model (discussed in Chapter III) and an Integrated Financial Model. Exercising these models required that data for the analysis be extrapolated from the year 2000 to the Study Year 2010. To accomplish this, rail traffic growth rates developed from the Freight Analysis Framework (FAF)[44] were applied to the following data sources: 1) Class I railroad financial and operating statistics in the *Analysis of Class I Railroads—2000*;[45] and 2) the 2000 Surface Transportation Board's (STB's) Carload Waybill Sample (CWS).

Traffic and revenue diversions used to assess rail impacts were derived from the ITIC Model. Using the forecast 2010 rail freight flows of the CWS as a base case, the ITIC Model estimates shipper transportation and inventory costs for moving the freight by rail and by the competing truck configurations. The ITIC model assumes that railroads respond to increased truck productivity by reducing their own rates - down to variable cost if necessary - to prevent diversion of rail freight traffic to trucks.[46] If motor carriers can offer shippers lower transportation and inventory carrying costs than rail variable cost plus inventory carrying costs, the model predicts that the railroad will lose the traffic and the shipments divert to truck. This assumption produces a conservative estimate of diverted rail traffic.

As truck transportation costs decrease, the rail industry will experience three separate but related post-diversion effects:

1. Fewer rail shipments will reduce rail revenue.
2. As the railroads offer discounted rail rates to shippers to compete with motor carriers, additional revenue will be lost.
3. As rail ton-miles decrease due to losses in traffic, the unit (ton-mile) costs of handling the remaining freight traffic will increase.

It is important to note that for diverted traffic, railroads lose revenue and some costs. When discounting rates to hold traffic, railroads lose revenue but all costs remain. The effects listed above were measured for both low- and high-cube cases using two key ITIC Model outputs: 1) the remaining rail revenues after accounting for losses in revenues from both diversion and from rate discounting to hold traffic; and 2) the remaining post-diversion rail ton-miles. Percent changes from the 2010 base case revenues and ton-miles were calculated using these outputs for each study scenario, and applied to the comparable financial and operating statistics in the Association of American Railroads' (AAR), *Analysis of Class I Railroad 2000* (grown to the Year 2010). The adjusted AAR data on revenues and ton-miles were subsequently used as inputs to an Integrated Financial Model. The financial model uses measured changes in income statement variables - revenues, expenses, income, and cash generated and expended to produce revised industry, and study railroad balance sheets that reveal the effect of the lost revenues and ton-miles on the railroads' financial condition.[47]

The revised Balance Sheets reflect a new rail cost resulting from traffic diversion (freight service expense (FSE) in the AAR data). To calculate the reduction in FSE, the model applies a cost elasticity coefficient that measures the change in cost associated with a change in ton-miles.[48] For the rail industry the cost elasticity used is 0.6264, reflecting that as railroads lose traffic, costs do not decrease in a one-to-one relationship with ton-miles. Rather, railroads shed costs much more slowly because of the high fixed and common cost components of total cost that characterize the industry. To illustrate, if there were a 10 percent decline in rail ton-miles, the application of the 0.6264 elasticity coefficient indicates that freight cost (FSE) would only decline by about 6.3 percent. As a consequence, the cost to handle the remaining traffic in terms of cost per ton-mile would increase in the post-diversion case. This increased cost for remaining rail traffic can be thought of as a partial offset to calculated shipper cost savings found for rail shippers shifting to trucks as a result of the two cases, yielding the net national change in shipper costs.

The cost elasticities applied in the analysis for the industry and the Study railroads are noted in the Table X-1.

Table X-1
Industry and Railroad Cost Elasticities

Railroad	Elasticity
Industry	0.6264
Burlington Northern Santa Fe	0.6632
Union Pacific	0.7113

Study Caveats

The results of the rail impact analyses are generally plausible but some bias may have been introduced due to data restrictions and, more importantly, because of assumptions made concerning present and future conditions in freight transportation. These assumptions are reflected in the growth rates applied to rail traffic volume.

The railroad industry has experienced large productivity gains since its partial deregulation in 1980. For the purpose of this study, the issue is whether those gains will continue to 2010, and whether the analysis should take account of them. Our review found a consensus among observers of the rail industry that the railroads have virtually exhausted the efficiencies that can be wrung from their existing plant, and significant future productivity gains will require massive infusion of capital investment. Whether, and to what extent that capital investment will be made is highly uncertain, particularly if there is erosion of railroad financial viability. In any case, while stepped up investments will be made to accommodate 2010 traffic (and were included in the Financial Model), efficiency or productivity gain is expected to significantly lag the industry's performance in past decades. Therefore, it can be concluded that the effect on the rail impact results using a static productivity assumption are minor.

As previously noted, the cost elasticity applied to the Class I Railroad industry is 0.6264. It was developed, along with individual railroad elasticities, in an econometric analysis of the industry based on *Railroad R-1 Report* data from 1978 through 1998. The issue is whether the coefficient can be applied credibly to data for the Year 2010, *i.e.*, to what extent will the coefficient change in the intervening years? While the precise change in the elasticity coefficient is unknown, we believe any change in the Study's impact measurements would be insignificant. Table X-2 shows the results of eight studies stretching from 1974 - 2000, where different researchers calculated the elasticity of cost with respect to changes in rail output. In general, the elasticity coefficients have not changed significantly over a period of more than twenty-five years. Therefore, for the purpose of this Study, and calculation of rail financial impacts, use of the 1998 cost elasticity coefficient is unlikely to have a substantially misleading effect on the outcome.

Table X-2
Railroad Cost Studies

Study	Returns to Density**	Cost Elasticity
Keeler (1974)	1.79	0.5586
Harris (1976)	1.72	0.5813
Harmatuck (1979)	1.92	0.5208
Friedlaender & Spady (1981)***	1.16	0.8620
Caves, Christensen, Tretheway, & Windle 1985)	1.76	0.5681
Berndt, Friedlanender, Chiang, & Velturo (1993)	1.57	0.6380
McCullough (1993)	1.64	0.6101
Bitzan (2000)	1.60	0.6264

* Gerard J. McCullough, *A Synthetic Translog Cost Function for Estimating Output Specific Railroad Marginal Costs*, p 4, October, 1993. (We have taken the liberty of expanding McCullough's original table by including the elasticities from his study and the most recent elasticities from Bitzan.
** Returns to density for all of the studies except Berndt et al. are reported in Caves et al. (1985). Elasticity of cost with respect to output is the inverse of returns to density.
*** McCullough notes that early work by Friedlanender & Spady (1981)was subsequently revised downward, which corresponds more closely with the other cost elasticities in the table.

Results

Base Case

Table X-3 illustrates the total freight revenues, FSE, contribution, and ROI for the industry and the two western carriers for the base case. The base case applies the 2000 revenue per ton-mile for CWS shipments to the estimated Year 2010 ton-miles, providing estimates in terms of constant 2000 dollars. For the industry, freight revenues would be $43.2 billion. FSE incurred for moving the traffic would be $37.8 billion. Contribution at less than $5.5 billion is the difference between revenue and freight service expense. It represents the amount available to cover fixed cost, income taxes, shareholder profits, and capital investment to improve and maintain the plant to continue to meet customers' demands. Because contribution is closely linked to ROI, changes in contribution are an important measure of the impact of the scenarios on railroads' financial condition. ROI is the bottom line measure of a railroad's financial health because it affects access to financial markets. An insufficient ROI generally means that a railroad will not be able to marshal sufficient financial resources to replace capital assets over the long run.

Table X-3
Base Case Revenues, Freight Service Expense, Contribution, and ROI ($, millions)

Railroad	Revenue	Freight Service Expense	Contribution	ROI (Percent)
Industry	$43,233.86	$37,755.30	$5,478.56	6.31%

Burlington Northern Santa Fe	$11,721.65	$9,309.85	$2,411.80	8.89%
Union Pacific	$13,182.53	$11,237.39	$1,945.15	6.67%

Low-Cube Case

Table X-4 illustrates, lost revenues, FSE, and contribution resulting from the analysis of the low-cube case. This case examines the effects on rail when twin 45-foot trailers, Rocky Mountain Doubles, and triple trailers are permitted on a larger continuous network. For the industry, the low-cube case would result in total lost revenues of $38 million, consisting of a $26 million loss from discounting as railroads reduced rail rates to retain traffic (if necessary to a variable cost floor), and $12.1 million lost revenue as traffic diverted to the truck configurations. Rail industry contribution would be depleted by nearly $35 million. Overall, the twin 45-foot trailer LCV accounted for nearly 70 percent of total revenue losses. On the other hand, none of the revenue losses were attributable to broader operation of the triples configuration.

Table X-4
Low-Cube Case
Lost Revenue, Freight Service Expense, and Contribution ($, millions)

Railroad	Revenues Lost from Diversion	Revenues Lost from Rail Discounting	Total Lost Revenues	Lost Freight Service Expense	Lost Rail Contribution
Industry	$12.09	$25.96	$38.05	$3.55	$34.50
Burlington Northern Santa Fe	$5.77	$9.94	$15.71	$0.99	$14.72
Union Pacific	$6.12	$15.51	$21.62	$2.16	$19.46

For the industry, the $12.1 million revenue lost to diversion is associated with only a $3.5 million reduction in FSE, illustrating the fact that railroads do not shed costs proportionately as revenues are lost.

Table X-5 shows the losses in ton-miles, revenues, FSE, contribution, and resulting ROI in percentage terms. Clearly, losses are small in each of the categories. For example, contribution only declined by 0.006 percent, while ROI for the industry only fell from 6.31 percent in the base case to 6.27 percent.

As expected, the western railroads experience the bulk of the losses since the cases examined fall entirely within their operating territories. For the low-cube case, BNSF's and UP's revenue losses makeup 98 percent of the total industry loss. The remaining losses would be spread among the other interline carriers. For BNSF, revenue losses total $15.7 million while UP's are down $21.6 million. Reductions in freight service expense for the two carriers are $988,000 and $2.2 million, respectively. For BNSF, contribution declines by 0.006 percent and ROI falls from 8.89 in the base case to 8.83 in the low-cube case. UP's contribution falls 0.01 percent and ROI declines to 6.61 from 6.67 percent.

Table X-5
Low-Cube Case
Ton-Miles, Freight Service Expense, Revenues from Operation, Contribution, and ROI
(percent change)

Railroad	Ton-miles	FSE	Revenues	Contribution	Post Diversion ROI
Industry	-0.015%	-0.009%	-0.088%	-0.006%	6.27
Burlington Northern Santa Fe	-0.016%	-0.011%	-0.134%	-0.006%	8.83
Union Pacific	-0.027%	-0.019%	-0.164%	-0.010%	6.61

High-Cube Case

Under this case, twin 48-foot LCVs, Rocky Mountain Doubles, and triple trailers are allowed to operate in the study region. Table X-6 shows the effects to the rail industry and the two western carriers resulting from the study vehicles.

Table X-6
High-Cube Case
Lost Revenue, Freight Service Expense, and Contribution
($, millions)

Railroad	Revenues Lost from Diversion	Revenues Lost from Rail Discounting	Total Lost Revenues	Total Lost Freight Service Expense	Total Lost Rail Contribution
Industry	$18.30	$47.85	$66.15	$5.20	$60.94
Burlington Northern Santa Fe	$7.42	$18.60	$26.02	$1.24	$24.79
Union Pacific	$10.48	$28.54	$39.02	$3.44	$32.91

The inclusion of a longer LCV configuration attracts more traffic off of the railroad, forcing them to discount rates more deeply to retain their current traffic moving in and through the region. For the industry, revenue losses totaled $66 million, with the western carriers losses of $65 million comprising over 98 percent of the total. The twin 48-foot configuration accounts for 80 percent of total revenue losses. Freight service expense dropped by $5.2 million for the industry and $1.2 and $3.4 million for BNSF and UP, respectively. Again, none of the losses were attributable to triples operations.

Table X-7 illustrates the percentage changes in ton-miles, revenues, freight service expense, contribution, and ROI. For the industry and BNSF, contribution fell by 0.01 percent with UP's falling by 0.018 percent. ROI for the industry dropped to 6.25 from 6.31 in the base case. For BNSF, ROI fell from 8.89 to 8.80, and UP's to 6.56 from 6.67 in the base case.

Table X-7
High-Cube Case
Ton-Miles, Freight Service Expense, Revenues from Operation, Contribution, and ROI
(percent change)

Railroad	Ton-miles Percent Change	FSE Percent Change	Revenues Percent Change	Contribution Percent Change	Post Diversion ROI
Industry	-0.022%	-0.014%	-0.153%	-0.011%	6.25%
Burlington Northern Santa Fe	-0.020%	-0.013%	-0.222%	-0.010%	8.80%
Union Pacific	-0.043%	-0.031%	-0.296%	-0.018%	6.56%

Conclusion

The analysis above estimates the traffic and financial effects that the low-cube and high-cube cases would have on the financial condition of the railroad industry and the two study carriers. As expected, the industry changes in ROI and loss of contribution are small when compared with the effects of the nation-wide LCV scenario analyzed in the *CTS&W Study*—where ROI fell from 9.8 to 5.3 percent and contribution fell by $3.1 billion. Most significant, when compared with the *CTS&W Study*, is the loss in revenues from rail rate discounting to retain traffic, relative to revenue losses from traffic diversion. In the *CTS&W Study*, the loss in revenues from diversion consistently represented a larger share of the revenue losses—generally running 3.5 times greater than that from rate discounting. Here the results are reversed with revenue losses from rate discounting running over 2.5 times the losses from traffic diversion. While an analysis explaining the difference in these results is beyond the scope of this study, it is

hypothesized that the geographic boundaries of the scenario studied are largely responsible. Most of the traffic the two western railroads carry originates, terminates, (or both) outside of the scenario States studied. Competing truck traffic, consequently, originates/terminates outside of the scenario States as well—requiring transloading of cargos at State borders to and from conventional configurations and LCVs. The transloading requirement clearly erodes some of the LCV productivity gains—enough that railroads are forced to discount rates, but not so deeply that a large proportion of the affected traffic is diverted to the LCVs.

Although losses to the carriers appear small, as with any business entity, railroads would attempt to make adjustments to return ROI and contribution to levels that were present in the base case. Most likely this would be accomplished through reduced investment and/or increases in the service adjusted rate to rail shippers, particularly those shippers on the BNSF and the UP.

---

[40] Transportation in America: A Statistical Analysis of Transportation in the United States, 19th edition, p. 28.

[41] See Chapter II for a complete discussion of both cases and the states in which they are allowed to operate.

[42] In 2000, the Surface Transportation Board defined a Class I railroad as one having annual operating revenues greater than or equal to $261.9 million. The threshold is adjusted annually for inflation. The eight Class I railroads are BNSF, CSX Transportation, Grand Trunk Western Railroad, Illinois Central Railroad, Kansas City Southern Railway, Norfolk Southern Railroad, Soo Line Railroad, and UP.

[43] The major rail-carried commodities (in terms of ton-miles) included coal (35 percent), intermodal traffic (trailers and containers on flat cars or well cars) (15 percent), chemical products (10 percent), and farm products (predominantly grain and soybeans) (9 percent). The fastest growing segment of rail traffic has been intermodal traffic, with the number of trailers and containers increasing substantially from an average of 3.4 million loadings in the early 1980's, when doublestack container trains were introduced, to 9.2 million in 2000. The highest traffic corridor for intermodal traffic is between California and Illinois reflecting the land portion of container shipments between the U.S. and Asia's Pacific Rim. This traffic is handled by the BNSF and the UP, which are the subject railroads of the current analysis.

[44] Growth rate estimates for traffic volumes, both rail and truck, for the Year 2010 were developed from the FAF. For rail, the growth rates from the FAF were applied to the 2000 rail waybills by corridor and commodity. To expand 2000 ton-miles, revenue, and FSE to the Year 2010, a traffic-weighted average of these rail growth rates was applied to the *Analysis of Class I Railroads–2000* base year data.

[45] As compiled by the Association of American Railroads (AAR) from R-1 reports submitted by the railroads to the STB.

[46] The rail rates used in the analysis were the actual, or unmasked, rates resident in the STB's "highly confidential" CWS file. To protect their confidentiality, the STB performed the analysis for DOT.

[47] The Integrated Financial Model was also used to calculate the post-diversion railroad ROI. For a complete discussion and overview of the model see the *CTS&W Study*, Volume III, Scenario Analysis, Chapter XI.

[48] The cost elasticity coefficient(s) used for the industry, and the separate railroads, were derived by John Bitzan of the Upper Great Plains Transportation Institute under FRA sponsored research, and published in the 2000 report, *Railroad Cost Conditions – Implications for Policy*. The report is available at http://www.fra.dot.gov/downloads/policy/rr_costs.pdf.

Previous Chapter | Table of Contents | Next Chapter

FHWA Home | Truck Size and Weight Study | Feedback

FHWA

United States Department of Transportation - **Federal Highway Administration**

Rebuttal Exhibit II-B- 22

Introduction

A locomotive tracking system can provide a substantial increase in locomotive utilization, productivity and fuel savings benefits to the Railroads. These benefits can be realized by providing computing and communication equipment, with GPS, on-board the Locomotive and integrating that data to the Railroad's legacy systems such as LMS and CAD and/or providing new systems to the Railroads such as GIS systems and fuel planning systems.

Benefits

The benefits to locomotive tracking are clear. Class I Railroads are unable to locate between 1% to 2% of their otherwise available road locomotive fleet on any given day. The cost of this is accrued in inflated lease costs, wasted operational & maintenance resources and additional locomotive purchases.

Adding to the locomotive utilization benefit stated above, will be the overall increased utilization of locomotives that have shorter dwell times, less than 24 hours (not quantified in the 1% to 2% figure). The aggregate increase to locomotive utilization is thought to be better than 6% based on the assertions above and the results of a Locomotive Tracking pilot conducted between GE Harris and CSX Transportation.

Another significant contributor to the benefits of locomotive tracking is the ability to detect an "idle locomotive" and notify the power manager of this condition. Even with a heavily populated AEI infrastructure the "idle locomotive" condition would not be remedied. The ability to transmit an idle condition, at any time, back to power management and force that locomotive into productive service directly effects "miles traveled over the road" for that specific locomotive. The CSXT Locomotive Tracking fleet experienced better than a 10% increase in "miles traveled over the road". This number directly drives increased revenue for the Railroads.

Fuel represents the third largest expense item in the Union Pacific operating budget. Instances of unnecessary re-fueling, locomotive "out-of-fuel" events, and excessive rolling inventory are all factors that affect better than $800 million Union Pacific fuel budget. The locomotive tracking service includes the regular reporting of fuel levels to help Union Pacific better manage their fuel utilization.

Locomotives are re-fueled on average with their tank 60% full. With fuel level reporting, Union Pacific can lower the average fueling level substantially by scheduling a re-fuel at a later fuel pad. Out of fuel events can be dramatically reduced because the distance to empty calculations used by Union Pacific can be dramatically improved with live field data, as well as the Locomotive Tracking service providing a real-time low fuel alarm.

All of these benefits are detailed quantitatively in the body of the proposal. In summary, the total benefit totals to saving Union Pacific more than $57 million every year for a fleet of 5000 locomotives equipped.

Benefits of Locomotive Tracking

The benefits of Locomotive Tracking are shown below with a representative 1,000 locomotive fleet. The figures are multiplicative so a fleet of 2,000 locomotives would realize two times the figures presented below. A 3% increase in locomotive utilization is used based on a pilot locomotive utilization increase of 6% - the 3% was considered conservative.

Locomotive Location Tracking

The Class I Railroads, as stated above, cannot account for better than1% to 2% of their road locomotive fleet on a given day, they are unavailable for service because they are unable to locate them. The locomotives are unaccounted for because:

- locomotives circulate between AEI readers for an extended time without knowledge
- AEI read, as locomotive passes, fails
- locomotive locations are not recorded during shutdown periods such as holidays & hurricanes
- locomotives circulate on foreign track for extended periods
- locomotives are set off by dispatchers without informing power managers
- crew change events can cause confusion

Utilizing locomotives otherwise unavailable is valued by their lease cost per day ($500) and their operating expense (maintenance, inspection, fuel, handling, ...) per day ($500). The actual savings is realized by reduced new locomotive purchases, reduced lease fees and eliminating operating expenses on the purchased/leased locomotives. The annual savings, shown below, adds to less than the price of ten locomotives... an intuitively conservative result.

Summary of improving locomotive utilization is as follows:

• Locomotive road fleet size of Union Pacific	1,000
• Improved Utilization realizable, 3% of fleet	30
• Operating Expense, per day, of an average locomotive	$500
• Lease Cost, per day, of an average locomotive (cost of ownership)	$500
• Annual Improved Utilization	$10,950,000

The basis for these savings is that the positions of all locomotives would be known and factored into the decisions of the power manager.

The Locomotive Tracking system would allow power managers to meet their LMS plan more efficiently, reduce train delay and be more efficient at scheduling. This saves dispatcher effort as well as under or over powering a consist due to crisis situations caused by incorrect data or the lack of data.

Locomotive Direction

Another problem power managers have is incorrect locomotive orientation, i.e., short hood lead or long hood lead. The locomotive manager expects the locomotive to come into a yard short hood or long hood. In the event the assignment is incorrect the locomotive may have to be turned around or replaced. The direction of the locomotive is essential to optimal power management.

Fuel Measurement

There are four significant benefits of having a continuous measurement of locomotive fuel level: (1) eliminate locomotive out of fuel events, (2) reduce fueling events, or fuel "turns", (3) reduced fuel inventory carrying costs, and (4) operator-to-operator variance reduction. The benefits relating to fuel measurement are all predicated upon having a working electronic fuel monitor on-board the locomotive.

Out of Fuel Events

Out-of-fuel events present a severe cost penalty to the railroads. These events can be dramatically reduced with the remote fuel measurement capability a Locomotive Tracking system. Fuel levels would be known at all times across the entire fleet. Today fueling decisions are naturally very conservative to avoid the costly out-of-fuel events; nevertheless some locomotives do run out of fuel because:

- locomotive equipment failure forces a higher fuel burn rate in consist
- fuel is not added when scheduled
- uneven vendor fueling of a consist with multiple locomotives
- errors in "distance to empty" (DTE) models used to schedule fueling

The prevention of out of fuel events occurs because the distance to empty calculation used by power managers would have the benefits of actual fuel level information reported and secondly, the Locomotive Tracking service would send an alarm to the power manager when the locomotive reaches a low level.

