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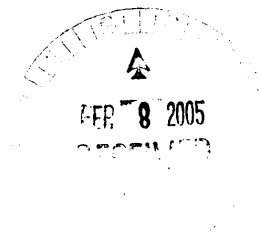
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February 8, 2005

Via Hand Delivery
The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street N.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings
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**Re: Public Service Company of Colorado d/b/a Xcel Energy v. The
Burlington Northern and Santa Fe Railway Company, Complainant's
Petition to Correct Technical Errors in Reconsideration Decision, S.T.B.
Docket No. 42057**

Dear Secretary Williams:

Please accept for filing on behalf of complainant Public Service Company of Colorado d/b/a Xcel Energy ("Xcel Energy") the accompanying Petition to Correct Technical and Computational Errors in Reconsideration Decision in the above-captioned docket. The original and 10 copies are included.

An extra copy of this filing is included for stamping and return to this office. If there are any questions concerning this matter, please contact the undersigned at 202.274.2913.

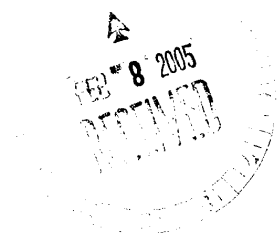
Sincerely,

Thomas Wilcox
Thomas W. Wilcox
Counsel for Complainant

cc: Lisa Lett, Esq.
 Mr. Pat Panzarino
 Mr. Gerald D. Zimmerman
 Ellen D. Hanson, General Counsel of the STB
 Counsel for Defendant

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BEFORE THE
SURFACE TRANSPORTATION BOARD



PUBLIC SERVICE COMPANY OF COLORADO
D/B/A XCEL ENERGY,

Complainant,

v.

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY,

Defendant.

Docket No. 42057

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**COMPLAINANT'S PETITION TO CORRECT
TECHNICAL AND COMPUTATIONAL ERRORS IN RECONSIDERATION
DECISION**

Complainant Public Service Company of Colorado d/b/a Xcel Energy ("Xcel Energy"), pursuant to 49 CFR § 1117.1, hereby requests that the Board correct two technical and computational errors in its decision served January 19, 2005 in this proceeding ("Reconsideration Decision"). One of the errors identified by Xcel Energy – the failure of the Board to correctly update the discounted cash flow ("DCF") model to include the cost of capital for 2002 and 2003 – is undisputed by BNSF. Xcel Energy was not successful in obtaining BNSF's agreement concerning the other error identified by Xcel Energy – a computational error related to the calculation of materials transportation costs.

I. Introduction

The Board recognizes that technical and computational errors sometimes occur in rate reasonableness cases due to the complexity of these cases and the voluminous

evidentiary submissions required, and the Board encourages parties to inform it of these errors. *See, e.g., Duke Energy Corporation v. Norfolk Southern Railway Company*, STB Docket 42069 at 2 (served February 3, 2004). The Board specifically reiterated this position in a decision served in this proceeding on December 14, 2004 (“December 14 Decision”).

In the December 14 Decision, the Board also provided guidance on future petitions to correct technical or computational errors. Specifically, the Board stated that such petitions must be filed within 20 days of the service of the decision in which the errors occur, and that the parties should attempt to file such petitions jointly. December 14 Decision at 2. After evaluating the Reconsideration Decision and the workpapers supporting it, Xcel Energy discovered two errors that it is bringing to the Board’s attention: (1) the Board failed to properly update the railroad cost of capital in the DCF model, and (2) the Board double-counted sub-ballast transportation costs in its calculation of materials transportation costs. Upon discovery of these two errors, counsel for Xcel Energy contacted counsel for BNSF in order to obtain BNSF’s agreement to make a joint filing in accordance with the Board’s preference in the December 14 Decision. While Xcel Energy was able to obtain BNSF’s agreement that the Board committed a technical error regarding the updated cost of capital, Xcel Energy was not successful in obtaining BNSF’s agreement regarding the Board’s computational error concerning sub-ballast transportation costs.

II. Description of the Two Errors Identified by Xcel Energy

A. Cost of Capital Technical Error

An important component of any stand-alone cost analysis is the use of railroad cost of capital information in the final DCF calculations. Comprised of debt and equity components, the cost of capital attributed to a stand-alone railroad (“SARR”) is based on actual financial conditions faced by real railroads as annually calculated in the Board’s Ex Parte 558, *Railroad Cost of Capital* proceeding. The Board has used the most recently available cost of equity component of the cost of capital in stand-alone cost cases. See, e.g., *Duke Energy Corp. v. Norfolk Southern Railway*, Docket 42069 at 19-20 (served October 20, 2004).