Approximately 5% of a total Class I road fleet would run out of fuel during the course of a year.

There are three major cost elements associated with out-of-fuel events: (1) service lane interruption cost, (2) locomotive out of service cost, and (3) diesel injector repair costs. Following is a synopsis of the benefits:

Main Line Costs

When a locomotive runs out of fuel, the train is forced to stop. There is train delay associated with this stoppage for the consist that is stopped and any affected consist waiting to proceed on that line that is now blocked. We conservatively estimate the train delay for the effected train but not the domino effect it might have.

Out of Service Cost

An industry-wide calculation of the out of service cost and equipment repair cost is approximately $8,000 per road failure.

Repair Costs

This cost represents the parts and labor costs of the fuel injectors after an out-of-fuel event. Note this cost is included in the $8,000 per out of fuel event detailed above.

Shown below is a summary of the Out-of-Fuel Savings:

• Number of out-of-fuel:	50
• Train delay cost on affected train line, per event (2 hour @750 p/h)	$1,500
• Per road failure event cost	$8,000
Annual out-of-fuel Cost Savings	$475,000

Fuel Turns

On average, Class I locomotive tanks are refueled when they are 60% full. Locomotives are "topped off" (40%) many times per week--this analysis assumes 1 fuel turn every 2 days. Locomotive fuel turns are therefore more than 182 turns per year (1/2x365).

Also, it is understood that other items are serviced on a locomotive as it is refueled. Because these services may not also be eliminated in every instance where it is possible to use more fuel before refueling, that only 10% of the value is realized – a very conservative number.

• Average fuel turns per day per locomotive	1/2 turns
• Average fueling time 20% of fleet (on run through track)	30 min

• Average fueling time saved, 80% of fleet (on service track)	6 hours
• Locomotive road fleet size:	1,000
• Percent of cases where fuel turns may be decreased on service track	20%
• Percent of cases where fuel turns may be decreased on through track	50%
• Per hour locomotive cost (cost of ownership + operating cost)	$40
Annual Fuel Turn Savings avoiding Service Track Refueling	$3,504,000
Annual Fuel Savings avoiding Run Through Track Refueling	$182,000
Total Fuel Turn Savings	$3,686,000

Note opportunity cost loss has not been included in benefit calculations.

Reduced Fuel Inventory

The rolling fuel inventory is 60% percent per locomotive. By improving fuel turns, an additional 40% of fuel inventory is available. This results in a one-time working capital savings per the analysis below. The calculations below are base on

• Average locomotive fuel tank size	4,000 gals
• Rolling inventory excess (40% full tank)	1,600 gals/loco
• Locomotive road fleet size	1,000
• Total rolling inventory available for savings(60% realized)	960,000 gals
• Percent of cases that take advantage of reduced fueling	50%
• Cost of diesel fuel (per gallon)	$0.60
Reduced Fuel Inventory Savings (one time savings)	$288,000
Annual carrying cost savings (@ 15%)	$ 43,200

Note the recurring savings has not been added to the overall savings calculations.

Operator-to-Operator Variation in Fuel Utilization

The final benefit would be to identify those operators that are using more fuel than the most fuel-efficient operators. A small improvement in fuel used has an enormous savings effect. It is reported that best-to-worst operator variation under identical circumstances is about 20% percent. Even a 1% effect to a fuel budget would be an enormous benefit.

Note a fuel budget of $130 Million dollars per annum is assumed for 1,000 locomotive fleet – a conservative number.

• 1% Fuel Budget Savings	$1,300,000
Operator to Operator Fuel Savings	$1,300,000

Fuel Monitor Installation

In order to take advantage of the fuel savings each locomotive must have a remote fuel monitor installed and available for use.

Moving Idle Locomotives

The CSX locomotive tracking pilot helped quantify the productivity benefit associated with taking locomotives out of "unknown" idle conditions and moving/applying them in productive service sooner. The increase in "miles over the road" for the CSX pilot fleet was 10%! This is a very large figure. We will use an extremely conservative number of 1% for increased productivity for these calculations. In addition we will assume a class I locomotive has a 1.5 million dollar revenue haul capacity per annum:

• 1% Increased Haul (revenue)	$15,000,000
Total Increased Productivity	$15,000,000

Total Benefit

• Annual Improved Utilization of Locomotives	$10,900,000
• Out of fuel event reduction	$475,000
• Annual Fuel Turn Savings	$3,686,000
• Operator to Operator Variance Savings	$1,300,000
• Increased Productivity	$15,000,000
• **Total Annual Benefit**	**$31,361,000**

One Time Inventory Savings $288,000

Summary

A Locomotive Tracking system offers the capability for railroads to improve asset utilization, reduce operating expenses, and improve service reliability. Using GPS locations, the system can communicate train locations on a railroad defined, regular basis to a central facility. Additional information may also be reported, such as locomotive fuel levels or critical health alarms. With more frequent train or locomotive location reports, railroads will be able to integrate this data into their management systems (such as locomotive or train dispatching) to bring greater benefits. The capabilities and benefits of this system continue to evolve as railroad interest and requirements are gathered.

A Locomotive Tracking pilot was demonstrated by GE Harris with CSX Transportation. The pilot was conducted on 25 Dash 8 CW40 locomotives over a three-month period. Both locomotive utilization and "miles over the road" were compared to the rest of the control group (374 Dash 8 CW40 locomotives) week by week. The results of this pilot showed the benefits in utilization and productivity were realizable. Fuel benefits could not be shown since this would require a fleet-wide (or substantial portion of) implementation.

Rebuttal Exhibit II-B- 23

Redacted

Rebuttal Exhibit II-B- 24

Redacted

Rebuttal Exhibit II-B- 25

Redacted

Rebuttal Exhibit II-B- 26

RESIN HANDLING GUIDE

American Chemistry Council/ American Plastics Council Transportation & Logistics Committee

©American Chemistry Council (2003)

This work is protected by copyright. The American Chemistry Council (ACC) which is the owner of the copyright, hereby grants a nonexclusive royalty-free license to reproduce and distribute this Guide, subject to the following limitations:

1) The work must be produced in its entirety, without alterations.
2) All copies of the work must include a cover page bearing ACC's notice of copyright and this notice.
3) Copies of this work may not be sold.

ACC/APC/Transportation & Logistics Committee
Resin Handling Guide

TABLE OF CONTENTS

Purpose.....3-4

Moving Resins in Bulk-Introduction.....4-7

What Impacts Resin Quality.....7

System Design.....7-13

- Silos, bins and product receivers.....8-9
- Bag houses filters.....9-10
- Transfer piping and hoses.....11-12
- Transfer blowers.....13

Product Contamination.....14-16

- External, Internal Sources.....14-16

Operating Conditions.....16-17

Guidelines for Dense Phase Unloading of Bulk Hopper Trucks.....18-23

- Introduction.....18
- Dense Phase Product Transfer.....18
- Hopper Truck Delivery Objectives.....19
- Product Delivery Degradation Issues.....19-22
- Misperceptions Concerning Product Delivery Techniques.....20-21
- Additional Concerns Regarding Hopper Truck Deliveries.....21-22
- Further Suggestions for Unloading Include.....23

Resin Properties Table.....24

Unloading Hopper Cars and Hopper Trucks.....25

- Hopper Car.....25-26
- Hopper Trucks.....26

Safety.....27-28

- Static Electricity.....27
- Explosion Hazards.....28

This guide is intended to provide general information concerning the handling of plastic resin. The guide is considered accurate as of the date of preparation. Additional or different measures may be appropriate for the handling of particular resins, and such information may be obtained from each producer regarding properties and particular handling appropriate to that producer's materials. Neither ACC/APC, nor any of their employees, members, or other assigns makes any warranty expressed or implied, or assumes any liability or responsibility for any use, or the results of such use, of any information, product or process disclosed in this Guide, or represents that its use would not infringe privately owned rights.

ACC/APC/TRANSPORTATION & LOGISTICS COMMITTEE
RESIN HANDLING GUIDE

PURPOSE:

This publication is a collection of general guidelines. These guidelines provide general operating considerations for safe, efficient and environmentally responsible pneumatic handling of plastic resins. Plastic resin in this document is understood to mean powder, flake or pellet forms. The information contained in this manual will help contain the plastic resin within the operating facility in order to protect the environment and will help the plastic resin come through pneumatic handling systems in an "as manufactured" condition. In addition, a section has been included which provides references for further information on handling plastic resin. One of the best sources of information is the manufacturer of the particular plastic resin that is being handled.

Most companies that produce plastic resins in the United States are members of the American Chemistry Council (ACC). As such these members are dedicated to the Responsible Care® initiative. This is an approach that recognizes that the best way to improve the public trust in the chemical industry is to demonstrate commitment and performance and to be responsive to public concerns. In addition, The American Plastics Council (APC) is a partner with the Society of the Plastics Industry (SPI) in the initiative known as Operation Clean Sweep©. Producers of plastic resins actively participate in following the principles of this initiative, which is aimed at preventing the release of plastic pellets to the environment. Although not generally considered "hazardous", the Environmental Protection Agency (EPA) Storm Water Regulations classify plastic pellets as "significant materials", making the exposure of even a single pellet in storm water run-off without a permit subject to regulatory action. This publication is intended to assist all companies that handle plastic pellets to fulfill the expectations of these initiatives. For further information on Responsible Care® or Operation Clean Sweep, contact the ACC/APC offices in Arlington, VA., or the SPI offices in Washington D.C.

The end uses of plastic resins are carefully engineered products that touch almost every phase of our daily lives. The designs of these products are based on the properties of the plastic resins, which have been specified for each end product. If these properties are altered through the handling process, the performance of the end use products may suffer. Some examples of this could be:

- Foreign contamination (like minute particles of dirt) can cause electrical failure of wiring and cables constructed with plastic resin insulation material.
- Foreign contamination can cause film to have weak points and also potentially contaminate the products wrapped inside the film.
- Contamination of one plastic resin with another of different properties can cause weak points in tubes or bottles, which may cause the tubes or bottles to fail. This could cause a leak of household cleaning chemicals, lubricants, antifreeze and many other hazardous materials.

- Contamination of plastic resin can cause significant costs in defective final product or serious equipment damage to processing equipment for plastic resin.

It is the desire of all manufacturers of plastics resins to deliver those resins in an "as manufactured" condition to the point of end use. This publication is produced in the hope that these guidelines will help people who handle the plastic resins outside the manufacturing process accomplish that goal.

MOVING RESINS IN BULK-
INTRODUCTION:

Approximately 90% of the plastic resins produced in North America leave the producing plants in covered hopper cars. Many of these railroad cars travel directly to customers who remove the plastic resins from the hopper cars and process the resins into final products. The remainder of the hopper cars go to transfer stations where material is removed from the hopper cars to bulk trucks or to packaging lines where the resin is placed in bags or bulk cartons. Because of the importance of pneumatic transfer to the plastic resin industry, it is vital that the operating principles of pneumatic transfer systems and the impact of pneumatic transfer on plastic resins are understood. What follows are some general guidelines for the Plastics Industry.

Pneumatic transfer systems are essentially moving product through the creation of either positive or negative atmospheric conditions. Therefore, creating the force to move plastic resins. The classifications by motive force are:

- Negative atmospheric pressure or vacuum systems create a negative pressure differential causing the flow of plastic resins and conveying air from the high pressure to the low pressure.
- Positive atmospheric pressure systems where plastic resins are moved from one point to another by applying a higher pressure at the starting point of the transfer and thus allowing resins and conveying air to flow to the desired end point.
- Pull/Push (or Push/Pull) systems that combine both vacuum and pressure sections.

The attached schematics (Figures 1 – 3) are examples of these systems.

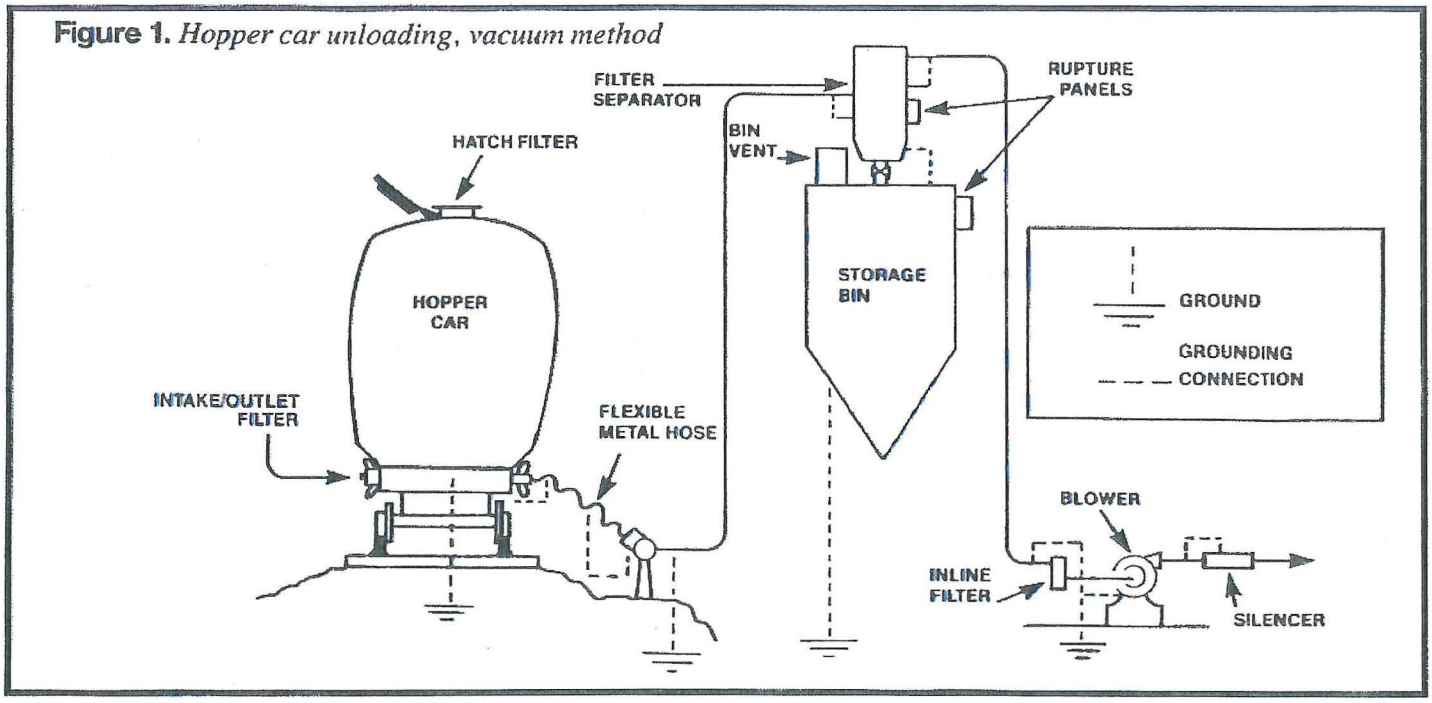


Figure 1. *Hopper car unloading, vacuum method*

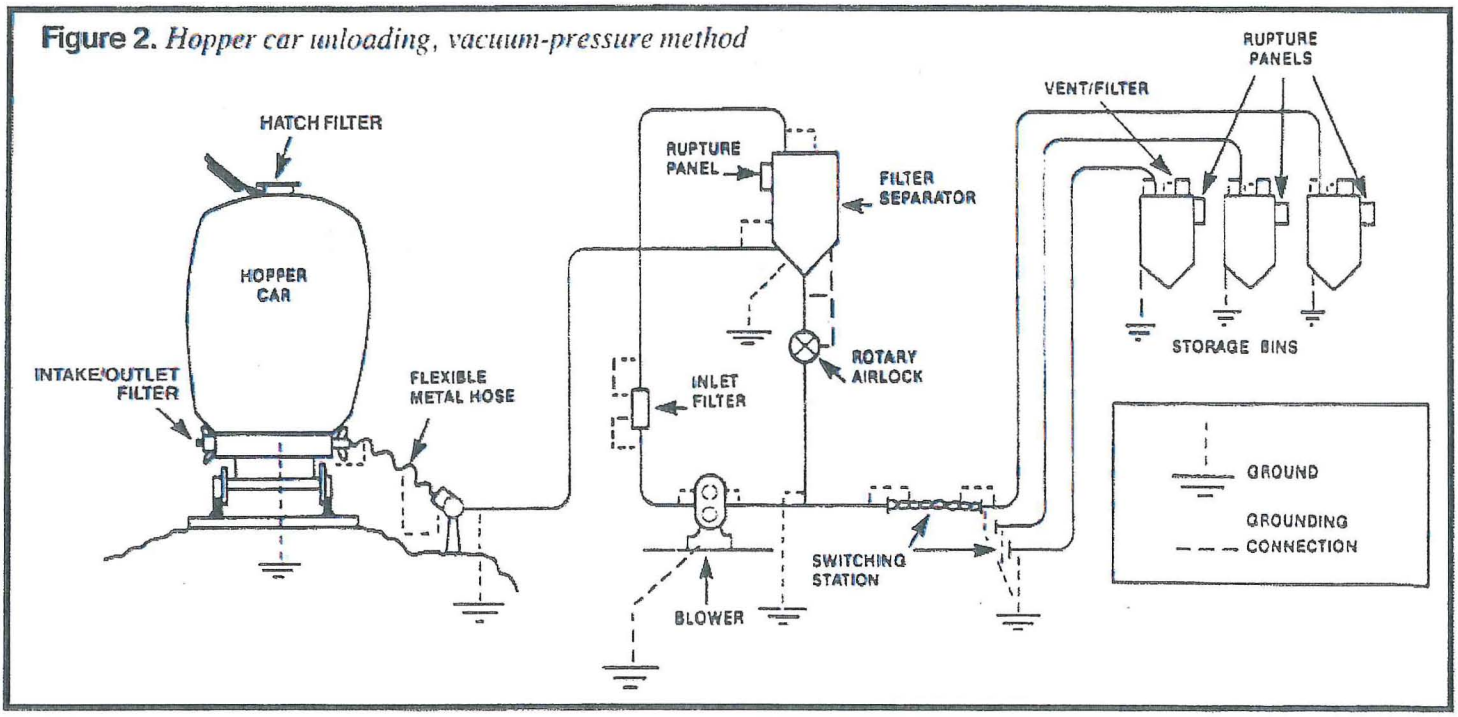
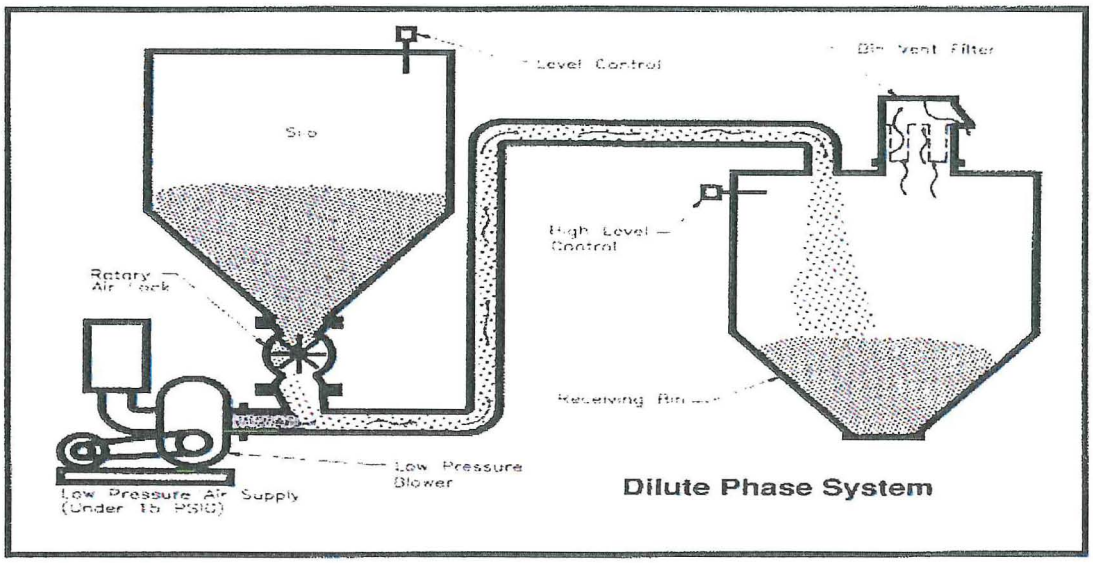


Figure 2. *Hopper car unloading, vacuum-pressure method*

The second classification is by the mass ratio of plastic resins to conveying air in the transfer system. In very general terms, these classifications are:

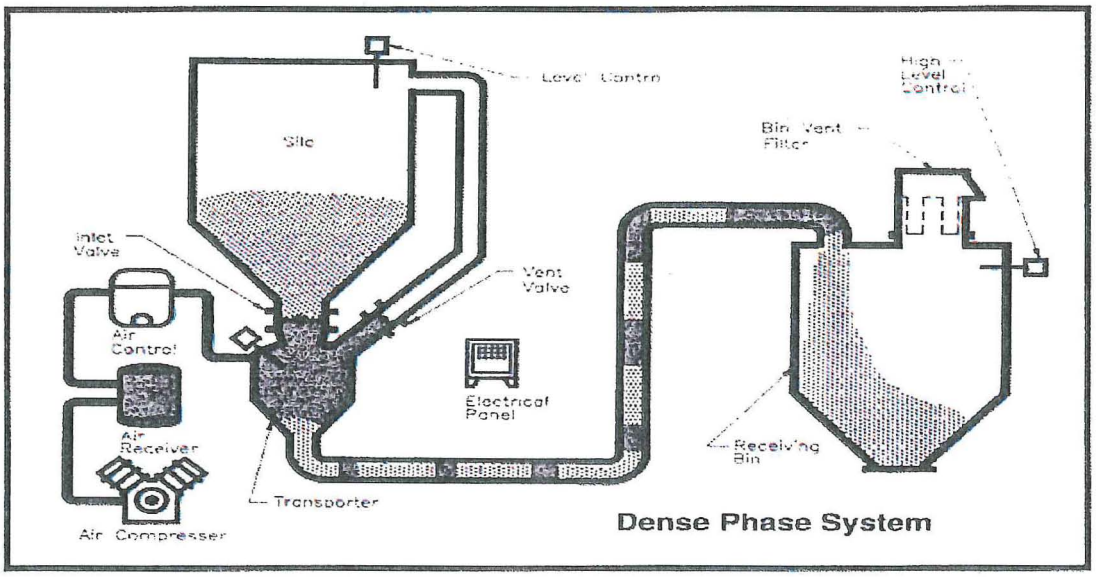
- Dilute phase systems where the mass ratio of plastic resins to conveying air is 10:1.

Figure 4. *Dilute phase systems*



Dense phase systems where the mass ratio of plastic resins to conveying air is greater than 10:1

Figure 5. *Dense phase system*



Transfer systems using either dilute or dense phase can be designed to utilize any of the systems classified by using motive force. Dense phase transfer systems are usually stationary systems, common to manufacturing or processing facilities, which are dedicated to a very limited number of plastic resin grades. The dilute phase system is much more common at transfer stations and situations where multiple grades of plastic resins are

handled. Examples of dilute phase systems are vacuum/pneumatic trailers and portable transfer systems. See page 18 for a "Guideline for Dense Phase Unloading of Bulk Hopper Trucks."

WHAT IMPACTS RESIN QUALITY:

The pneumatic transfer of plastic resins can negatively impact resin quality if not conducted properly. To maintain the quality of the plastic resins during pneumatic transfer, there are three areas that need careful consideration:

- System design can have a major impact on preserving the quality of plastic resins.
- The conditions under which the pneumatic transfer system is operated can have a major impact on the delivered quality of the plastic resins.
- The variety of plastic resins handled within the same system and the cleaning procedures between various grades of plastic resins can have a major impact on the properties of plastic resins.

Each of these areas will be discussed in the text below. The guidelines given come from the literature produced by the Plastics Industry. For specific questions about any one of the many grades of commercially available plastic resin, contact the resin manufacturer for details.

SYSTEM DESIGN:

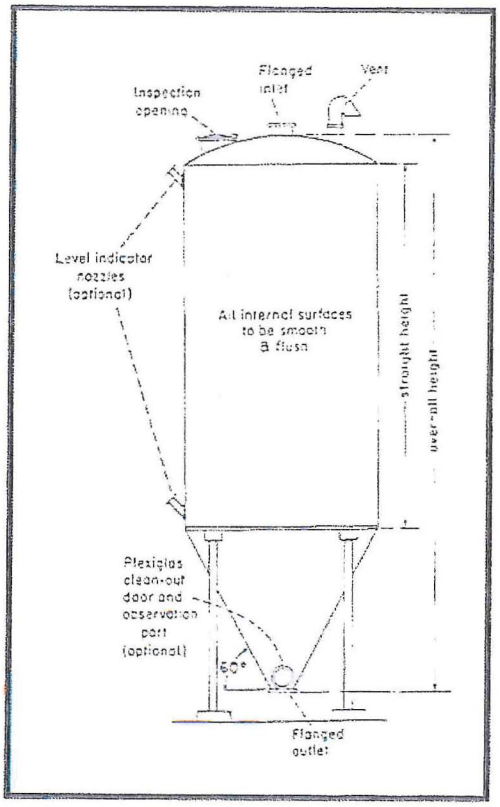
A number of factors go into the design of systems for pneumatically handling plastic resins. The number of grades of plastic resins to be handled, the geography of the particular site at which the transfer is to take place and the rate of usage of the plastic resin are some of the more important factors. It would be impossible to have a design that would fit every situation. This guide will cover the things that are important considerations for each of the key components of the system. The manufacturer of the plastic resin(s) being handled is the best source of advice regarding a particular handling system design.

The major components of a plastic resin handling system are the silos, bins or product receivers, bag houses and filters, transfer piping and transfer blowers. Each area is discussed below with guidelines that should be considered when developing a system for handling plastic resins.

Silos, Bins and Product Receivers:

Almost any transfer system will have some point at which plastic resin is held for some period of time. The following items should be kept in mind when developing a system for handling plastic resins:

Figure 6. *Storage silo*



1. Commonly used materials of construction are:
   - Steel coated with an epoxy resin or similar coating.
   - Aluminum
   - Stainless Steel
2. No matter what the material of construction, achieving a smooth internal finish is important to the flow of the product.
   - Riveted construction is usually combined with the use of caulking or other sealants, which are used to fill the gaps between the plates. This sealant can be a serious contaminant in most plastic resin applications.
   - Flanged areas can also be a source of leakage. Deterioration of gasket material that comes into contact with the plastic resins may be a source of contamination in most plastic resin applications.
   - Any ledge or area that can trap plastic resin should be avoided.
3. Storage vessel size should take into account delivery increments and usage rates of plastic resins.
4. Cone angles on the bottom of all storage vessels should be designed to accommodate the particular flow characteristics of the products being handled. Contact your supplier to determine the optimal cone angle for your application.

5. Pressure/vacuum relief systems for storage vessels should be designed with the following in mind:
    - All connections should be airtight.
    - Vents should be sized to accommodate the conveying air without a build-up of pressure in the vessel.
    - Vents should be designed to contain fines, streamers and dust particles conveyed with the process air.
    - If fine particles or dust particles are involved, (i.e., less than 40 mesh, 420 micron particle size as defined by the Bureau of Mines and the National Fire Protection Association (NFPA)), consideration should be given to adding explosion relief devices that can handle the pressure rise from a dust explosion. In addition, a bag house might be required to eliminate atmospheric pollution.
6. If multiple grades of plastic resins are being handled, consideration should be given to cleaning of the system between grades of plastic resins. Not all grades of plastic resin are compatible and even small amounts of cross contamination will have serious consequences for some applications. Contact the manufacturer of the plastic resin(s) to discuss this issue.

Addressing the above items will help reduce the probability of negatively impacting the quality of plastic resins in storage vessels.

Bag Houses and Filters:

In most transfers of plastic resin conveying air is usually drawn into the system from the atmosphere and exhausted once the transfer is complete. To prevent contamination of the plastic resin, any source of conveying air should be filtered to remove dirt and debris. Care should be taken to avoid drawing moisture into the system. In addition, the following should be considered for filters:

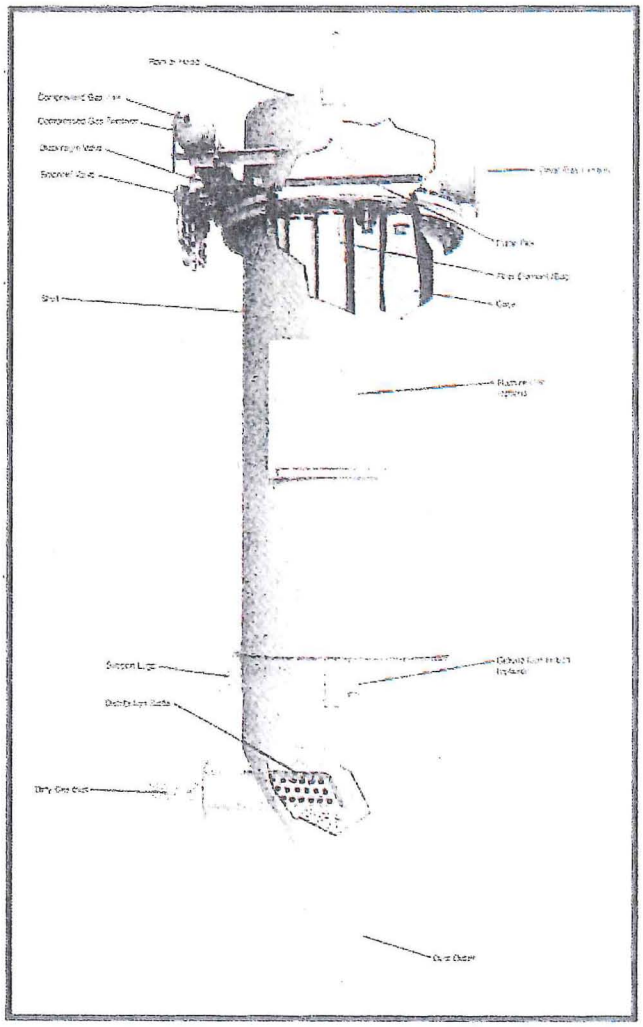
1. 1. Filter media commonly used will not pass particles that are greater than 1 micron. For some applications of plastic resins, even smaller filter media is required. Contact the manufacturer of the plastic resins you are handling for advice in this area.
2. If multiple grades of plastic resins are being handled, removal and cleaning of the filters is important. The specifics of how this is done will depend on the grades of plastic resin being handled. The manufacturer(s) of the plastic resin(s) is the best source of advice on this issue.
3. The material of construction of the filter media should be consistent with the end use application.

Once conveying air is drawn into the system it must also be exhausted; in this case confinement of fines, streamers and dust created in the handling process is the key issue. In most cases bag houses are used to cleanse the air before it is vented to the atmosphere or perhaps passed to the suction side of a transfer air blower. Some considerations for bag houses are:

1. The air to cloth ratio is normally between 3 and 7. This is measured in ft^3 per minute of conveying air per ft^2 of cloth.
2. The superficial upward air velocity between the bags usually does not exceed 250 feet per minute.
3. A pulse jet of air is normally used to remove entrapped particles from the filter bags. Typically, 90 psig of pressure in the air manifold is used.
4. Careful consideration should be given to grounding the bag house to insure continuity between the bags, the bag cages and the remainder of the equipment.
5. Again, if multiple grades of plastic resins are being handled in this system, careful attention must be given to cleaning of the bag house between the different grades of plastic resin. The manufacturer(s) of the plastic resin(s) is the best source of advice on this issue.

Attention to the above areas will produce a system that will reduce the chance of quality, safety or environment problems with handling systems.

Figure 7. *Dust Collector*



Transfer Piping and Hoses:

With the pneumatic transfer of plastic resins the piping or hoses used can be the most critical part of maintaining resin quality. Contact of the plastic resin with the walls of hose or piping is inevitable. The consequences of this contact are all negative and everything possible should be done to minimize this contact. The following are guidelines, which should be carefully considered for any transfer system for plastic resins:

Piping

1. Distance is critical in the pneumatic transfer of plastic resins. Where possible the distances over which the resin is transferred should be minimized.
2. Piping should be either vertical or horizontal.
3. Any 90° bends should be wide radius. Wide radius conventionally means a bend radius of 6 to 12 pipe diameters.
4. Externally gasketed coupling joints should generally be used to minimize contact with gasketing material and prevent leakage of air into the system.
5. Scored, shot peened, or roughened piping is preferred over smooth piping.

Hoses (In contact with plastic resin):

1. Minimize the length of product transfer hose required to make the delivery connection.
2. Hoses are generally of spiral wound metal with either directional or bi-directional flow design. If directional flow hoses are used, the flow direction should be clearly marked.
3. Smooth wall plastic hoses are generally avoided because of potential pellet damage as described earlier and to avoid creation of static electricity.
4. Hoses should be routed to minimize sharp bends or sudden turns. When turns need to be made, they should generally have a radius that ranges between 6 and 12 times the diameter of the transfer hose.
5. Hoses should be supported off the ground to avoid damage to the outer windings and to prevent the introduction of contaminates into the system.

Figure 12. Hose Support

6. Hoses should be stored in racks and capped when not in use.
7. Damaged hoses should be removed from service immediately.

This is probably the most critical part of any transfer system. Attention to the items above will help improve the chance of successfully transferring plastic resin.

Transfer Blowers:

Whether pressure or vacuum, air blowers are part of any transfer system. When considering a blower for pneumatic transfer of plastic resins, the following should be taken into consideration:

1. The blower should be designed for the lowest practical operating temperature. Generally speaking, conveying air should be delivered at temperatures not exceeding 100°C (212°F). Confer with the plastic resin manufacturer for the recommended operating temperature for each grade of plastic resin being handled.
2. The kind of system will be dictated by piping size, distance and transfer rate.
3. Any atmospheric air pulled into a blower should be filtered to remove dust and debris. The filter media should generally be capable of removing any particles greater than 30 microns in size.
4. The use of heat exchanger can assist in minimizing the temperature of the conveying.
   Since the transfer blower is a source of heat, it is an important part of any transfer system. Care should be taken to use a blower, which fits into the total system and minimizes the heat input to the transfer process.

By following the above guidelines, a transfer system can be developed which will handle the movement of plastic resins from one point to another with a minimum of problems. Good maintenance practices for all of the above components are critical in maintaining plastic resin integrity.

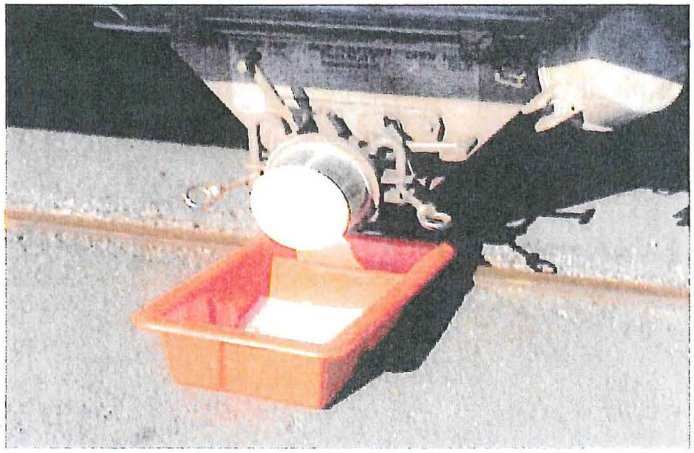
PRODUCT CONTAMINATION:

External Sources:

Just as it is important to protect the environment from plastic resins, it is also important to protect plastic resins from the environment. Is it critical that a means of filtering any external opening be installed where air can enter the plastic resin handling system. The filtering should generally be capable of blocking any particles which are 30 microns and larger in size. The hopper car inlet(s) opposite the unloading hose connection and the top hatch(s) of the hopper car are critical places where dust, dirt and debris can be pulled into the plastic resin during transfer. Dust, dirt and debris can have a major impact on the processing of plastic resins causing both operating problems and rejected product as well as potential equipment damage.

Figure 13. Top hatch filter

Figure 14. Bottom spout insert filter



A second major source of contamination is moisture. Most plastic resins have a very low water sorption. However, the water will cling to the surface of the pellet and will cause problems in the processing of the plastic resins.

Internal Sources:

Product contamination can occur from within systems as well. One source of contamination is gasket material. Where possible, couplings should be used in a manner that minimizes the contact of the plastic resin with gasket material during transfer. The plastic resin pellets can be abrasive and could break pieces of the gasket material off introducing this into the resin stream as a contaminant. Similarly, metal particles can be picked up in plastic resins due to wear on systems. When transfer lines are scored or shot peened, they must be

carefully cleaned prior to use in the transfer of plastic resins. When mechanical repairs are made on a transfer system, the system should be cleaned carefully prior to returning the transfer system to service.

A second possible source of internal contamination occurs when transfer and handling systems are used for multiple grades of plastic resins. There are many grades of plastic resin and they are not all compatible. When considering the use of a system for multiple grades of plastic resins, the following issues should be considered:

- The density of each grade of resin and the relative difference in the densities.
- The melt characteristics (melt index) of each grade of plastic resin to be handled needs to be considered.[1] This is important because:
  - Most plastic resins are melted before they are formed into the final product. The viscosity of the melt and its consistency is very important.
  - Two resins with similar densities but different melt characteristics can cause very poor performance of a final product.
- A plastic resin is not like a liquid. Small quantities of one liquid in another (assuming they are mutually soluble), can blend together and the performance of the resultant liquid is not impacted significantly. With a plastic resin, each particle must be melted and mixed before passing into an extruder, injection molding or whatever the final forming process. The important thing to remember is that the process for forming the final product really does see each particle or pellet of a plastic resin and will recognize differences between them.
- Certain plastic resins have additives that cause chemical reactions during processing. This is known as cross-linking or vulcanization. Mixing grades of plastic resins that do not have these additives with those that do have these additives can cause very serious problems in the manufacture of the final product and potentially cause major damage to processing equipment.
- Various colors of plastic resins are produced, but colors should not be mixed. A very small amount of color contaminant goes a long way in causing color rejections in a final product.

[1] The melt index (defined by ASTM 1248) is a test that determines the viscosity of a resin. A high melt index value means a low viscosity and a low molecular weight of the plastic resin. A low melt index value means just the opposite.

All of the points made above should be given very careful consideration when handling multiple grades of plastic resin within a single system.

The best source of information about the compatibility of various plastic resins is the manufacturer(s) of the various grades of plastic resin(s). In general, each manufacturer can provide guidance as to what density and melt characteristic differences can be tolerated for the grades of plastic resins it supplies.

When handling multiple grades of plastic resins in a system, some thought should be given to cleaning between grades. The cleaning required will be dictated by the following factors:

- The differences in properties between the grades of plastic resin.
- The design of the system.

The differences in the grades of plastic resins have been discussed previously. The design of the handling system then becomes the concern. A "clean system" means that there are no particles or pellets of the previous grade in the system and that any coating on walls, piping, filters (filter bags), rotary valves or other equipment has been removed. The best source of information on cleaning a handling system is the supplier(s) of the various grades of plastic resins.

OPERATING CONDITIONS:

Transfer of plastic resins pneumatically has two control variables which can have a major impact on successfully transferring the plastic resin while maintaining the "as manufactured" quality of the resin. These two variables are temperature and pressure of the conveying air and they are directly tied to the velocity of the conveying air during transfer. The management of transfer velocity is critical to maintaining the integrity of plastic resins.

Most pneumatic transfer systems for plastic resins are considered to be a dilute phase transfer system.[2] In a dilute phase transfer system operating under static conditions increasing the air pressure through injection of more product actually results in a drop in product velocity. Reducing line pressure will typically result in an increase in product velocity. Product velocity above reasonable ranges will increase the number of high-speed interactions between the plastic resin and the walls of the transfer piping. This will damage the plastic resin by reducing the plastic pellet to a fine particle or causing the pellets to deposit a small particle of plastic on the pipe. Numerous pellets impacting the pipe will accumulate small deposits over time and gradually coat the interior of the pipe with a fine layer of plastic. This plastic will eventually peal off in what we call a streamer or a snakeskin. This can cause difficulties in the processing of the plastic resin into a final product. The "right" operating pressure is a function of the transfer system design. The pressure should be just sufficient to overcome the pressure drop from the point of resin introduction into the system and the discharge of the transfer system. Temperature is the second variable. Above 100°C (212°F) most plastic resins will be begin to soften and become more susceptible to damage in a transfer system when the pellet interacts with the walls of transfer piping. For these reasons holding the temperature as low as practical is the best operating practice. In Table I are some typical values for the various categories of plastic resins.

For more information on both these areas, contact the manufacturer of the plastic resins being handled.

[2] Dilute phase systems typically have a ratio of 10 pounds of plastic resin per pound of conveying air. Systems with as little as 1 pound of plastic resin per pound of conveying air are also considered "dilute phase" systems.

Guideline for Dense Phase Unloading of Bulk Hopper Trucks

Introduction:

In recent years the hopper truck industry and the producers of certain types of resins have been faced with the difficult task of transferring new softer materials while avoiding the problems that occur from such transfers. Much work has been done in an attempt to develop more efficient methods of product transfer, which minimize product degradation and still accomplish reasonable unloading times. The utilization of "dense phase" unloading is one such effort. "Dense phase" unloading is a process that involves conveying high concentrations of plastic pellets at a low velocity. The actual unloading of the truck is a combination of dense and dilute phase conveying. While numerous technical publications are available on the subject, the following is a basic explanation of the process. The extent to which the process can be followed will vary according to the specific unloading conditions.

Since all unloading systems are different in design and the specific equipment used, the unloading recommendations in this Guide may need to be modified to conform to the operating conditions that exist in each individual facility.

Dense Phase Product Transfer:

For dense phase product transfer, there is an inverse relationship between pressure on the product delivery line and the product speed in the delivery line. When delivering product in conditions where blower speed is constant; the more pressure, the slower the product moves, the less pressure, the faster the product moves. In situations where blower speeds are variable, like with hopper truck deliveries, a good general rule of thumb is to run the blower at the lower end of the operating range and increase line pressure by increasing product flow. You must do both!

Following these unloading recommendations accomplishes the primary objective of maintaining product integrity (minimizing angel hair, fines and clump formation). Because of the lower tractor engine speeds and higher line pressures, more product is placed into the delivery pipe. This increases line loading and slows the pellet velocity. The reduction in pellet velocity minimizes the generation of angel hair, fines & clumps. At the same time, the increase in the amount of product in the line increases the product per minute to the silo and in most cases the total delivery is faster. This process meets all of the delivery objectives.

Hopper Truck Delivery Objectives:

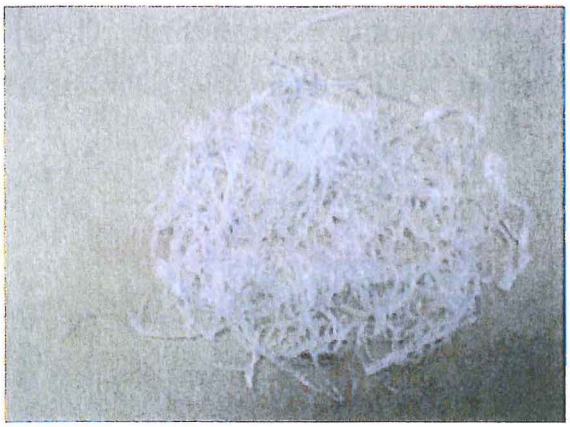
Maintain product integrity by minimizing or eliminating the generation of clumps, angel hair/streamers and fines.

Product Delivery Degradation Issues:

Clumps

A **clump** is usually formed by pellets moving through the delivery line becoming lodged in a sharp corner, rough surface, or in a pipe or compression coupling separation or misalignment. This phenomenon is aggravated when the pellets are warm or hot. Other pellets strike the lodged pellet creating a small mass, which gradually builds up over time. They will continue to grow to a point where they block the pipe completely, or they may cool off and become dislodged and move through the system along with the pellets. A clump will eventually (days, months, sometimes years) surface in another spot, where it will block a pipe downstream from its original starting point or at an inlet line feeding a machine.

Angel Hair



Angel hair is the caused by the repeated contact of pellets against the walls of the conveying pipe. Each pellet deposits a very tiny piece of polymer on the wall, which subsequently fuses with other small pieces into very long strings. Eventually, the string breaks away from the wall and moves along with the product streams and

clogs a line on a machine or other collection point. Most angel hair/streamers are formed in bends (high centrifugal forces) and in the straight portion of pipe following bends. The amount of angel hair generated is dependent upon the type of plastic being handled. Typically the softer the plastic is the higher the generation rate becomes. Angel Hair has been experienced with all types of polyethylene (HDPE, LDLPE, LLDPE), polypropylene, styrene butadiene copolymer, etc.