In this proceeding, the parties’ evidentiary filings used actual cost of capital information through 2001 only, because figures for later years were not yet available. In the Reconsideration Decision, the Board agreed with Xcel Energy that established precedent required the Board to update the cost of capital to include actual figures for 2002 and 2003 also. Reconsideration Decision at 19. However, while the Board properly included the new figures in DCF Model Spreadsheet “DCF_12_8_RECONSIDERATION_WI.123”, tab “Cost of Capital,” the updated cost of capital information was not allowed to flow through to the actual DCF calculations. Specifically, the actual DCF calculations that rely on the cost of capital figures occur in the DCF Model Spreadsheet “DCF_12_8_RECONSIDERATION_WI.123” tabs “IDC”, “Amortization”, “Replacement”, “Investment SAC” and “Netting”. The updated cost of capital information was not allowed to flow through this spreadsheet and, therefore, had no impact on the Board’s ultimate result in the Reconsideration Decision. Thus, the

impact of the updated cost of capital was not reflected in the Board's Reconsideration Decision. As stated above, BNSF has informed Xcel Energy that it does not oppose correcting the Reconsideration Decision to fix this technical error.

B. Materials Transportation Cost Computational Error

The Board also committed an obvious computational error in its determination of materials transportation costs in the Reconsideration Decision by erroneously double counting the SARR's costs of transporting sub-ballast materials. More specifically, in its Petition for Reconsideration, BNSF complained that the Board erred in permitting certain construction materials to be routed over portions of the residual BNSF that had been replicated by the SARR. BNSF Petition for Reconsideration at 17, citing Xcel Energy Rebuttal at III-F-79. The specific movements complained of were two movements of welded rail and ties, from Northport to Pawnee Junction and Denver to Donkey Creek, respectively. Xcel Energy Rebuttal at III-F-79, note 145. BNSF's evidence made no claim or showing that sub-ballast materials were transported over the BNSF lines being replicated by the SARR. In the Initial Decision, the Board adopted a unit cost "for delivered sub-ballast," based on materials produced by BNSF in discovery that included the cost of transporting this material. Initial Decision at 102. Thus, the materials transportation costs adopted by the Board in the Initial Decision correctly did not include a separate component for the transportation of sub-ballast. Compare Initial Decision workpaper "STB Restated Transportation Rebuttal.xls" tab "Transportation" (no line for transportation of sub-ballast) with BNSF Reply Workpaper "III F Construction.xls," tab "Transportation" (included a line for transportation of sub-ballast). BNSF did not seek reconsideration of this aspect of the Initial Decision.

As to the routing of welded rail and ties over the SARR, on reconsideration the Board corrected its mistake of attributing to Xcel Energy what was in fact BNSF's complaint (that construction materials could not be routed over portions of the residual BNSF replicated by the SARR), and the Board purported to side with BNSF on this issue by simply replacing the materials transportation costs the Board had adopted in the Initial Decision with the materials transportation costs advanced by BNSF in its evidence. Reconsideration Decision at 17-18. However, in doing so the Board committed a clear computational error because, as mentioned above, BNSF's Reply materials transportation costs included the approximately \$28.2 million for the transportation of sub-ballast that the Board had previously rejected when it adopted the unit cost for "delivered sub-ballast" submitted by Xcel Energy that included a transportation component.¹ Since the delivered sub-ballast cost adopted by the Board in the Initial Decision was unchanged on reconsideration,² and since BNSF neither claimed nor demonstrated that this material would be transported over the residual lines of the BNSF being replicated by the SARR, the Board committed an obvious double count on reconsideration by not eliminating from BNSF's material transportation costs the approximately \$28.2 million sub-ballast transportation costs that the Board had previously excluded in the Initial Decision. This error results in a significant overstatement of the materials transportation costs that should be attributed to the SARR under the Reconsideration Decision, and the Board should correct this obvious error by deleting this amount from BNSF's total materials transportation costs.

¹ See the Board's Reconsideration Decision workpaper "STB_WCC_CONSTRUCTION_COSTS1.XLS," (tab "Transportation"); and BNSF's Reply workpaper "III F Construction.xls," (tab "Transportation").

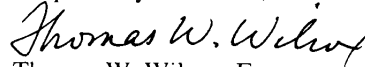
² See the Board's Reconsideration Decision workpaper "STB_WCC_CONSTRUCTION_COSTS1.XLS" (tab "Total Cost", cell reference: column O, row 26).

III. Conclusion

For the foregoing reasons, Xcel Energy requests that the Board correct the computational and technical errors described in this Petition and revise the Reconsideration Decision accordingly.

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Respectfully submitted,



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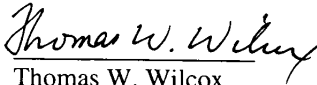
Attorneys for Complainant

February 8, 2005

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of February 2005, I served a copy of the Complainant's Petition to Correct Computational and Technical Errors in Reconsideration Decision by hand upon the counsel for the defendant at the following address:

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