Pellets striking the pipe surface and chipping off a part of the pellet create **fines**. Pellets moving at sufficiently high velocity will have sufficient energy to break off a portion of the pellet when it strikes the pipe, particularly the bends. There are a number of conditions that will promote fines generation. The situation is worsened by pipe layouts with lots of bends, misaligned pipes or flanges, poor pipe surface finish, poor pellet cutting (lots of tails on the pellets), to name just a few. The faster the velocity in the pipe the greater the rate of generation of fines. Product velocity in the pipe is the largest single cause of fines generation. In general, if the product velocity doubles in the pipeline, the amount of fines generated would increase by a factor of ten. It is important not to confuse the terms, product velocity and product rate. The product velocity in the pipe is the actual speed of the pellets and the product rate is the transfer rate of pellets (usually in lb/hr) out of the truck.

Misperceptions Concerning Product Delivery Techniques:

In the past few years, many of the generally accepted operating practices regarding the unloading of dry plastic pellets have been recognized to not always be the best practices for avoiding product degradation. Beliefs we have found to be in error are:

1.

1. Low pressure in truck unloading lines is necessary to minimize speed or heat friction from pellets brushing against pipes,

2. High pressure in truck unloading lines increases the velocity of the pellet moving through the delivery line or creates heat,
3. High pressure on the delivery line will pressurize the silo and/or increase the volume of air going into the silo,
4. Moving the product through long or horizontal unloading lines does not degrade product,
5. Taking more time to deliver the product is better than less,
6. It is not important how fast you run the blower on the truck as long as you maintain low pressures.

Additional Concerns Regarding Hopper Truck Deliveries:

When unloading a hopper truck, it is very important to avoid creating excessive heat sources and to minimize product velocity. There are two primary sources for heat. The first is the blower on the tractor and the second is the friction created when moving plastic pellets through the unloading pipes. Blowing pellets through the delivery lines causes the pellets to brush against the sides of pipes or run into corners, which creates friction. This creates heat, warming the pellet. The faster the airflow through the pipes (velocity), the greater the speed and friction; hence the warmer the pellets get and the greater the potential for a pellet to become soft and start to melt, especially at bends where much of the pellet's kinetic energy is converted into heat. If the pellet is hard and has a high melt point the same action will cause fines.

In addition, moving the product through greater distances will produce more heat or create more fines. This occurs:

1. When there is a greater amount of pipe to blow the product through, which results in more pellet contact with the pipe wall:
2. As a result of more pipe joints, which can shave more of the pellets or create an impediment for the pellet to lodge itself on creating a clump or angel hair.
3. As a result of the longer distance, the blower must run faster, producing higher transfer velocity to move the product. Otherwise there is a risk of filling the lines up and blocking them.

Long horizontal piping causes special problems. In order to keep all the product suspended and not settling on the bottom of the pipe, the blower speed should be increased (velocity), potentially creating more opportunity for fines. This is particularly the case for dilute phase conveying because as the line length increases, the

pressure drop increases and the blower speed must be increased in order to maintain sufficient velocity at the pick up point.

In order to combat the formation of unwanted fines, clumps and streamers, it is advantageous to reduce the air velocity in the conveying pipe. This results in a conveying condition known as dense phase conveying. In this case sufficient product is allowed to flow into the conveying line with low conveying velocities. This causes plugs or slugs of pellets to be conveyed in the pipe (this can be seen in transparent unloading hoses or sightglasses). This results in a low velocity unload with high product discharge rates from the truck. In order to achieve a dense phase conveying unloading condition, the recommended process while unloading from a hopper truck is as follows:

1. Eliminate any unnecessary piping. Get the hopper truck right to the bottom of the silo. This permits a reduction in the operating speed of the blower and creates less surface area (piping) for the pellets to come in contact with.
2. Run the hopper truck motor more slowly, i.e.: run the blower at a slower speed-either by lower engine RPM's or changing PTO ratio (this may not be practical) to get air velocity to an acceptable range. Slowing the motor will run the blower more slowly, therefore slowing the product velocity down in the pipe. Again, reducing the speed at which the product hits the pipe walls minimizes heat friction and fines caused by the product impaling itself in corners or shaving itself on rough surfaces.
3. If the trailer has an "air cooler" the driver can put the maximum pressure required to create a dense phase environment (up to about 12 PSI of pressure) in the trailer and unload with approximately a pressure difference of 1 PSI between the trailer and the conveying line. To do this the driver puts a large amount of product in the unloading line. This creates more pressure, but it also slows the velocity of the product moving through the delivery line substantially. An "air cooler" eliminates the heat caused by the blower, which is the only other source of heat other than product friction.
4. If the trailer does not have an "air cooler", the increased blower discharge gas temperature will cause an even greater reduction in truck engine speed to keep the gas velocity in an acceptable range. However some product types may form "clumps" due to the higher air temperature in the pressurized trailer (pellets are exposed to high temperature air for extended periods of time). If this is the case, both lower line pressures and truck engine speed should be reduced. This will most likely result in longer unload times.

FURTHER SUGGESTIONS FOR UNLOADING INCLUDE:

1. Deliver into the unloading lines that run right down the side of the silo and have connections at the base for the trailer to unload. Try to avoid setting up delivery systems that have long lengths of piping with multiple elbows and or curves.
2. Generally avoid installing conveying piping that is not running either horizontally or vertically (minimize sloped lines).
3. Allow the driver to slow the blower down and create a high-pressure unloading situation.
4. If the blower is running at the rated speed and the pressures are high, the time it takes to deliver should not be a concern. Product will periodically sound like it is running through the pipes in slugs. This is totally normal.
5. Paint a marker on the pipes either side of each compression coupling on the delivery piping. This will determine if the coupling has started to separate and point out locations where a pellet can get caught or create air leaks in the system. (Note: On new installations, it is important that the piping be checked and retightened about 90 days after initial use, and again about 6 months after initial usage. It would not be unusual to find that a joint has slipped creating a void for pellets to accumulate and form clumps, or begin coming apart creating an environment for a spill, or air leak which also disrupts the flow of product.)

Following these suggestions the driver will unload the trailer quickly and the customer will not experience product contamination generated from the delivery process. The hopper truck will be in and out of the plant quickly, reducing both congestion and the time needed for monitoring the delivery process.

Common Abbreviation	General Product Nomenclature	Bulk Density, Pounds per cubic foot	Softening Point, °F
ABS	Acrylonitrile-Butadiene-Styrene	50 pcf	215
PC	Polycarbonate	45 pcf	315
HDPE	High Density Polyethylene	35 to 39 pcf	255
LDPE	Low Density Polyethylene	30 to 35 pcf	185
LLDPE	Linear Low Density Polyethylene	26 to 32 pcf	220
LLDPE Powder	Linear Low Density Polyethylene Powder	24 pcf	190
LDPE with EVA	Vinyl Acetate copolymer with Low Density Polyethylene	30 to 35 pcf	170
COPP	Copolymer Polypropylene	30 to 35 pcf	220
HOMO PP	Homopolymer Polypropylene	35 to 39 pcf	220
GPSS	General Purpose Polystyrene	38 to 40 pcf	220
HIPS	High Impact Polystyrene	40 to 42 pcf	220
PVC Resin	Polyvinylchloride Resin	32 to 35 pcf	200
PVC Compound	Polyvinylchloride Compound	40 to 50 pcf	220
SAN	Styrene-Acrylonitrile	45 pcf	230
PET	Polyethylene Terephthalate	49 pcf	280

Table I – Resin Properties, Bulk Density and Softening Point

UNLOADING HOPPER CARS AND HOPPER TRUCKS:

Most suppliers of plastic resins have detailed literature for handling the plastic resins they supply. Each individual company's specific requirements should be reviewed prior to developing guidelines for their own operation. Provided is a partial list of areas that need to be considered in developing procedures for a plastic resin handling system. These areas by receiving mode are:

Hopper Car: (Figure 16 – Unloading hopper car with hatch filter disc)

- Secure the track with a derailer and a "blue flag".
- Be sure the wheels of the hopper car are chocked.
- Ground the hopper car body to the transfer hose and to ground to protect against static discharge. **A hopper car sitting on a rail track is not grounded!**

Figure 16. *Unloading hopper car hatch filter disc*

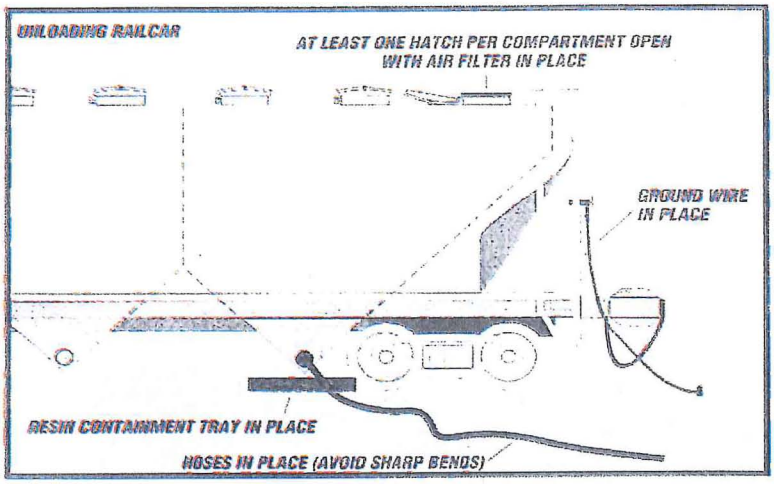
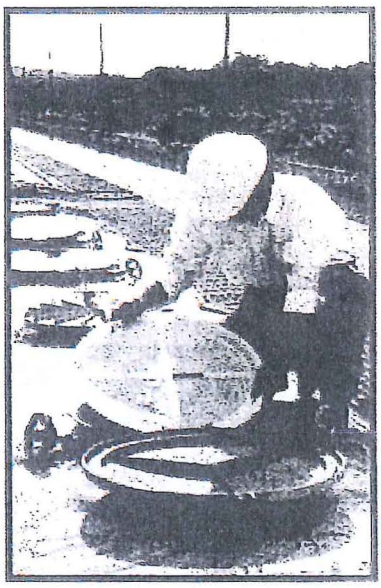


Figure 17. *Inserting 600 micron*



- Open the top hatch cover, remove plastic covers and attach a filter on the compartment to be unloaded. **(Figure 17 – Inserting 600 Micron (30 Mesh) hatch filter disc)**
- Place pellet retention devices (pans) below the outlet caps.
- Remove the outlet caps and remove the plastic dust caps on both sides of the hopper car outlet.
- Attach a clean filter to the side of the outlet opposite the transfer hose.
- Wipe the outlet valve and the adapter clean.
- Connect and support the unloading hose at the outlet adapter. Secure the hose to the hopper car.

- Begin the unloading and adjust the flow rate to the desired level.
- Complete the unloading and be sure the compartment is empty.
- Disconnect the unloading hose and remove the filter. Close and lock the outlet caps.
- Remove the hatch ring filter. Close and lock the top hatch covers.
- Prepare the hopper car for return shipment.

Hopper trucks:

- Be sure the wheels of the hopper truck are chocked.
- Ground the hopper truck body to the transfer hose and to ground to protect against static discharge.
- Insure the pellet retention devices (pans) are in place below the outlet cap.
- Remove the outlet cap on the hopper truck outlet.
- Wipe the outlet valve and the adapter clean.
- Connect and support the unloading hose at the outlet adapter.
- Begin the unloading and adjust the flow rate to the desired level.
- Complete the unloading and be sure the hopper truck is empty.
- Disconnect the unloading hose. Close and lock the outlet cap.
- Prepare the hopper truck for return shipment.

Figure 17. A hopper car is unloaded into a hopper truck

SAFETY:

Static Electricity:

The movement of plastic resins in a stream of conveying air generates static electricity. Plastic resins are, in general, non-conductive and the charge is carried on the surface of the particles. A portion of this charge may be lost when a pellet or particle of plastic resin strikes a grounded metal conductor such as the wall of a hose or transfer pipe or bin wall. Because of the high resistivity of the plastic resin, most of the charge remains on the particle. Therefore, a mass of resin in a bin or a silo will retain a high surface charge for an extended period of time. The total electrical energy stored in a mass of plastic resin after pneumatic conveying can be quite large. This is of little consequence from a safety standpoint because the high resistivity of the plastic resin prevents the discharging of large surface areas by a single spark. Such sparks from a bed of plastic resin to ground or between oppositely charged particles are very low energy levels and do not constitute a significant hazard. The total energy stored in a plastic resin bed is gradually dissipated over a long period of time depending on the plastic resin properties and the humidity of the air.

On the other hand, an ungrounded metal conductor such as a bin, a section of metal conveying pipe or a dust collector bag cage can be a significant hazard. Such a conductor becomes charged from the plastic resin to a voltage equal to that of the resin. When the voltage builds high enough to jump an air gap to ground, the entire metal surface is discharged in a single spark. The energy dissipated under such circumstances depends on the metal surface area and the magnitude of the charge. It can exceed the minimum ignition energy required to ignite a dust cloud of plastic resins or other materials such as pigments or additives. Therefore, proper grounding of all metal parts of any bulk handling system is essential to prevent ignition sources.

As indicated in the attached graphics all conveying equipment and lines, whether rigid or flexible, must be made of an electrically conductive material such as aluminum, stainless steel, conductive rubber or plastic. All conveying and storage components including bins, rotary valves, dust collectors including internal bag cages and conveying lines, both rigid and flexible, must be properly bonded together so that ungrounded sections do not act as a capacitor and develop a large static discharge. Hopper cars and hopper trucks must also be grounded. Care must be taken to maintain proper grounding.

The resistance to ground of each individual component must be less than 10^8 ohms. An exception is components subject to brush discharges from a bed of plastic resin. Because of the higher current carrying capacity in this case, resistance to ground must not exceed 10 ohms. If higher readings than these are obtained, corrective action should be taken to reduce the resistance to an acceptable level before use of the equipment. It should be noted that a piece of equipment, such as a bag house, can be comprised of multiple individual

components: bag cages, bag clamps, inspection doors, etc. Small components, such as bolts, are excluded from this requirement because capacitance is too low to cause an ignition source.

Explosion Hazards:

Plastic resin particles small enough to pass through 30 mesh screens are considered as fines and dust particles. Some plastic resin fines and dust are defined as a Class I dust i.e., lowest explosive level, by the Bureau of Mines and the National Fire Protection Association (NFPA) Standards. The following are important issues when dealing with plastic resin fines and dust:

1. There are three important values to know when dealing with plastic resins fines and dust:
   - The Kst is the maximum rate of pressure rise, which is a measure of explosion severity. There are different Kst values depending on the particle size.
   - The MIE is the minimum ignition energy required to ignite a dust cloud.
   - The explosive concentration range of the plastic fines and dust is related to particle size.
2. As particle size decreases the hazard of a dust explosion becomes greater. As particle size gets small enough to pass through 200 mesh screens, the Kst values increase and the MIE values decrease.
3. The humidity of the air also plays a part. Drier air is more favorable to dust explosions than moist humid air.

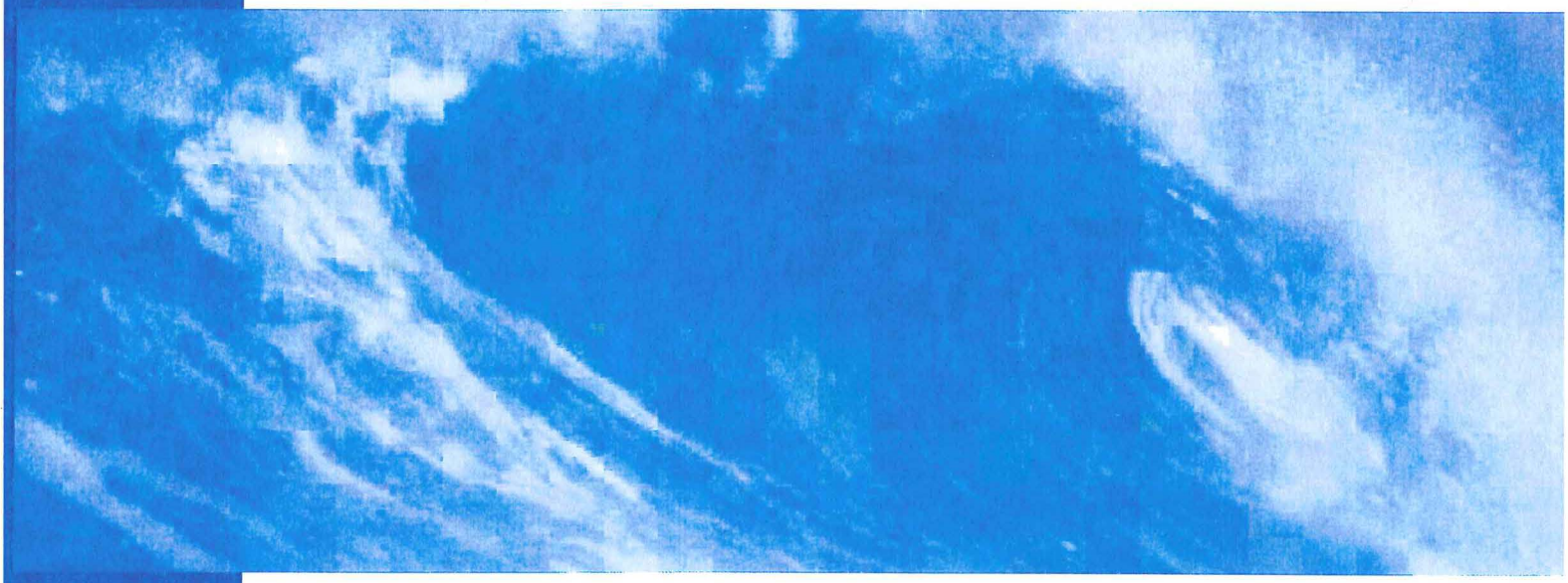
You should review the data with the resin manufacturer for the particular plastic resins being handled. Also avoiding concentrations of dust and fines is certainly desired.

For more information on this topic the NFPA Standards (Standards 68, 69 and 654) should be consulted. The Bureau of Mines is also a good reference source for information in this area.

Rebuttal Exhibit II-B- 27

Operation Clean Sweep®

Pellet Handling Manual



Make zero pellet loss your goal.

TABLE OF CONTENTS

Introduction 3
Plastic Pellets in the Environment 4
The Value of Operation Clean Sweep 5
Five Basic Steps for Management: Implementing Operation Clean Sweep 7
Conducting a Site Audit 8
Worksite Set-up 9

- Facilities 9
- Containment Systems 10
- Employee Equipment 11

Designing a Training Program 12
Employee Participation and Accountability 13
Procedures — Prevention, Containment and Cleanup 14

- Resin Handling Flow Chart 14
- Pellet Transport/Packaging 15
- Unloading Hopper Cars and trucks 16
- Bagging, Boxing and Palletizing 18
- Other Transport Vehicle Concerns 20
- Marine Transport 21
- Waste Recycling and Disposal 22
- Methods to Help Minimize Generation and Release of Plastic Dust and Powder 23

Pledge to Prevent Resin Pellet Loss 27

- Company Pledge 28
- Employee Pledge 29

Checklists 31
Management Checklists

- Implementation and Training 32
- Site Audit 33
- Facility Equipment 36
- Employee Equipment 37

Employee Checklist

- Processor Operations 38
- Warehouse 39
- Car Cleaning/Loading 40
- Railroad 41
- Transloader 42

Introduction

HOW TO USE THIS MANUAL

The Operation Clean Sweep (OCS) program and manual contains guidelines to help plastics industry operations managers reduce the loss of pellets to the environment. Each procedure contained herein may or may not be applicable to your specific operation. Manual users are free to implement the sections and steps that help achieve your company's specific goals. **None of the guidelines are intended as a mandate.** Compliance with state and local regulations are mandatory. These guidelines may help you to achieve compliance and avoid penalties.

There are many ways to work towards zero pellet loss.

The OCS materials are designed to provide maximum utility for all types of plastic handling and transporting operations. The online checklists have been created to facilitate customization for your company. For example, each checklist may incorporate a unique company logo and specific process steps may be added or removed to reflect those involved in a particular operation. These enhancements will make it easy to create and copy forms that have the greatest value for your company.

Copyright

The OCS logo and name are copyrighted. These materials are intended for use within an individual company or facility. All companies that produce, process or otherwise handle plastic pellets may use the OCS materials, name and logo for the purpose of being a good environmental steward by working to contain and prevent the discharge of pellets. The materials may be freely shared with other individuals and companies with the intention of improving pellet retention. **No OCS materials may be copied for sale or any other use** beyond the specified use of improving an operation's containment of plastic pellets. Unauthorized use will be subject to fines and other penalties.

Acknowledgments

The American Plastics Council (APC) and The Society of the Plastics Industry (SPI) wish to thank all of the individuals, companies, government agencies and related industry associations (too numerous to name) who participated in the development and review of this manual.

Information

Questions about or suggestions to improve the OCS program or materials may be directed to APC at 1 800 2-HELP-90 (1-800-243-5790) or helpdesk@plastics.org or to SPI at 202-974-5200. For additional information, please use the links on www.opcleansweep.org.

Plastic Pellets in the Environment

Plastic Pellet Loss — Its Impact and Its Management

In recent years and with increasing frequency, researchers have reported that seabirds, turtles and fish are ingesting a wide variety of plastic items that are killing them or affecting their health. Most of these plastics are used consumer products (e.g. bottles, caps, containers, etc.) that have been carelessly discarded. Some of this litter is resin pellets that entered the waste stream and the oceans. When these pellets are eaten by wildlife they cannot be passed through their digestive tracts, leading to malnutrition and starvation.

While consumers are responsible for the proper disposal of the products they use, the plastics industry must focus on proper containment of the products we use – plastic pellets, the basic raw material of our industry. We must prevent the pellets from getting into waterways that eventually lead to the sea.

All employees in every aspect of the industry must be educated on how to properly handle and dispose of plastic pellets with the goal of zero pellet loss.

The OCS Program

The Society of the Plastics Industry (SPI) began an education effort twelve years ago to reduce pellet loss. A number of public service materials under the name of Operation Clean Sweep (OCS) were disseminated to companies throughout the country. The message was simple: Resin pellets should be contained, reclaimed and/or disposed of properly. It's now time to refocus our industry on this problem and to expand the OCS initiative to solve it.

The American Plastics Council (APC) and SPI are working together on a revitalized OCS program to strengthen efforts to educate and change behavior in the plastics industry with a goal of zero pellet loss. APC and SPI are strongly committed to this effort and are encouraging plastics companies to participate in the OCS program, which includes the practices and tools outlined in this manual.

How You Can Help

Each segment of the industry, including resin producers, transporters, bulk terminal operators and plastics processors, has a role to play in eliminating resin pellet loss. It's the little things that count. A few pellets here. A handful there. They all add up when you consider the thousands of facilities in the industry and the many times resin is handled.

Commitment by everyone in every company, from top management to the shop floor employees, is essential to eliminating pellet loss.

Pellet containment is good for the environment. It's good for business. And, it's the law.

With your help and cooperation, we can make great strides to help our industry protect the environment. APC and SPI look forward to working with you on Operation Clean Sweep to accomplish this important goal.

The Value of Operation Clean Sweep

If you could take a simple step to help strengthen your company's:

- contribution to preserving water quality and wildlife;
- compliance with federal and state regulations and avoidance of fines;
- safety/housekeeping program;
- employees' well-being;
- operational efficiency;
- financial bottom line; and
- reputation in the community.

...would you take it?

That step is Operation Clean Sweep (OCS), a product stewardship program of the American Plastics Council and The Society of the Plastics Industry, Inc.

The campaign's goal is: to help every plastic resin handling operation implement good housekeeping and pellet containment practices to work towards achieving zero pellet loss.

Pellet loss has many negative impacts on individual companies, on the plastics industry as a whole and on the environment.

- Slips and falls are a major cause of plastics industry accidents.
- Accidents mean lost time, higher worker compensation costs and lower employee morale.
- Violations of storm water regulations in states like California can result in civil penalties of up to $10,000 per incident (e.g., Cal. Code. Regs. title 23 § 13385). Any person discharging unauthorized waste in violation of CWC § 13264, could be found guilty of a misdemeanor and may be fined up to $1,000 a day.
- Spilled pellets eventually end up in our oceans. Whether they're handled in an Iowa plant or a seaside facility, pellets get to storm drains that lead to oceans — causing eyesores and a threat to marine life.

The Value of Operation Clean Sweep

When the industry handles pellets as responsibly as possible:

- Pellets are kept out of the natural environment including waterways and oceans;
- Companies enhance their reputations as good stewards of the environment — an increasingly important factor for attracting the investment community and high-quality employees; and
- More material becomes product rather than waste, improving efficiency.

OCS' ultimate goal is to help keep plastic pellets out of the environment, but these efforts can also help improve relations with stakeholder groups and community organizations that expect the industry to minimize its environmental footprint.

The industry needs every processor's help to get results.

This manual and its website, www.opcleansweep.org, provide the information and resources you need to either launch a new employee outreach program or to build on Operation Clean Sweep efforts you may have started.

If you are already following the OCS principles, or plan to, then take the Pledge (included in this manual on page 24) and be recognized for your commitment.

Please call with any input or questions:

Five Basic Steps for Management: Implementing Operation Clean Sweep

1. Commit to making zero pellet loss a priority.

- Sign the "Pledge to Prevent Resin Pellet Loss".(included on page 24)

2. Assess your company's situation and needs.

- Comply with all environmental laws and regulations that address pellet containment.
- Conduct a site audit.
- Determine if you have appropriate facilities and equipment.
- Determine if employees have and are following appropriate procedures.
- Identify problem areas and develop new procedures to address them.
- Communicate your experiences to peers in the industry.

3. Make needed upgrades in facilities and equipment as appropriate.

4. Raise employee awareness and create accountability.

- Establish written procedures (The procedures and checklists in this manual may be modified to suit your needs. They are available online at www.opcleansweep.org).
- Make certain the procedures are readily available to employees.
- Conduct regular employee training and awareness campaigns on Operation Clean Sweep.
- Assign employees the responsibility to monitor and manage pellet containment.
- Encourage each worker to sign the employee commitment pledge.
- Solicit employee feedback on your program.
- Use workplace reminders such as stickers, posters, etc.

5. Follow up and enforce procedures — when management cares, employees will, too.

- Conduct routine inspections of the facility grounds — production areas and parking lots, drainage areas, driveways, etc.
- Continuously look for ways to improve the program. Share best practices through the Operation Clean Sweep web site: **www.opcleansweep.org.**

Conducting a Site Audit

One of the most effective ways to improve your facility's containment of pellets is to identify the areas where spills/losses occur most frequently and fix them.

1. Use the site audit checklist to audit every transfer point at your site.

2. Identify the major spill areas.

3. Determine the cause of spills in each area.

4. Research/Brainstorm ways to solve each problem.

5. Implement the simplest effective solution.

6. Follow up to measure success.

7. Repeat if necessary.

Most companies may not perform all of the operations on the site audit checklist. Customize the checklist to suit your facility. Add any missing operations.

Worksite set-up

Ensure your worksite is properly set up to prevent loss and assist cleanup.

FACILITIES — take the following steps wherever possible and practical:

- To pave or not to pave — that is the question.
  - A paved area facilitates cleanup, but allows pellets to be carried into the environment by wind and water.
  - Unpaved areas are more difficult to clean, but pellets tend to stay where they fall and can be recovered.

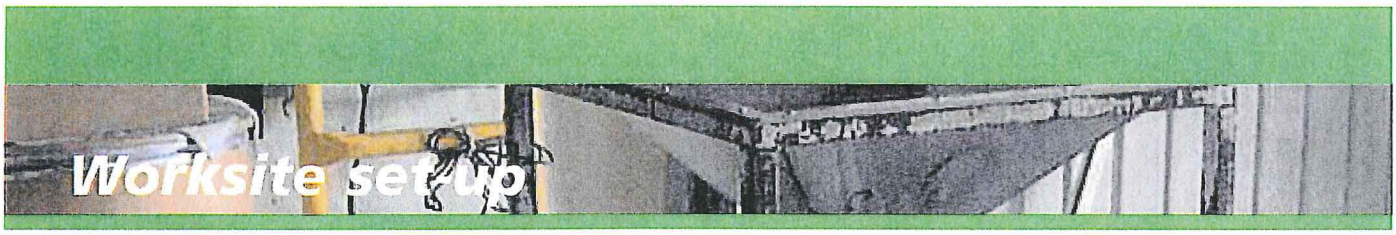
  Choose the solution that is best for your facility.
- Pave loading/unloading areas where unavoidable spills occur to facilitate cleanup
  - Include a slope or a berm to contain pellets on paved areas.
  - Equip areas with vacuums or brooms.
  - Cordless vacuums may be best suited for outdoor cleanup.
- For cleanup in gravel yards, consider fitting vacuums with screen or mesh on intake hoses to collect pellets without disturbing gravel.
- Provide catch trays for use at all car/truck unloading valves.
- Use bulk-handling equipment that is designed to minimize pellet leakage.
- Install central vacuum systems where practical.
- Install connecting hoses equipped with valves that will close automatically when the connection is broken.
- Properly empty and seal bulk containers (rail or truck) prior to shipment. Loss of residual pellets from unsealed "empty" bulk cars and trucks is a significant problem.

EPA Regulations

EPA regulates the discharge of storm water effluents via the National Pollutant Discharge Elimination System (NPDES) permitting program (40 C.F.R. §122)

Prepare for Flooding

Make sure the containment system can handle heavy rains and flooding. The system should be capable of handling 100-year flood conditions.



- Place pellet disposal cans at rail yards for loading and unloading.
- Assure proper handling when storing and removing waste pellets. All vendors should follow "no loss to the environment" procedures.
- Assure proper handling when storing and removing waste pellets. All vendors should follow "no loss to the environment" procedure.
- Seal expansion joints in concrete floors with flexible material to avoid pellet accumulation in hard to clean spaces.
- Conduct routine inspections and maintenance of equipment used to capture and contain pellets.

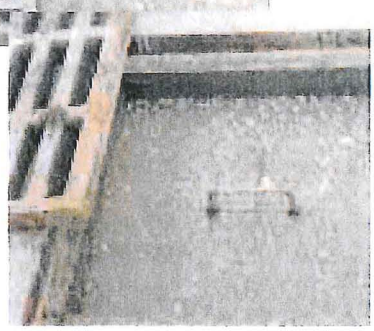
Anticipate Rain

Design systems to handle 100-year flood conditions.

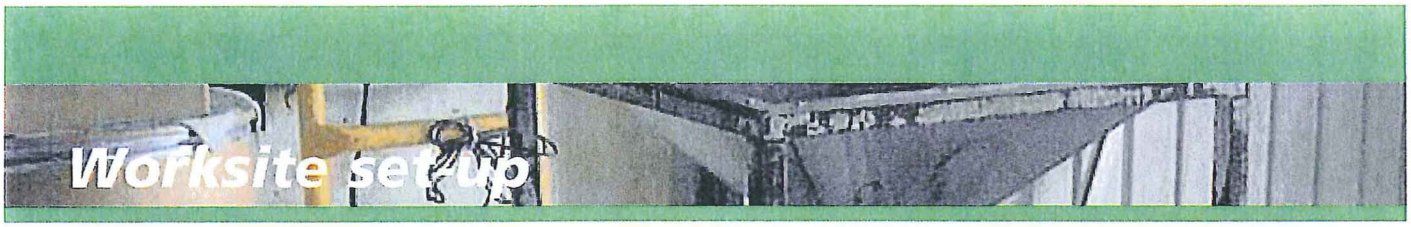
Use a collector grate and filtered storm drain system with a screen consistent with the range of pellet size handled.

Containment Systems

- Storm drain screens are the last line of defense against accidental pellet release. They should be every facility's number one priority for installation.
- Install zero loss containment systems (such as storm drain screens) wherever necessary to prevent pellets from escaping plant boundaries. There are two possible containment systems that could be installed:
  - Area-specific containment systems in each pellet handling area. Area-specific containment systems would be the primary pellet containment systems and the facility-wide system would serve as a backup.
  - Facility-wide containment systems, which are effective in controlling pellet releases from facilities covering a large area and handling large volumes of pellets.



- Place screening in all storm drains. The mesh of the screening should be smaller than the smallest pellet handled at the facility. Clean the storm drains weekly to prevent drain clogging and overflow. Pay particular attention to cleaning screens after every rain. Two-stage screens minimize clogging problems.
- Install baffles, skirts and booms in containment ditches or ponds. Use surface skimmers or vacuum systems to remove accumulated pellets.
- To prevent storm drain contamination, employ dry cleanup methods whenever possible. Dry cleanup procedures also prevent pellets from being further contaminated by compounds in the storm water.



Worksite set-up

Employee Equipment — ensure that employees have ready access to:

- Brooms, dustpans, rakes, etc.
- Heavy-duty shop vacuums for inside use
- Portable shop vacuums for outside use
- Catch trays or tarps
- Wide-mouth sample collection jars or poly-bags
- Tape for repairing bag or box damage
- Scrap pellet containers (drums, bulk boxes, etc.)
- Procedures you expect them to undertake and checklists to assist in follow-through. (Checklists are available to customize. Click on checklists at www.opcleansweep.org).
- Forklift cleanup kit (see page 19)
- Assure that employees have ready access to the proper cleanup equipment at all locations where spills might occur.

Last Resort

Using compressed air as a method of pellet cleanup is a last resort to be used under unique circumstances. "Blowing" frequently moves the debris to another area rather than contains it.

Slips and Falls

Slips and falls are the number one cause of plastics industry accidents.

A Clean Work Area

A clean work area reduces slips and falls and improves employee morale.

Designing a Training Program

Designing a training program involves a sequence of steps that can be grouped into five phases: conducting a needs assessment, defining training objectives, detailing program specifics, implementing the training and evaluating its effectiveness.

1. Needs assessment — conduct a site audit (pages 8 and 29–31) and determine if employees have and are following appropriate procedures. Make needed site improvements and write/modify procedures prior to launching a training program.

2. Instructional objectives — identify what training is needed to ensure procedures are being followed.

3. Details — determine how, who, where and when you will train. Consider the following areas: explaining the environmental impact of pellet loss, defining the role each individual plays in affecting change and ensuring knowledge of appropriate procedures.

    a. Use OCS to design and develop training program and program content.
    b. Select the techniques used to facilitate learning (crew meetings, handouts, video, website, etc.).
    c. Select the appropriate setting for your meetings.
    d. Prepare materials.
    e. Identify and train the instructors.
    f. Create department goals.

4. Implementation — Schedule classes, facilities, participants and instructors, deliver materials, conduct training.

5. Evaluation — Determine participant reaction to the training, how much they learned and to what degree the department goals were met.

Employee Participation and Accountability

Ensure employees are aware of and accountable for pellet loss prevention, containment, cleanup and disposal.

Establish written procedures. (The procedures and checklists in this manual may be modified to suit your needs. They are available online at www.opcleansweep.org)

Make certain the procedures are easily available.

Conduct regular employee training and awareness campaigns on the Operation Clean Sweep program.

- Explain the impact of pellet loss on the environment and the company.
- Make spill prevention, cleanup and containment a company philosophy and priority.
- Promote that philosophy daily.
- Assign specific employees the responsibility to monitor and manage pellet containment. If it gets assigned as a regular part of employee jobs, it gets done.
- Consider hiring a full-time housekeeping/warehouse sweeper, if appropriate. Having one person assigned this job improves the efficiency of other workers.
- Stress the importance of immediate cleanup of any spills by the person associated with the spill.
- Review current procedures and identify whether there has been a history of problems in a certain area.
- Reaffirm existing, or develop new, procedures.
- Use workplace reminders such as stickers, posters, etc.
- Encourage teamwork and employee feedback.
- Conduct regular inspections of the entire facility to assure compliance with OCS principles.
- Reward and/or recognize milestones and significant achievements of the crew or crews that achieve designated goals of the pellet loss prevention program.

Spills Will Happen

Ensure that employees:

- Take ownership by taking the pledge.
- Immediately clean up the spill.
- Recycle or dispose of loose pellets properly.

Acknowledge Hard Work

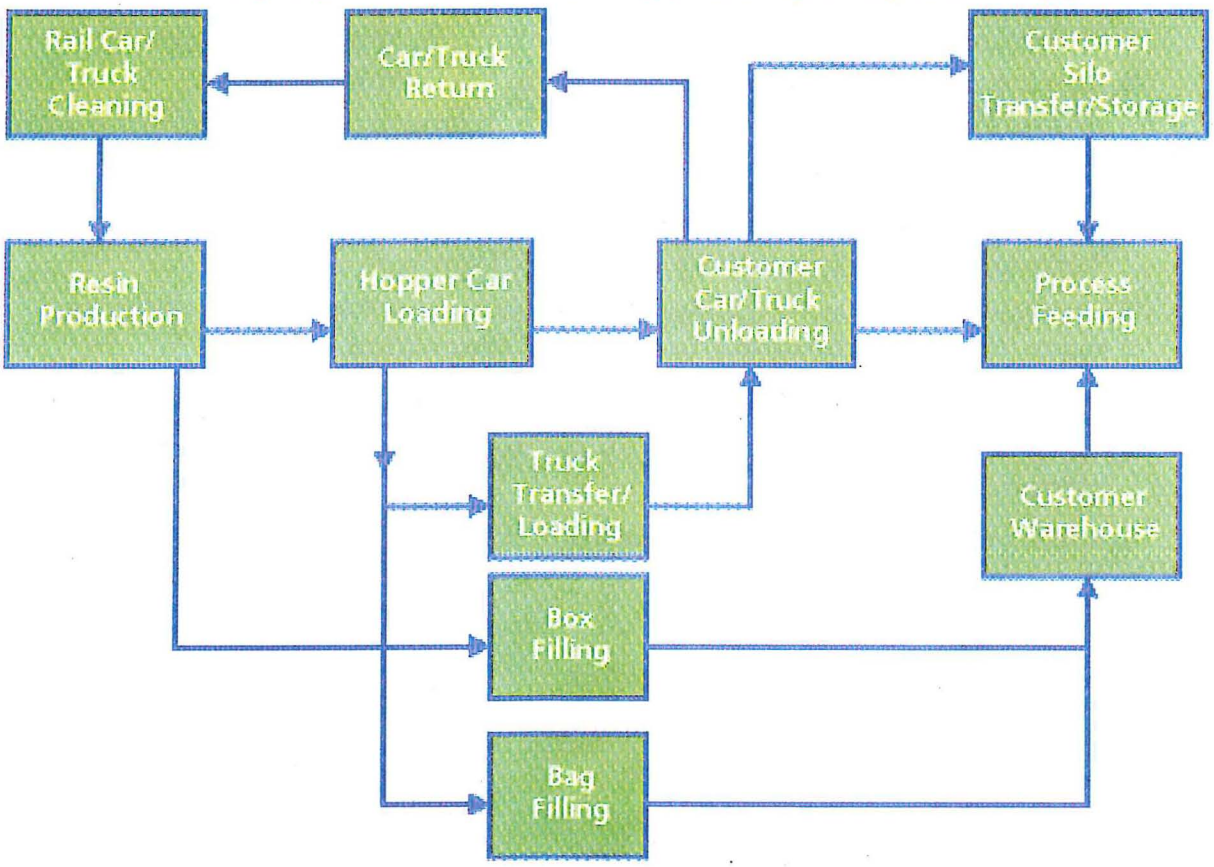
Simple steps, like bringing in a special lunch, to acknowledge employees' hard work to prevent loss can go a long way in keeping your company's commitment front and center.

Prevention, Containment and Cleanup Procedures

There are many steps involved in the movement of plastic pellets from the resin production facility, through the distribution network, to the processor. Spills and pellet loss to the environment can occur at any step. The procedures in this section provide best practices for each handling step. Making employees aware of and holding them accountable for these prevention, containment, cleanup and disposal procedures, is the way to zero pellet loss.

Resin Handling Flow Cart

There are many steps in the transport/handling process. Spills may occur at any point.



Prevention, Containment and Cleanup Procedures

Pellet Transport and Packaging

Hopper car and hopper truck cleaning, loading, storage and unloading present special resin handling challenges.

Cleaning Empty Hopper Cars and Trucks

- Use air lance to make total pellet removal easier.
- Ensure hopper car and truck cleaning areas have wastewater collection and pellet filtration systems installed.
- Recover all pellets from wash water.
- Recycle, resell or dispose of collected pellets properly.

Cleaning Cars & Trucks

Ensure proper handling of residual materials.

Top Loading Hopper Car and Trucks

- Operate the conveying system properly to avoid clogging and necessitating the opening of lines.
- If a line must be opened to clear blockage, anticipate the potential for pellet loss and always place a catch pan or tarp under the connection.
- Remove any spilled pellets from the top of the car/truck before leaving the containment area — residual pellets will fall to the ground as cars are moved outside the plant.

Sealing Loading Cars/Trucks

- Close all outlet caps properly before cars/trucks are moved (and request customers to do the same when returning empties).
- Apply seals on all outlet caps (1/8" stranded steel cable or its equivalent).
- Design or modify loading systems so that transfer lines can be completely emptied, with any residual resin being discharged into a container after loading is completed.

Storing at Intermediate Sites

- Consider exposure to vandalism when selecting sites.
- Establish security procedures as necessary (e.g. fencing and lighting).
- Advise companies to report any incidents (e.g. shippers, railroads, trucking companies and processors).

Prevention, Containment and Cleanup Procedures

Unloading Hopper Cars and Trucks

Valve Opening

- Contain any possible spill during hook-up by placing a catch pan under the unloading valve before opening.
- Purge unloading tubes within containment area.
- Keep area swept up or vacuumed.
- Consider installing connecting hoses equipped with valves that will close automatically when the connection is broken. Clogged hoses, material bridging in outlets, etc., can require unloading lines to be opened, which presents the risk of spillage.
- Anticipate the potential for pellet loss before opening the line.
- Place pellet disposal cans at rail yards for loading and unloading.
- Have a catch pan or tarp ready to catch pellets.
- Immediately clean up and properly dispose of any spilled pellets.
- Surges in unloading lines can cause pellets to be vented into the environment. To prevent this, install a bag house, filter bag assembly or other control device at the unloading system vent.

Be Vigilant

Pellet loss can occur at any stage of operations. Be vigilant to ensure that pellets don't escape into the environment.

Completing Unloading

- Ensure that the car/truck is thoroughly unloaded.
- Cycle the outlet valve while air is flowing.
- Visually confirm that each compartment is empty.
- Purge the line before disconnecting.

Sealing Valves

- Close all valves.
- Secure outlet caps and top hatches.

The "Usual Suspects"

Open valves, outlet caps and top hatches are frequent causes of material spills. Make sure to close off all pellet "escape routes" once the car is unloaded.

Sampling

- Conduct sampling only in areas protected by containment equipment.
- Review procedures for taking samples to eliminate any possible spillage.
- Use wide-mouth containers or poly-bags for samples.
- Use a funnel collection system to effectively channel pellets into containers.

- Sampling from unloading tubes:
  - Place a catch pan or heavy duty tarp under outlet before opening to catch any spills. (Several commercial devices have been developed specifically for preventing spills during sampling.)
- Sampling from top hatches:
  - Exercise extra caution to avoid spillage, which can also pose a slipping hazard.
  - Close hatches and apply cable seals to prevent access by vandals.

Spills

- Exercise caution to avoid spillage.
- Clean up any spills immediately.

Packaging

Using the proper packaging, filling and material-handling procedures can go a long way in minimizing pellet loss.

Selecting Packaging Materials

- Use packaging designed to minimize the possibility of breakage and pellet leakage. Use puncture-resistant shipping containers where possible.
- Use reinforced bags, such as woven polypropylene bags, and line larger containers with puncture-resistant material.
- Minimize the use of valved bags, or seal valved bags immediately after filling.

Hierarchy of cleanup methods

- Vacuum it.
- Sweep it.
- Wash it down (only with appropriate containment systems in place).
- Blow it (only as a last resort).

Collecting spilled pellets

Collecting spilled pellets reduces contamination, permitting normal usage rather than requiring disposal.

Prevention, Containment and Cleanup Procedures

Bags: Filling and Handling

- Inspect all pallets for protruding nails or broken boards.
- Use bags that are not easily punctured.
- Use a heavier weight container/bag if breakage is a recurring problem.
- Move and stack bags immediately after filling to avoid seepage.
- Tape leaks or replace leaking bags.
- Regularly clean up pellets spilled during the filling process. Where possible, select filling equipment designed to prevent pellet loss.
- Implement warehouse and handling procedures that minimize the chance of pellet spillage.
- Dispose of collected pellets properly.

Caution

Shipping bags often use a mechanical closure that does not provide a positive seal against leakage once the bag is filled.

Bags: Emptying and Disposal

- Thoroughly empty bags.
- Collect, handle, store and transport the empty bags to avoid/contain the escape of pellets.
- Recycle plastic resin bags, shrink-wrap and stretch-wrap, whenever possible. For more information please go to www.plasticbagrecycling.org.
- Dispose of packaging by incineration or in a well-managed landfill.
  - Stress the need for "no loss to the environment" procedures.

Bulk Boxes

- Use bulk boxes that are not easily punctured.
- Tape leaks or replace leaking boxes.
- Regularly clean up pellets spilled during the filling process.
- Dispose of collected pellets properly.

Caution

Some loss also occurs during the filling process.

Prevention, Containment and Cleanup Procedures

Improve Palletizing Methods

- Move and stack bags immediately after filling to avoid seepage from valves.
- Stack bags on pallet in tight, interlocking patterns.
- Shrink or stretch-wrap pallet to stabilize stacks and help contain lost pellets.
- Use corrugated cardboard caps on the top and bottom of pallets to minimize puncturing or tearing bags and to contain loose pellets.
- Block and brace outbound loads to avoid broken bags in transit.

Select Proper Bags and Pallets

Bags typically are stacked 40 to 50 per pallet, and pallets are usually stored at least two high. Both individual and palletized bags are subject to the rigors of warehouse movement and storage. Proper bag and pallet selection can help reduce damage.

Handling Materials

- Forklift operators must be trained and skilled in damage prevention as well as proper cleanup.
- Institute handling procedures that minimize puncture of bags and boxes with forklift tines.
- Repair or replace punctured packages and cleanup any spills immediately to prevent loss of pellets. Sealing a leak when it occurs is much easier than sweeping 100 yards of warehouse.
- Consider outfitting all forklifts with a Cleanup Kit.
- Place catch trays between the dock and trailer at shipping and receiving bays.
- Inspect pellet packaging before offloading, particularly pellets bagged in unreinforced paper or corrugated bulk boxes. This will prevent pellet release through the gap between the vehicle and the loading dock.

Storage

- Consider covering all packaging resin stored outside (gaylords, supersacks, etc.) to prevent photo degradation of the containers.

Forklift Cleanup Kit

Broom

Long-handled dust pan

Repair tape

Bucket for collection/disposal

Select these items to fit together in the bucket. Secure the bucket to the forklift using elastic cords. Situate the kit so as not to interfere with the safe operation of the forklift.

Other Transport Vehicle Concerns

Container Trucks

- Shipping
  - Sweep or vacuum any loose pellets in the truck/container.
  - Carefully inspect empty trailers for damaged interior walls or defective floors that can tear bags. Consider refusing to use such containers or cover problem areas with corrugated liner board.
  - Block and brace outbound loads to avoid broken bags in transit.
- Receiving
  - Inspect truck and rail shipments containing palletized bags of pellets and document the condition of bags and pallets received. If the shipment is significantly damaged, notify the transporter and manufacturer. Consider refusing to accept delivery.

Hopper Cars and Trucks — Repairs

- Work in a paved area to facilitate containment and cleanup.
- Properly contain, handle or recycle small quantities of residual pellets. If larger quantities are involved, contact the shipper.

Transport Accidents

- Contact the shipper for assistance/advice if a derailment or highway accident results in a spill of resin pellets.

Marine Transport

Marine transport of pellets requires special attention due to the high potential for release into the environment. Because of the close proximity to water, loose pellets in and around water-front warehouses, docks, ocean-going containers and on ships themselves must receive extra attention.

Anyone handling pellets directly or managing their shipment must be well-informed about the importance of spill prevention, the need for prompt cleanup and proper disposal practices.

- Do NOT sweep pellets into the water.
- Properly contain and handle any pellets from previous shipments when cleaning ship holds or ocean containers.
- Keep ocean containers in good repair — eliminate protrusions that could tear bags and boxes.
- Avoid stowing resin containers on deck. Place resin containers in ship holds.
- Do NOT jettison containers of resin.

Prevention, Containment and Cleanup Procedures

Waste Recycling and Disposal

Ensure pellets are properly disposed of to avoid contaminating the environment.

- Store waste pellets in properly labeled containers.
  - Do not permit loose pellets to accumulate on the ground or floors.
  - Install a minimum of one pellet-specific waste container in each pellet-handling area.
  - Routinely check that there is adequate waste storage capacity.
- Use separate containers for recyclable and non-recyclable pellets.
- Use only covered containers or vehicles without leaks.

Preferred Disposal Methods

- Recycle
- Resale
- Approved incineration (where available)
- Controlled landfill
- Fuel-blending program

- Inspect and confirm proper handling and storage procedures if an outside vendor is used for waste removal.
  - Stress the need for "no loss to the environment" procedures.
- Preferred disposal methods are:
  - Recycle or resell waste pellets.
  - Approved incineration of waste pellets in properly licensed and operated incinerators.
  - Deposit in a controlled landfill only after confining pellets in such a manner that prevents their loss due to rain, wind, flooding, etc.
  - Consider using waste pellets in a fuel-blending program.
- Include pellet retention capabilities and practices in criteria for selecting waste disposal companies.

Final Step

Careful disposal is the final step to ensuring that pellets do not affect the environment.

Prevention, Containment and Cleanup Procedures

Methods to Help Minimize Generation and Release of Plastic Dust and Powder

This specifically focuses on methods to help minimize generation and release of plastic dust and powder. There are several approaches that can be taken. You may wish to consider whether other ways are more appropriate for your operations. Consult with the manufacturer of the resin you are handling for specific handling, containment and disposal information.

For purposes of this discussion:
Plastic Dust is particulate matter that may be formed when plastics are handled, conveyed and/or processed. One of the most common means of generation is via abrasion during the air conveying of plastic pellets. In addition to conveying, plastic dust may be generated when plastic raw materials or finished products are:

- Granulated;
- Pelletized;
- Cut;
- Machined;
- Filed; or
- Transported.

Plastic Powder is a form of plastic raw material used in operations where a fine particle size is critical for processing. Plastic powder can escape plastic handling or processing equipment. If that occurs; handling, containment and recovery considerations are similar to plastic dust. Typically powders may escape through:

- leaks in storage silos, tanks and containers;
- leaks in pneumatic or mechanical conveyors;
- leaks in blenders or other processing equipment; or
- during loading/unloading operations or transfer operations.

Prevention, Containment and Cleanup Procedures

Methods to Consider for Minimizing the Generation of Plastic Dust

The best way to control dust is to minimize its creation in the first place. There are several approaches that can be taken to help minimize the generation of plastic dust. For example:

- When pelletizing, keep cutting equipment in good condition with sharp blades;
- Design conveying systems to treat the plastic gently and take other steps to help avoid collisions and impacts with hard surfaces and other pellets, thereby avoiding plastic fracture. Methods to consider, can include, use of long sweep elbows and avoid having the plastic pass through a blower;
- Use appropriately sized granulators;
- When machining plastics, use an appropriate machine set up for the material and provide appropriate waste collection equipment;
- Store plastics and additives in appropriate containers maintained in good condition; and
- Promote awareness to employees of methods of handling and processing of the plastic to help minimize dust creation.

Methods to Consider for Minimizing the Release of Plastic Dust and Powder

There are several approaches that can be taken to help minimize the release of plastic dust and powder. For example:

- Keep storage silos, tanks and containers in good condition, to help avoid holes, cracks or leaks;
- Maintain loading/unloading and transfer equipment with good seals to help avoid leaks;
- Conveying equipment should be appropriate for the task and maintained in good condition;
- Place collection trays under discharge/loading valves and connection points when making or breaking connections;
- Use processing equipment (and the equipment that feeds it) that helps minimize the release of dust/powder;
- Clean up all spills promptly; wind and traffic can quickly disperse dusts and powders;
- Encourage employees and/or contractors to look for dust/powder leaks and to correct any that occur; and
- Promote employee awareness of training and reminders regarding the need to prevent dust/powder from escaping into the environment.

Prevention, Containment and Cleanup Procedures

Methods to Consider for the Capture and Containment of Plastic Dust

Plastic dust creation can be minimized but not eliminated entirely. There are several approaches that can be taken to help in the capture and containment of plastic dust.[1] For example:

- Use properly designed and sized dust collection equipment in all operations that generate or liberate plastic dust;
- Maintain the dust collection equipment according to manufacturers' recommendations;
- Use the recommended filters for the type and amount of dust generated;
- Clean or replace filters or other collection equipment as needed;
- Promote awareness of procedures for clean-up of plastic dust spills, or plastic dust that has settled on surfaces in and around the plant;
- Promote maintenance/housekeeping procedures that minimize dust accumulation around the facility;
- Store captured plastic dust in containers that are designed to help minimize leaks;
- Promote employee awareness in procedures for handling plastic dust, including industrial hygiene considerations; and
- Comply with applicable federal, state and local regulations for containment systems.

[1] Dust from plastics may combine with dust from other materials within the plant site. Review MSDS for information on the proper capture, containment and disposal equipment and procedures.

Any dust, no matter what the material, can be explosive if in the proper concentration in air. When handling dusts take precautions not to aerate it and to keep ignition sources away.

Disposal

Proper disposal of plastic dust and powder can be critical to help minimize the amount released to the environment. Choosing a disposal method involves considering the materials that constitute the dust /powder and the disposal requirements of those materials.

- Review the MSDS for each type of plastic used in the process.
- Dispose of dust or powder using a method that complies with all federal, state and local regulations and guidelines and/or applicable codes and standards.

Disclaimer: *Methods to Help Minimize the Generation and Release of Plastic Dust and Powder* is a part of The Operation Clean Sweep® (OCS) program, a joint program of the American Plastics Council and the Society for the Plastics Industry, Inc. (collectively, "OCS Sponsors"). The OCS program and manual contains guidelines to help plastics industry operations managers reduce the loss of pellets to the environment. Each procedure contained herein may or may not be applicable to your specific operation. Manual users are free to implement the sections and steps that help achieve your company's specific goals. None of the guidelines are intended as a mandate. Compliance with state and local regulations are mandatory. These guidelines may help you to achieve compliance and avoid penalties. OCS Sponsors do not make any warranty or representation either express or implied, with respect to the accuracy or completeness of the information contained in this document nor do OCS Sponsors assume any liability of any kind resulting from the use or reliance upon anything contained in this document. Compliance with applicable laws and regulations remains the full responsibility of the parties to which the law or regulation applies.

Pledge To Prevent Resin Pellet Loss

Take the Pledge for Your Company

To demonstrate your commitment to a clean environment, please complete the "Pledge to Prevent Resin Pellet Loss" and fax a copy to APC/SPI at 202-296-7218.

The pledge must be signed by an officer of the company.

In return, your company will receive a certificate suitable for display affirming your commitment to being an Operation Clean Sweep Partner.

Signing this pledge will qualify your company's name to be added (unless otherwise specified) to the list of OCS Program Partners on the Operation Clean Sweep (www.opcleansweep.org) website. Listed partner company names may be used in publicity for the program.

Pledge To Prevent Resin Pellet Loss

Operation Clean Sweep®
www.opcleansweep.org

Company Pledge to Prevent Resin Pellet Loss

Our company recognizes the importance of preventing the loss of resin pellets into the environment and we are committed to implementing the Operation Clean Sweep program.

We will be an OCS Program Partner, strive towards zero pellet loss and:

- Make changes wherever possible and practical to:
  - Improve our worksite set-up to prevent and address spills;
  - Create and publish internal procedures to achieve zero pellet loss goals;
  - Provide employee training and accountability for spill prevention, containment, cleanup and disposal;
- Audit our performance regularly; and
- Comply with all applicable state and local regulations governing pellet containment.

Company name: _____

Address: _____
Street or PO Box City State Zip

Company Officer Name and Title: _____

Signature: _____ Date: _____

Email Address: _____ Phone: _____

Fax to APC/SPI at 202-296-7218

☐ Please do not include my company on the website listing of OCS partners.

Pledge To Prevent Resin Pellet Loss

Have Your Employees Take the Pledge

- Individual personal commitment of every employee is the key to success.
- Encourage every employee to be fully engaged and committed to following the OCS principles every day.
- Having each employee sign a personal pledge is an effective way to gain that commitment.

Pledge To Prevent Resin Pellet Loss

Operation Clean Sweep®
www.opcleansweep.org

Employee Pledge to Prevent Resin Pellet Loss

I recognize our company's commitment to Operation Clean Sweep and the goal of preventing pellet loss into the environment. I will do my daily job in a manner that strives to:

- prevent pellet loss;
- contain spills;
- cleanup swiftly and effectively; and
- dispose of pellets appropriately.

Company name: _____

Department/Crew: _____

Employee Name: _____

Signature: _____ Date: _____

CHECKLISTS

CHECKLISTS PROVIDED:

Management Checklists

- Implementation and Training
- Site Audit
- Facility Equipment
- Employee Equipment

Employee Checklists

- Processor Operations
- Warehouse
- Car Cleaning / Loading
- Railroad
- Transloader

Implementation and Training
Management

Company _____ Department _____

Procedures

☐ Sign the "Pledge"

☐ Conduct site audit

☐ Review or create written procedures

☐ Assign responsibility for each crew/individual

☐ Put management inspection program in place

☐ Plan followup and review

Training

☐ Crew training meetings conducted

☐ Shift #1 _____ date

☐ Shift #2 _____ date

☐ Shift #3 _____ date

☐ Shift #4 _____ date

Manager _____

Signature/Date _____

Site Audit
Management

Company _____ Department _____

Bulk hopper car/truck unloading area

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Receiving dock — bags and boxes

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Silo area

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Transfer equipment — blower

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Audited by _____

Audit Date ___/___/___

Site Audit
Management

Company _____ Department _____

Transfer equipment — bag house

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Transfer equipment — line connectors

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Box/Bag handling

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Blending equipment

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Processing line — extrusion feed hoppers

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Audited by _____

Audit Date ___/___/___

Site Audit
Management

Company _____ Department _____

Sampling areas

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Packaging Areas — bulk box

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Packaging Areas — bag

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Warehouse/storage

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Shipping dock

Spill problem yes ☐ no ☐

Cause of spill _____

Solution _____

Implementation date ___/___/___

Audited by _____

Audit Date ___/___/___

Facility Equipment Management

Company _____ Department _____

Storm drain screens

- ☐ Number of drains _____
- ☐ Number of drains with screens _____
- ☐ Target date to complete screen installation _____
- ☐ Drain screen inspection/cleaning frequency _____
- ☐ Screen repairs required _____

Unloading areas _____

- ☐ Paved
- ☐ Unpaved
  - ☐ Tarps/catch pans available in area
  - ☐ Disposal receptacles in area

Transfer systems

- ☐ Bag House/filters OK
- ☐ Pipe, hoses and connections leak free
- ☐ Disconnects with auto closing valves

Sweepings Disposal

- ☐ Contractor agrees to zero loss disposal procedures
- ☐ Proper interim storage containers available

Inspected by _____

Inspection Date ___/___/___

Employee Equipment Management

Company _____ Department _____

Employee Equipment

Available for use:

- ☐ Brooms
- ☐ Dust pans
- ☐ Repair tape
- ☐ Vacuum system
  - ☐ Central
  - ☐ Portable
- ☐ Catch pans
- ☐ Sample containers
- ☐ Scrap pellet container
- ☐ Elastic cord
- ☐ Buckets for forklift cleanup

Inspected by _____

Inspection Date ___/___/___

Processor Operations
Employee

Company _____ **Department** _____

Operation _____

Crew/Shift _____

Inspector _____

Date _____

	Condition at start of shift			Condition at end of shift		
	Excellent	Good	Unacceptable	Excellent	Good	Unacceptable
Silos	☐	☐	☐	☐	☐	☐
Transfer lines	☐	☐	☐	☐	☐	☐
Bag/Box feeding	☐	☐	☐	☐	☐	☐
Dryer	☐	☐	☐	☐	☐	☐
Extruder Hoppers	☐	☐	☐	☐	☐	☐

Problem areas _____

Spills recovered? Yes _____ No _____

If not, why _____

Sweepings properly disposed? Yes _____ No _____

If not, why _____

Samples Taken: Number _____

Inspected by _____

Inspection Date ___/___/___

Warehouse
Employee

Company _____ Department _____

Operation _____

Crew/Shift _____

Inspector _____

Date _____

Receiving area

☐ Loading dock catch pans in place for receipt of container shipments

☐ Rail truck unloading valve catch pans in place before opening

☐ Samples collected in approved containers

☐ Container trucks cleaned after unloading

☐ Hopper car/truck valve covers in place before moving

- ☐ Full walk around conducted
- ☐ Transfer lines flushed and clean

☐ Dock area swept clean

☐ Car/Truck unloading area clean

☐ Raw Material Storage area clean

☐ Aisles in clean condition

☐ No leaking boxes

☐ No leaking bags

☐ Waste collection containers emptied

☐ Boxes cleaned and flattened

☐ Bags fully emptied prior to disposal

☐ Broken pallets repaired or replaced

Inspected by _____

Inspection Date ___/___/___

Car Cleaning/Loading
Employee

Company _____ Department _____

Car Cleaning/Loading

Operation _____

Crew/Shift _____

Inspector _____

Date _____

Car Cleaning

☐ Containment for wash area operational

☐ Compartments empty and clean

- ☐ Air lance operational
- ☐ Unloading outlet tubes totally clean
- ☐ Pellet recovery from wash water 100%

Car Loading

☐ No line blockages or clogging

☐ Catch pans in place for connections

☐ Transfer lines flushed after each car loading completed

☐ All outlets secure and sealed after filling (Seals are all 1/8" braided steel or stronger)

- ☐ Top
- ☐ Bottom

☐ Top of car clean before release

Inspected by _____

Inspection Date ___/___/___

Railroad
Employee

Company _____ Department _____

Operation _____

Crew/Shift _____

Inspector _____

Date _____

Storage in Transit areas:

Secure

☐ Fenced

☐ Adequate lighting

Regular inspections

☐ Car valve covers and seals in place or shipper notified

Inspected by _____

Inspection Date ___/___/___

Transloader
Employee

Company _____ Location _____

Operation _____

Crew/Shift _____

Inspector _____

Date _____

Truck Cleaning

☐ Wash system containment operational

☐ Compartments empty and clean

#1 __ #2 __ #3 __ #4 __

☐ Unloading outlet tubes totally clean

Transfer (Transfer area: Gravel _____ Asphalt _____)

☐ Car seals in place before start of transfer

☐ Catch pans in place prior to valve opening

☐ Transfer lines flushed and clean after transfer

☐ All outlets secure and sealed at completion and prior to moving

Car

☐ Top

☐ Bottom

Truck

☐ Top

☐ Bottom

☐ Spills cleaned and disposed of properly

☐ Samples taken without material loss

☐ Unloading problems experienced _____

Inspected by _____

Inspection Date ___/___/___

Rebuttal Exhibit II-B- 28

TRANSFLO

Interactive Map & Locations

Health, Safety & Environment

Home :: About TRANSFLO

About TRANSFLO

In today's competitive marketplace, shippers often rely on transloading -- transferring products from rail to truck -- to move their products cost effectively.

TRANSFLO is the largest rail-to-truck transloading network in North America. As a subsidiary of CSX Corporation , we have been connecting customers with the efficiencies of transloading and the value of rail transportation for more than 40 years.

Committed to environmental stewardship and the consistent, safe handling of your products. TRANSFLO has been ISO Certified for more than 10 years.

TRANSFLO Services

TRANSFLO operates a network of 58 active terminals that transfer products between railcars, containers and trucks. TRANSFLO has experience transloading more than 500 bulk products.

We also provide Logistics Management services that monitor your transportation activity.

TRANSFLO People

Our people are experienced logistics professionals who provide valuable advice, innovative solutions and careful stewardship of your product.

- **Sales Representatives** manage customer relationships and all commercial aspects of the terminals within a region.
- **Managers of Field Operations & Equipment** oversee the operations of terminals, ensuring they provide safe, quality transloading services. This includes the inspection, maintenance, and safe use of all transloading equipment.

Rebuttal Exhibit II-B- 29

TRANSFLO

Become a Customer

Learn about Transloading Services

Health, Safety & Environment

Plastics

TRANSFLO performs thousands of contamination-free plastic transfers every year. The list of products handled includes:

- Polyethylene
- Polypropylene
- PVC
- Polystyrene
- PET
- Liquid plastic products

If you use Premium- or Value-level transloading, special equipment and services also are available:

- Pneumatic loading equipment
- Dedicated hoses
- Inventory management
- Quality control

TRANSFLO abides by the standards of Operation Clean Sweep.

To find out if a specific terminal handles your product, contact the TRANSFLO sales representative for that terminal.

Rebuttal Exhibit II-B- 30

9/9/2010

Dear Valued Customer

In the present economic condition everyone has been forced to make hard decisions concerning the day to day operations of their businesses. This letter is to inform you that we too have had to make a hard decision which concerns the operation of our Greer, SC, warehouse and rail siding. Over the past twenty plus years we have had the luxury of a private rail siding and warehouse to service our customers as a value added trucking, packaging, transloading, and warehousing facility. Due to the state of the economy, we have made the decision to focus our resources on our primary area of expertise, bulk trucking.

Effective November 15th, 2010, we will cease operations of the rail transfer and warehouse facility in Greer, SC. We will continue to service you, our most valued customers, as a bulk carrier and have made arrangements with Norfolk Southern's Thoroughbred Bulk Transfer (NS TBT) facility in Spartanburg, SC, as a location to which you may still send railcars for transloading. This facility currently has both the space and the personnel to service your rail transfer needs. We ask that you start sending your railcars to this facility as soon as possible in order to accommodate the closing date for the facility.

We also have had a long relationship with Speedway Packaging and Distribution in Greer, SC, and we would recommend them as a replacement for the warehousing and packaging business. They currently service several large customers including 3M, and Sony BMG, and have years of experience as a public warehousing and valued added service provider. Contact information for Norfolk Southern, IBS and Speedway have been provided below. Due to all products needing to be out of the warehouse and/or out of the railcars no later than November 15th, 2010 please make contact as soon as possible.

We understand that this change is not an easy one. It was a hard decision to make as well, but we feel as though focusing on our core business is the correct thing to do at this time. If you have any questions please do not hesitate to contact us at your convenience.

Norfolk Southern, Inc.
Mike Moen
Manager Distribution Services
Three Commercial Place Box 252
Norfolk, VA 23510
757-823-5442
mike.moen@nscorp.com

Speedway Packaging & Distribution
Bill Rouch
Distribution Manager
1221B South Batesville Rd .
Greer, SC 29650
864-271-1149
bdrouch@speedwaypackaging.com

Rebuttal Exhibit II-B- 31

REDACTED - TO BE FILED ON THE PUBLIC RECORD

SPI - 11

BEFORE THE
SURFACE TRANSPORTATION BOARD

UNITED STATES DEPARTMENT OF TRANSPORTATION

FINANCE DOCKET NO. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

COMMENTS OF

THE SOCIETY OF THE PLASTICS INDUSTRY, INC.

Larry L. Thomas, President
Lewis R. Freeman, Vice President,
Government Affairs
Maureen A. Healey, Director,
Federal Environment and
Transportation Issues
THE SOCIETY OF THE PLASTICS
INDUSTRY, INC.
1275 K Street, NW, Suite 400
Washington, DC 20005
Tel: (202) 371-5200

Martin W. Bercovici
Douglas J. Behr
Arthur S. Garrett, III
Leslie E. Silverman
KELLER AND HECKMAN
1001 G Street, NW
Suite 500 West
Washington, DC 20001
Tel: (202) 434-4100
Fax: (202) 434-4646

Attorneys for The Society
of the Plastics
Industry, Inc.

March 29, 1996

SPI V.S.-3

Verified Statement
Of
Larry D. Ruple

My name is Larry D. Ruple, and I have been requested, as an independent consultant, to review and analyze the competitive impacts the proposed merger between the Union Pacific and Southern Pacific Railroads would have on the plastics industry within the Gulf Coast region.

1. Introduction

My experience includes 17 years within the railroad industry. Following graduation from Weber State with a bachelor's degree in Business Administration, (Major, Accounting), I was employed by the Denver & Rio Grande Western Railroad. During my employment at D&RGW I was provided a variety of promotions and opportunities to work within the various departments of the railroad such as clerical, operations, sales and marketing. As a result of the Rio Grande Industries purchase of the Southern Pacific Lines and subsequent combination of the two railroads, in mid-1989, I was promoted within the Southern Pacific's marketing department, holding the titles of Director - Construction Materials & Aggregates, Managing Director - Inorganic Chemicals and from August 1993 to May of 1995, Managing Director - Plastics, Inorganic Chemicals & Environmental Waste. Since leaving Southern Pacific mid-1995, I spent a short period of time within the industry sector as Corporate Traffic Manager before venturing out in the pursuit of a consulting practice.

As Managing Director - Plastics, Inorganic Chemicals & Environmental Waste

of the SP, I was held directly accountable for the development, production and implementation of market based strategic initiatives and overall market plan to enhance Southern Pacific's position and market share of transportation and logistic needs relative to the aforementioned commodity areas. I was responsible to develop and implement pricing strategy and tactics to achieve optimum revenue along with logistic and cost planning, structuring movement, service and equipment parameters to insure performance to plan. When I refer to plastics or plastics resins in this statement, I am referring to plastics raw materials such as polyethylene, polypropylene, polyvinyl chloride, etc., classified within STCC 28211.

Based upon my past experiences and responsibilities, I am familiar with the requirements of the plastics resins industry for transportation services, the transportation of plastics resins, and the competitive environment for plastics transportation. Based upon that experience, I believe it is important to understand and analyze the following areas in determining the effects the proposed merger between Union Pacific and Southern Pacific would have on the Gulf Coast plastics resins market along with the impact the UP/SP - BNSF Agreement would have in mitigating those concerns. I will discuss (a) an overview of the plastics market; (b) concentration and geographical location of value added suppliers and receivers; (c) review of modal competition; (d) current plastics storage capacity in the Gulf Coast; (e) current operational capacity in the Gulf Coast; (f) potential effects of the UP/SP merger on the competitive environment; (g) the impact of the Agreement with BNSF; (h) followed by a conclusion which, as demonstrated in the following pages, identifies significant areas of concerns as to the competitive environment flowing from merger

of the UP and SP.

2. Overall Review of the Plastics Market

A. Commodity Overview and Description: In developing the effect that a Union Pacific / Southern Pacific merger would have on the plastics market, I believe it is important to identify the primary products, a brief description of the products and an overview of the use(s) of these products. Throughout our discussion we will be focusing on three (3) major product lines which, in combination, provide by far the largest percentage of production volume as compared with the total of all plastics, other than liquid. These commodities are commonly known as High Density Polyethylene (HDPE), Low Density Polyethylene (LDPE) and Polypropylene. By confining our discussion to these product lines we will remain consistent with the products identified in the various support statements filed by Applicants. To facilitate comparison with Applicants' testimony, in this and the following sections I utilize the data from the Chemical Properties Synopsis employed by Applicants, as found in their work papers at N04-110046-51. This data is consistent with my knowledge and experience.

High Density Polyethylene is a highly crystalline, lightweight thermoplastic resin. Outstanding characteristics are chemical resistance, toughness (even at low temperatures), dielectric properties, water vapor impermeability and relatively high softening temperature. HDPE can be processed by all melt forming methods, including extrusion, injection molding, rotational molding, blow molding and powder coating. The dominant fabrication process is blow molding, and is typified by the

ubiquitous semi-opaque milk bottle. Growing end uses are found where HDPE has begun to replace paper in many packaging applications, most prominent being merchandise and grocery bags. HDPE is the largest volume produced U.S. resin.

HDPE End Use Pattern - 1994 Data Estimates

Derivative	Percentage	Derivative	Percentage
Blow Molded Bottle	26	Extruded Pipe	8
Ind. Containers/Tanks	24	Consumer Containers	4
Packaging (Film & Bags)	20	Wire & Cable	2
Misc. Film & Sheet	6	Miscellaneous	10

Low Density or high pressure conventional polyethylene (LDPE) is generally the softest and least crystalline of the polyethylenes. It is customarily sold in pellet form. LDPE is widely used in applications requiring clarity, inertness, processing ease, sealability, moisture barrier and good electrical properties. It can be fabricated by all thermoplastic processes. LLDPE or Linear Low Density Polyethylene is acquiring market share from LDPE due to it being less expensive to produce while maintaining many of the same qualities as LDPE. For this review we are combining LDPE and LLDPE as one. End uses are many; however, blown and cast film are by far the largest. Wire and cable coating was the original application.

LDPE End Use Pattern - 1994 Data Estimates

Derivative	Percentage	Derivative	Percentage
Blown & Cast Film	68	Wire & Cable	4
Injection Molding	8	Rotational Molding	4
Extrusion Coating	8	Miscellaneous	8

Polypropylene (PP) is a thermoplastic polymer of propylene with a low specific gravity. A unique molecular structure gives PP high stiffness, good tensile strength and resistance to acids, alkalis, and solvents. Principal advantages of PP are toughness, light weight, chemical resistance, good heat resistance and an almost unlimited modification potential through additives, fillers, and reinforcements. PP is

also low in cost relative to the other thermoplastic polymers. It is used in applications ranging from fibers and films to injection molded parts for automobiles and food packaging.

Polypropylene End Use Pattern - 1994 Estimate Data

Derivative	Percentage	Derivative	Percentage
Filaments and Fibers	29	Transportation	4
Compounding	25	Appliances	4
Packaging	12	Medical	4
Film & Sheet	11	Other (Extrusions)	2
Housewares & Toys	5	Other (Inj/Blow Molding)	4

Due to chemical composition and end use requirements, limited product substitution can be found.

B. Location and commodity production of polyethylene and polypropylene: Applicants have mentioned (R. Peterson, Volume II, Page 234) that they are under continual competitive pressures from source alternatives. Thus, a quick review of producers, production capacities, and rail carrier access is in order for the commodities defined above.

HD Polyethylene

Producer	Location	Millions of Lbs 1995 Capacity	Carrier
Chevron	Orange, TX	1000	UP/SP Joint
Dow Chemical	Freeport, TX ; Plaquemine, LA	500	UP Closed
Exxon Chemical	Mt. Belvieu, TX	350	SP Closed*
Fina	Bayport, TX	350	SP Closed
Oxychem	Bay City, Orange, Victoria, TX	1500	BN, PTRA, UP
Paxon	Baton Rouge, LA	1300	IC
Phillips	Pasadena, TX	1800	PTRA Open
Quantum	LaPorte, TX	600	SP Closed
Quantum	Chocolate Bayou, TX	400	UP Closed
Quantum	Clinton, Iowa	300	CNW
Quantum	Port Arthur, TX	240	SP Closed
Solvay Polymer	Deer Park, TX	1300	PTRA Open
Swing Capacity***	Various	1900	
	Totals	11540	

*While Mt. Belvieu is a closed Southern Pacific point, the Union Pacific has secured build-in authority from the ICC. Although the Union Pacific line to Mt. Belvieu has not been constructed, Applicants have treated Mt. Belvieu as jointly served in the Agreement with the BNSF.
***LLDPE/HDPE Swing capacity dedicated to HDPE - various locations (1900).

LD/LLD Polyethylene

		Millions of Lbs 1995 Capacity		
Producer	**Location**	**LDPE**	**LLDPE**	**Carrier**
Chevron	Cedar Bayou, TX	630	440	SP Closed**
Chevron	Orange, TX	290		UP/SP Joint
Dow	Freeport, TX	625	550	UP Closed
Dow	Plaquemine, LA	425	960	UP Closed
Dupont	Orange, TX	545		UP/SP Joint
Dupont	Bloomington, TX	265		UP Closed
Eastman	Longview, TX	625	250	BN/UP Joint
Exxon	Baton Rouge, LA	650		IC*
Exxon	Mt. Belvieu		1300	SP Closed**
Formosa Plastics	Point Comfort, TX		440	UP Closed
Lyondell Polymers	Bayport, TX	125		SP Closed
Mobil	Beaumont, TX	500	1200	UP/SP Joint
Quantum	Clinton, Iowa	430		CNW
Quantum	La Porte, TX	395	85	SP Closed
Quantum	Morris, IL	540	300	CSXT
Quantum	Port Arthur, TX	190	250	SP Closed
Rexene Polymers	Odessa, TX	410		UP Closed
Union Carbide	Seadrift, TX	500	1500	UP Closed
Union Carbide	Taft, LA		1120	UP Closed
Westlake Polymers	Lake Charles, LA		850	SP/KCS Joint
	Totals	7995	6495	

*Exxon at Baton Rouge is shown as being served by IC; however, KCS has secured authority from the ICC for build-in. **Chevron at Cedar Bayou and Exxon at Mt. Belvieu are shown as SP Closed; Union Pacific has secured authority from the ICC for build in. Although this line has not been constructed, Applicants have treated both Cedar Bayou and Mt. Belvieu as jointly served in their Agreement with the BNSF.

***LLDPE/HDPE Swing capacity dedicated to HDPE - Various locations (1900)

Polypropylene (PP) - Millions of Lbs

Producer	**Location**	**1995 Capacity**	**Carrier**
Amoco	Cedar Bayou, TX	620	SP Closed**
Amoco	Chocolate Bayou, TX	1000	UP Closed
Aristech	La Porte, TX; Neal, WV	640	PTRA Open
Eastman (Huntsman)	Longview, TX	500	BN/UP Joint
Epsilon Products	Marcus Hook, PA	360	Conrail
Exxon	Baytown, TX	1020	UP/SP

open / closed
620 / 1000
640
500 / 360
1020

Fina	La Porte, TX	1000	PTRA Open	
Formosa Plastics	Point Comfort, TX	490	UP Closed	
Himont (Montell)	Bayport, TX	1040	SP Closed	
Himont (Montell)	Lake Charles, LA	1160	SP/KCS Joint	
Huntsman	Woodbury, NJ	400	Conrail	
Lyondell Petrochemicals	Bayport, TX	300	SP Closed	
Novacor (Huntsman)	Marysville, MI	120	CSXT	
Phillips / Simika	Pasadena, TX	500	PTRA Open	
Quantum	Morris, IL	300	CSXT	
Rexene	Odessa, TX	180	UP Closed	
Shell	Norco, LA	300	UP Closed	
Shell / Carbide	Seadrift, LA	200	UP Closed	
Solvay Polymers	Deer Park, TX	440	UP Closed	
	Total	10,570		

Based on the foregoing, it is evident that (a), approximately 97.4% of the production of HDPE within the United States is confined to Texas and Louisiana. The remaining 2.6% being produced in Clinton, Iowa is served locally by the CNW, a member of the Union Pacific Rail family; (b), approximately 88% of LDPE production is confined with the states of Texas and Louisiana, while over 95% of the LLDPE production is within these two states. We must also remember that Clinton, Iowa which represents a significant portion of the remaining capacity is served by CNW; and (c), approximately 86% of the production capacity of Polypropylene is confined to the states of Texas and Louisiana. Thus, using the data presented above we can quickly calculate the geographical concentration of plastics resins within the states of Texas and Louisiana to be in excess of 92%. Therefore, any potential harm to a competitive rail transportation environment in Texas and Louisiana, greatly affects the plastics producers, downstream industries and the consuming public.

C. Review of Carriers Serving the Market and Breakdown of Account Access: To help us understand the extent the Union Pacific / Southern Pacific merger would have on the competitive rail transportation environment, I have assembled the

following data on both the U.S. Domestic market as well as the Gulf Coast Plastics Producers. Exhibits 1 through 5 provide a look at the U. S. Domestic market while the remainder of the Exhibits focus on the Gulf Coast plastics market. Each chart provides a listing by production facility and location, by the current railroad providing service and whether that facility is either open or closed to competitive service, production capacity and an estimation of the annual rail volume shipped. We will refer to these same general categories and exhibits throughout our review, especially Exhibits depicting a combined UP/SP rail system, noting that it would have access to nearly 90% of the plastics resins produced in the Gulf Coast through either exclusive service (captive to UP/SP) or open to competitive access.

If we break UP/SP's market access down one step further we will find that approximately 64% of the plastic resin market for polyethylene and polypropylene is served exclusively by UP/SP and no other rail carrier prior to any conditions granted. The conditions provided for by Applicants to BNSF will include service to resins producers on the SP Baytown branch, Exxon at Mt. Belvieu, Chevron and Amoco at Cedar Bayou, along with Mobil at Amelia (Beaumont) and Chevron and Dupont in Orange, TX. On the surface, the BNSF's access will reduce UP/SP's exclusive service to nearly 40% of the plastics resins production capacity. However, we follow this discussion by looking at the potential leverage UP/SP have in their negotiations with the resins producers.

In reviewing the Applicants' verified statements, (example Mr. Peterson page 239, 245; Mr. Barber page 501, etc.), it is suggested that industry, in its efforts to obtain the best possible transportation rates and services, will leverage multiple plants

or commodities in "package deals" at the same or different geographical locations to the rail carrier(s) when possible. Applicants feel that this practice possesses considerable effective bargaining power that represents an additional constraint on rail rate increases at sole served locations. We examine the flip side of this theory by pointing out that a rail carrier, in its efforts to maximize volumes and revenues from individual customers, has the power to leverage its sole served locations as an effective tool in securing transportation volumes and revenues from multiple plants or multiple commodities in "package deals" at the same or different geographical locations when possible. This power is very effective in carrier negotiations with its shipper customers.

In assessing BNSF as a potential replacement for the competitor lost if the UP/SP merger is approved, it is necessary to develop an understanding of the strengths and weaknesses of the respective parties along with the issues that they must secure in the final outcome, just as each party, producer and rail carrier, do before entering into negotiations. As a condition of the UP/SP merger, BNSF would be given access to Exxon, Mt. Belvieu and E. Baytown, Chevron at Eldon and Orange, Dupont at Orange, Amoco at Cedar Bayou (Eldon) and Mobil. Using the rail strategy as outlined above in leveraging a single served facility in gaining multiple plant or multiple commodity "package deals", we find that while BNSF will gain competitive access to both of Exxon's facilities, UP and Exxon have long been rumored to have agreed to a multiple year contract covering the majority of production of both facilities as a condition of the UP Mt. Belvieu build-in. While BNSF will gain access to both Dupont at Orange and Amoco at Cedar Bayou, both of these producers have

additional resin production facilities "captive" to the UP/SP at Bloomington and Chocolate Bayou, respectively, leaving only Chevron and Mobil remaining without reliance on UP/SP in the resins area. Exhibit 6 is provided to allow us to get a better picture of carrier leverage the Gulf Coast resins market. This Exhibit shows that for three of the five producers, the exclusively served facility or facilities have equivalent or greater volumes than the competitively served plants, thus allowing the carrier's leverage to be effectively employed.

3. Concentration and Geographical Location of Value Added Suppliers and Receivers

The concept of single line service is not new to either the railroads or those who use rail. Single line service has been one of the contentions used throughout recent history for rail consolidations. Both end users and those providing value added services such as grinders, packagers, colorization, etc. have employed the knowledge of these benefits in choosing a site or location to establish their downstream business. This is evidenced by Mr. Gray's statement where shippers place a premium on single-line service, to maximize speed and reliability and focus performance responsibility on a single carrier along with the elimination of time consuming interchange, possible movement errors and waybill exchange, switching charges, etc. (Mr. Gray pages 201,202, Mr. La Londe page 382, Mr. Peterson pages 42,43, 71,111).

Referring back to the earlier exhibits, UP/SP have long held a dominant position in servicing the plastics resins producers. With this knowledge in hand, those doing business with or receiving product from the various producers often have located on the Union Pacific and Southern Pacific. Again, the intent is to take

advantage of possibly lower rates by avoiding multiple rail rate factors, reciprocal switching charges, etc., and to obtain better service by avoiding multiple rail interchanges, blocking and switching. The value added services provided by the grinders, packagers, colorizers, etc., play a vital role in the resins market and to each individual producer in their domestic and export sales efforts. And of course, providing the end users such as extruders, molders, etc. with a quality product, competitive price and timely service is equally important. While UP/SP have attempted to address the competitive access to the so-called "2 to 1" shippers though a proposed agreement with BNSF, the BNSF face an embedded constraint by the virtue that the BNSF will not have access to the end users and value added suppliers which are located on the UP or SP's lines. According to a map published by Census, (a New York firm that tracks plastics usage and consumption), the largest concentration of plastic end users are located in the Northeast, followed closely by California and Texas, the latter being geographical strongholds for the combined UP/SP system.

The question we must ask is, will competitive access at origin alone be enough to offset the historical settlement of both value added suppliers and end users on the UP/SP system, allowing BNSF or any other carrier to become an effective competitor? Applicants themselves assume that BNSF would capture no more than 10% of traffic to UP/SP served destinations, and possibly 50% to eastern gateways from competitively served UP/SP and BNSF origins. The latter assumes producers will split their traffic even where other traffic may predominantly flow to UP/SP destinations, a conclusion which is not demonstrated or supported by experience.

4. Review of Modal Competition

Throughout Applicants' filing, alternative sources of competition play a vital role in seeking to assure industry that a combined UP/SP will be held in check. These alternative sources of competition come in the form of ocean, barge and truck transportation. While each may be used by the chemical industry generally, I believe it is important to focus our attention on the plastics industry specifically and further not only on the historical use of these alternative means but also the physical layout of plants and their capability of loading resins via these alternative modes. To do so we must first look at the physical layout of plastics resins plants and their almost complete reliance on rail and rail equipment, and also in how resins are produced and stored.

Industry averages provide us with the knowledge that the average plastics shipment weighs approximately 179,000 lbs. via rail, moving an average of 1000 miles from origin. Assuring product integrity and minimizing handling to insure purity and product performance are of utmost important. Customers require specific product compositions to meet production standards along with timely delivery to maintain operations. To meet the demand for customer product specifications, resins producers may in any given period of time have to produce multiple grades of each resin. A producer's customer base usually consist of large amount of customers usually requiring a relatively small volume of product per year. Therefore, to avoid continual production changeover as to product makeup and the high costs associated with plant idling, producers forecast the demand/sales or amount of each specific

product anticipated during a specific period of time, usually 90 to 120 days, and produce in what is referred to as product runs. These product runs are usually at a minimum of 6 to 10 cars and can go much higher in volume. To produce such a variety of products, with varying characteristics, to eliminate or reduce the large cost of plant shutdown or change over from one product to another, an attempt to find an economical way to store each product individually became very apparent. It was obvious that construction of multiple storage silos that could meet and maintain the high product integrity standards was economically not feasible, not to mention the requirement to shuttle product from production to each silo and then establish a network allowing access to load from these silos.

To accomplish these tasks, to insure product integrity, minimize the need for multiple storage silos or facilities, along with provide the producers with a vehicle to effectively transport their product to the end users, the rail car was adopted as the primary means of not only transportation but storage . Producers are almost totally reliant on the rail car for loading production, storage track for both loaded and empty cars, and movement to final destination and return of empty cars.

While ocean and barge carriers may play a vital role in the movement of chemicals in general, for commodity products which are used as basic raw materials and move to water-based production facilities, these circumstances do not apply to polyethylene and polypropylene. Also, while there is a relatively small share of product moving via truck, most likely it first began its journey via rail and subsequently is transferred from a rail car in order to service a non-rail customer, to meet an emergency shipment need (often due to the failure to achieve timely delivery

of a rail car), or packaged and loaded into containers needing to be shuttled to the port.

Little has changed throughout the years from the original concept of almost complete reliance upon the rail system for the resins producers. More chemically specific grades are demanded by customers, increased demand on just in time deliveries, along with constant pressure on cost of goods provided. Resins producers perhaps are more dependent on rail now than their earlier predecessors due to an increased variety of products demanded by their customers. No other form or combination of transportation alternatives can provide the services currently offered by rail. Rail is the most economical and efficient means of providing product storage, minimization of product degradation and contamination, and effective long haul transportation. To meet their needs, the producers maintain their own rail fleets, which they own and/or lease.

Since we have discussed the producers' reliance upon rail, we should also include those of the end users. As mentioned earlier, product requirements for each end user or application usually vary in composition and volume. A typical receiver purchases a limited supply of product, with the volume ranging from as little as 3 or 4 carloads per year to as much as several hundred. Each product purchased must have exacting requirements in order to meet final product performance expectations. End users, once again, are usually characterized by requiring each product be produced with a specific chemical composition designed to meet specific performance needs; have limited on-site storage capability; require just in time inventory supply, are located on rail in order to receive the advantages of rail transportation; universally

accept a rail car load as the industry standard order quantity, and utilize the rail car as their "rolling silo/warehouse".

From both the producer/shipper and the end user/receiver standpoint, rail continues as the dominant means of resin storage and transportation. No other means can be substituted or supply the multitude of logistics characteristics that rail represents.

5. Current Plastic Storage Capacity in the Gulf Coast

As described above, plastics resins frequently move from production directly into storage until assigned or sold to a customer. Therefore, storage capacity is critical to serving the plastics industry. We start our discussion concerning plastics storage by identifying the 3 basic types of storage made available to the producers by the railroads, predominantly UP and SP. These three basic types are random, strategic and Gulf Coast preferred site. A brief explanation of each is in order.

Random storage is by its very nature cars placed wherever track space is available without plan or design. Strategic storage can be defined as initially moving the loaded car to a forward point or trackage available near a gateway interchange point or a geographical location nearer the intended eventual customer. Gulf Coast preferred site is a large facility either specifically designed or operationally adequate to handle the storage of plastic resin cars in close proximity to the producers. A well know example of the Gulf Coast preferred storage is the Dayton, Texas yard placed into service by SP in 1994. The advantage and disadvantages of each are presented in the below table.

Random		Strategic		Gulf Coast Preferred Site	
Advantages	Disadvantages	Advantages	Disadvantages	Advantages	Disadvantages
No Initial Capital Investment	Remote Storage - Unreliable Switching	Closer to Market	Limited Return to Plant	Maximum Inventory Control	Capital Investment
	High Cost - Out of Route Miles	Reduced Cycle Time	Limited Sampling Ability	Reduction in Car Handling	
	No Inventory Control	Reduced Congestion in Gulf Coast	Limited Product Access / Transloading	Security	
	Derailments, Product Liability	Some Capital Investment	Out of Route Miles	Network Designed for Large Block Shipments	
	Potentially Large Service Delays		Extra / Multiple Handling	Third Party Switching "Cost Reduction"	
	No EDI Capability		Locations Not Integrated with Existing Network	Close Proximity to Plant	
	Multiple Handling		Derailments, Product Liability	Sampling, Product Return Economies of Scale	
	No Service Design		Unreliable Transit / Switching	Reduced Derailments, Product Liability	
	Lost Cars		Limited Inventory Control	Reduced Lost Car Occurrences	
	No Sampling Ability		Limited Operational Efficiencies	Simplified Billing Process	
	Limited Return to Plant		Requires Shipper to Forecast Lost Cars	Reduced Switching Cost	
				Improved Locomotive / Crew Utilization	
				Operational Flexibility	

The ability to provide storage for plastics rail cars is vital to the operations and success of both the resin producer and the rail carrier. Applicants are well aware of this nearly total reliance on rail carrier storage facilities as evidenced in the remarks of Mr. Gray, (pages 200, 204, 227), Mr. La Londe, (pages 372, 377), Mr. Peterson, (page 65) and Mr. Willig, (pages 585, 619 and 625). Having a clear

understanding of the role that plastic storage plays in the production, sales, and transportation delivery of resins is critical to an analysis of a carrier's ability to compete in the Gulf Coast plastics market.

While the percentage of resins utilizing storage varies, in general between 30 and 50% require storage. Putting this into perspective, production capacity figures for polyethylene and polypropylene are approximately 36.6 billion lbs. annually, or in excess of 203,000 rail cars. Using 40% as our average of resins utilizing storage, we find that nearly 81,200 carloads utilize some form of rail storage, provided by industry, by railroads, by third parties operators, or by the end users. Taking this into consideration, to be an effective competitor, a rail transportation service provider must have the ability to store loaded plastic cars commensurate with its customers' volume requirements. While this discussion focuses on loaded cars, similar operational capacity and storage ability needs to be present for empty rail cars as well.

The next logical step is to identify and analyze the ability of each carrier to provide such storage. In Exhibits 7 through 9, each carrier's plastic storage capacity is presented. A stand alone Union Pacific represents or provides approximately 30% of total dedicated plastic storage capacity within the Gulf Coast; Southern Pacific represents or provides approximately 54% of the total dedicated plastic storage, while BNSF represents approximately 16%. (See Notes to Exhibit 9.) Knowing the resins producers' reliance upon available storage, it is necessary to consider, if the proposed combination of UP/SP is approved, is there indeed a competitive alternative to UP/SP for plastics resins producers realizing the combined UP/SP system accounts for

approximately 84% of the available Gulf Coast plastic storage?

To keep this important aspect of assessing the BNSF's ability to compete within the Gulf Coast resins market, it is necessary to review the various statements filed by the Applicants. Mr. Gray (page 204) states that due to reduced inventories, stricter production discipline, product customization and just in time controls, customers demand high service levels. Plastics producers use rail cars for storage for their increasingly customized products, requiring carriers to provide space to hold and manage the inventory of such cars until an order is placed. Mr. La Londe (page 377) states an emerging factor in transportation being "one stop shopping", as related to the plastics industry, storage for loads and empties, sampling, transloading, warehousing, packaging, operational support and inventory management are essential ingredients of rail service. Mr. Peterson (page 65) states shippers of bulk commodities, such as plastics, often need storage on railroad yard tracks. Storage allows plants to run at capacity and product to be readily available for prompt movement to various markets as market price and demand change. Mr. Willig (pages 619 and 624) follows by saying while price is a key component of competition, storage for plastics represents another major dimension of non price competition between railroads... non price competition tends to be dynamic.

Since a combined UP/SP represents 84% of the available storage for plastics resins in the Gulf Coast and considering that BNSF already serves a small portion of the plastics industry, commensurate with its storage capacity, the trackage rights alone do not make BNSF competitive for the plastics traffic opened to them by the UP/SP - BNSF Agreement. What can best be described using the "chicken and egg" analogy,

BNSF would most likely require customer volume commitments in advance of investing in plastics storage facilities. The customer on the other hand would most likely require BNSF to have adequate storage facilities in place in order to commit the volumes. Since construction time tables would vary upon the location, permitting, construction and size or capacity of facility designed, it is safe to say any decision made would require a substantial amount of time and must coincide with BNSF's ability to attract the customer's business along with the customer's ability to use BNSF due to prior transportation commitments.

6. Current Operational Capacity in the Gulf Coast

Coupled with plastics storage, I believe it is also relevant to examine the operational support and capacity that each carrier holds within the Gulf Coast. Not only will an effective competitor have the ability to provide adequate storage capacity, that same carrier must be able to provide the operational support and capacity to effectively and efficiently handle the large volumes of traffic available. Based upon my operational familiarity related to my marketing responsibilities, I prepared Exhibits 10 through 12 to help understand the operational capacity of both BNSF and UP/SP. A combined UP/SP will possess 87% of operational capacity as measured in carloads while BNSF provides roughly 13%. Perhaps one reason for this disparity is that while the BNSF has a presence in the Gulf, much of the traffic is terminating grain, fertilizer, and coal traffic, moving in trainload or unit trains; and those services do not require substantial operational support.

Taking into account the combination of factors discussed earlier, we find that a

combined UP/SP rail system would have access to over 90% of resins production, through providing either exclusive rail service or at competitive points, UP/SP would provide and control over 84% of plastic storage, and UP/SP would provide and control over 87% of the operational capacity and support within the Gulf Coast Chemicals market. In direct comparison, BNSF currently has access to 23% of the resins production, mostly via service at competitive points via the PTRA, provides approximately 16% of the plastic storage and only 13% of operational capacity and support. As a condition of the proposed merger, BNSF would be granted competitive access to a larger total of production capacity, however; its plastic storage capacity and operational ability would not increase accordingly. In order for a rail carrier to truly represent a competitive alternative, the ability to provide a competitive price must be coupled with the ability to provide adequate storage capacity and the ability to effectively and efficiently handle the traffic once tendered to it. This "ability" takes on a combination of many forms, locomotive power, crew, mechanical support and maintenance, territorial knowledge as well as the more obvious items of storage and yard support I have just discussed.

7. Potential Effects of the UP/SP Merger on the Competitive Environment

From my experience both within and as a customer of rail service providers, rail transportation pricing is much like that of any other product. A product is marketed and sold based on the value that it provides to the consumer. It is often categorized by the statement, price is determined by "what the market will bear".

To determine market price, both carriers and customers must first develop

their goals or objectives to achieve. This can be done corporately, via a geographical market, a commodity line, by individual customer, or by a combination of all the above. Seldom is a pricing policy "set in stone"; rather, general goals are determined allowing flexibility in implementation of a plan. The key to a successful pricing effort is in the preparation of strategy. It is in this area that competition plays a vital role in determining market price.

When dealing within the plastics resins market, the primary pricing instrument is contracts. These contracts may cover not only the price for the services being provided but also a detailed outline of the services to be provided, along with time stipulations for these services. In exchange, the carrier, at an agreed to price, is usually awarded a volume percentage of business, providing the carrier a stable revenue stream along with a predictable volume base to operate within. Before entering these contract negotiations, carriers, as well as their customers, develop individual review processes to determine their position. This is usually recognized as a strength/weakness relationship. For example a rail carrier preparing to enter into negotiations for available transportation of loaded plastics cars would most likely research the following areas. Perhaps the first step would be a determination of how the available traffic would fit into the current directional flow of operations. For example, if the majority of the traffic originating in the Gulf Coast moves via the New Orleans gateway for interchange with a southeastern carrier and the current line is underutilized, this additional volume may be warranted to increase operational efficiencies. This traffic, Gulf Coast to New Orleans, then fits the carriers needs. The next steps can be summed up under the area of operational capability. Are there

existing resources available to handle this potential volume, such as plastics storage capability, operational yard support, locomotive power, etc.; if so, the process continues. Once the customer's traffic has been determined to be a "good fit" for the rail carrier, the next step leads toward developing the competitive market environment. By listing customer expectations, requirements and/or carrier responsibilities that must be provided, an in depth competitive review takes place.

Since the resins producers are almost exclusively reliant upon the usage of rail cars for loading, storage, shipping, etc., there is a severe handicap on other forms of transportation. Although transportation of resins may touch a variety of forms in the final delivery, it almost always revolves around a railroad for the origin movement. Although reviewed and analyzed as to the costs associated with providing alternative service (especially if a production facility is serviced exclusively by a single rail carrier) via motor carrier, transloads, or water, these modes seldom compete effectively with rail, especially at the typical lengths of haul. The attention is then shifted toward rail alternatives. Each carrier is analyzed as to their ability to provide the services required. This could include ability to provide local plant switching at time specified, storage for both empties and loads, operational support to handle the volume efficiently, effectiveness of the route taken to reach either gateway interchanges or customer base, percentages or volume of destination of on-line served customers and "in-transit" value added suppliers, geographical reach and service into the areas of heavy concentration of end users, along with a past experience or market knowledge of each carrier's pricing habits; and last but not least, any potential leverage each carrier may possess.

The consolidation of UP/SP adds up to considerable strength when you bring into the mix their ability to access both competitive and single source positions, operational capacity, storage capacity and geographical coverage of end users. A carrier's ability to differentiate its services from the others within the market creates additional value. It is also important to remember that pricing strategies can themselves be differentiated under the concept "what the market will bear" and further refined into several other key areas, such as; a) exclusively served production facilities where effective rail competition is not readily available, the competition may then take on the form of another competing facility on another rail carrier; b) production facilities that are competitively served by more than one railroad in direct competition for the shipping volumes, is an area where value added services can distinguish rail carriers; c) overhead business where a carrier is utilized to transport or bridge traffic between a carrier originating and the terminating carrier and is usually incremental in nature; d) interline received traffic, i.e., traffic that originates on a carrier other than the destination serving carrier, terminating on its points, where caution can be placed to avoid a reduction in revenue or position on the account that may be served from a production facility on the destination carrier's line. Each instance may have its own unique set of circumstances to develop the carriers' competitive pricing position.

Staying within the principle that price is determined by what the market will bear for the services provided, Applicants provide a few common examples they have experienced on the Southern Pacific (Mr. Gray pages 218, 219), and they are well aware of the limits the market sets on pricing or compensation under these limitations

mentioned due to poor cycle times, irregular service and/or service failures, and where the customer is faced with paying a premium for transportation services needed. However we also must keep in mind the limitations that can be placed upon a shipper or industry when, for example, an industry such as the plastics resins industry is reliant upon rail service, often finds itself with one or more of its production facilities locally served by a single carrier, is reliant upon that carrier for rail car storage and of course transportation to the end user. Pricing leverage can shift quickly in the favor of the rail carrier when competitive alternatives are not present.

We must therefore determine a carrier's ability to compete; and in the specific case of the Gulf Coast plastics resins markets (polyethylene and polypropylene), the competitive environment is created by a combination of logistical factors. While much focus is placed on the ability to set a price, perhaps more emphasis should be placed on its ability to perform the value added services needed by the plastics industry. The examples provided by the Applicants refer to Southern Pacific setting their price by their inability to provide efficient services to meet customer demands. If this same logic is then continued within the market place, it stands to reason that pricing strategies will increase in direct correlation to a carrier's ability to provide enhanced services. Carrier costs are not the primarily consideration in either example since the carrier will price to what the market will bear. If a carrier's costs rise and competitive market factors will not allow that carrier's price to rise and still participate within the market, most likely the carrier will absorb the rising cost. If a carrier's cost decreases due to productivity gains, and the market price remains stable,

the carrier will most likely enjoy the increased return. While cost is a key factor in pricing activity, the market price for services rendered plays an equally if not more important role. Just because a carrier's cost either rises or falls does not provide an indication as to how that change will affect the consumer. As noted, taking into consideration the reduced price Southern Pacific offered, since it could not provide the necessary services required by customers, the customer was forced to find an alternative means, and in this case, at a much higher cost of services. The reduced pricing by SP was brought about by a lack of adequate services. If UP/SP can improve those services to an adequate level, and do so at a reduced cost due to their combined efficiencies, with the knowledge that the market will pay a premium for those services, it can either reduce transportation rates or instead increase them based on what the market will bear.

8. Impact of the Agreement with BNSF

Understanding the potential competitive ramifications that the proposed merger between Union Pacific and Southern Pacific would create, the Applicants negotiated with several potential alternative service providers, settling upon the BNSF as the primary candidate. In terms of geographical size, gateways they serve and having some presence in the Gulf Coast, BNSF was selected by UP/SP as the replacement competitor in comparison to the size and scope a combined UP/SP system would create.

To be able to agree that in fact BNSF provides an effective alternative to UP/SP, it is necessary to understand and analyze BNSF's ability to compete.

Looking specifically at the Texas/Louisiana Gulf Coast region, the UP/SP - BNSF Agreement consists of a combination of trackage rights and line segment purchases. These trackage rights are overhead bridge rights, subject to customer access which is limited in scope to new or existing industries that would lend themselves available as to both UP and SP service. They limit BNSF's ability to build or extend trackage from these rights to new or existing industries that may be local on UP or SP. BNSF has been provided the option of either providing switching services direct to the customer, or providing service through reciprocal switching provided by UP/SP or via the use of an approved third party.

BNSF will acquire gateway access to New Orleans and a much shorter route to Memphis. (BNSF must operate bi-directionally on the UP/SP Southbound line.) BNSF will be granted access to the Tex-Mex and thus the Laredo gateway along with other trackage and facility use to improve its position to the fast growing Mexico - United States market. The Agreement provides that each party will treat, without discrimination, the other's traffic and handle it in a like fashion as they would had it been their own.

Earlier, we examined both the operating support and capacity that BNSF currently has within the Gulf Coast along with dedicated plastics storage. Neither element allows the BNSF to effectively compete with a combined UP/SP. While land can be acquired and permitted, and eventually these types of facilities can be constructed, the cost for doing so and time for completion can be tremendous. The industry or customer's current needs, in many cases, will not allow large amounts of lead time. For those competitively served, transportation contracts are often for

varying lengths in term with three to five years as the industry norm, but with some much longer. Of course, while that traffic moving under existing UP or SP contracts is already precluded from BNSF participation until the expiration date, BNSF may be precluded from being a serious bidder on those contracts expiring within the near term due to the lack of ability to efficiently handle and store product. In normal business practice, the high cost of capital investment is usually supported by an adequate revenue stream in return. If this continues to be the case, a plastics resins producer must commit to using BNSF for a set period of time, at agreed upon rates and services, before BNSF would commit the necessary funding for facility construction. The customer in turn cannot jeopardize its current position knowing it has very limited alternatives to the existing facilities now being used, and therefore will be reluctant to commit to a BNSF alternative.

While the details of the Agreement have not been fully concluded, the parties have established a date of June 1, 1996 to do so and/or enter arbitration on the remaining issues, which will result in another 60 days before the final outcome is reached. This leaves many questions unanswered, but perhaps the following concerns in the existing data should be reviewed. BNSF, having a choice to either provide direct service, render service via reciprocal switching or, with UP/SP approval, use a third party contractor. BNSF has stated they are initially looking at contracting with UP/SP for a majority of switching services (Mr. Owen page 6). While they have the right to change the services provided with a set time period, they are limited to doing so only once in every 5 years and must pay any costs associated in doing so to the host carrier UP/SP. Throughout both Applicants and BNSF statements, single line

service has been demonstrated as the preferred means due to a variety of service and cost efficiencies. If BNSF relies upon UP/SP to perform these initial services, many of these same advantages may be lost to BNSF. Not only will they be dependent upon the services provided by UP/SP, but their control over the costs associated with these services will be severely limited. The UP/SP - BNSF Agreement provides for UP/SP to be fully reimbursed for its costs to provide switching services plus a reasonable rate of return. Since no figure has been provided, it is difficult to determine the extent of competitive impact this will have on BNSF. If BNSF chooses to perform the operational services required by their newly accessed shippers, it must heavily invested in an improved infrastructure to support the additional demand and traffic volumes. All of this takes both time and money. BNSF will most likely need the assurances of added volume/revenue to invest; however, shippers will most likely need the assurances of an operational plant and support services such as storage to be able to consider making a routing change. This circular chain on which commitment comes first could delay BNSF's ability to compete effectively within the Gulf Coast.

9. Conclusion

We have examined the overall plastics resins market of polyethylene and polypropylene and found that it is highly concentrated within the Gulf Coast. Therefore, any impact to a competitive rail environment would have significant impact on not only the plastics industry but also the consuming public. We have also reviewed production capacity of plastics resins and the location of that capacity by serving carrier(s) to identify a growing market and consumer demand to reinforce the

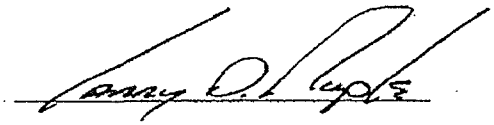
need for competitive rail balance. We looked at single line service. While not a new concept, this has played a key role in the settlement of downstream users for many years. Since UP and SP have been the dominant rail transportation suppliers to the plastics resins industry, resins consumers, in order to take advantage of single line service and the benefits it has to offer, often have located on the UP and/or SP. While BNSF may be granted access to new production, it is confined by virtue of its geographical coverage of the end users and/or value added suppliers. We looked at alternative mode competition and found almost a complete reliance on rail, rail car loading, storage of loaded and empty rail cars and, of course, transportation of product to final destination. No other form or combination of transportation alternatives can provide the services current offered by rail. When looking at plastics storage, a critical aspect and need of plastics resins producers, UP/SP possess a dominant position. Although additional plastic storage can be constructed or secured by BNSF, it comes on the back of volume commitments by plastics resins producers in what was phased as a "chicken and egg" analogy. The operational capacity as measured in car spots once again signals a substantial market position by a combined UP/SP having almost 7 times the capacity of BNSF in the Gulf Coast area. In examining the competitive effects the UP/SP will have on the plastics resins market we examined the strengths and weakness of each competitor, UP/SP and BNSF, in terms of pricing and value added service leverage, and found UP/SP to have considerable strength over any competitor or mode when bringing into the mix their ability to access both competitive and single source plant locations, operational capacity, storage capacity and geographical coverage of end users. And when we

need for competitive rail balance. We looked at single line service. While not a new concept, this has played a key role in the settlement of downstream users for many years. Since UP and SP have been the dominant rail transportation suppliers to the plastics resins industry, resins consumers, in order to take advantage of single line service and the benefits it has to offer, often have located on the UP and/or SP. While BNSF may be granted access to new production, it is confined by virtue of its geographical coverage of the end users and/or value added suppliers. We looked at alternative mode competition and found almost a complete reliance on rail, rail car loading, storage of loaded and empty rail cars and, of course, transportation of product to final destination. No other form or combination of transportation alternatives can provide the services current offered by rail. When looking at plastics storage, a critical aspect and need of plastics resins producers, UP/SP possess a dominant position. Although additional plastic storage can be constructed or secured by BNSF, it comes on the back of volume commitments by plastics resins producers in what was phased as a "chicken and egg" analogy. The operational capacity as measured in car spots once again signals a substantial market position by a combined UP/SP having almost 7 times the capacity of BNSF in the Gulf Coast area. In examining the competitive effects the UP/SP will have on the plastics resins market we examined the strengths and weakness of each competitor, UP/SP and BNSF, in terms of pricing and value added service leverage, and found UP/SP to have considerable strength over any competitor or mode when bringing into the mix their ability to access both competitive and single source plant locations, operational capacity, storage capacity and geographical coverage of end users. And when we

assess the impact the UP/SP - BNSF Agreement would have on the competitive rail environment of the plastics resins market, although the two may compare in size and scope overall, under the current conditions in the Gulf Coast the BNSF will not render effective competition to the UP/SP, in substitution for the current environment.

Verification:

I, Larry D. Ruple, declare that the foregoing is true and correct as to the best of my knowledge. Further, I certify that I am qualified and authorized to file this verified statement, executed on this 20th day of March, 1996.



Larry D. Ruple

Rebuttal Exhibit II-B- 32

Redacted