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SERVICE DATE – AUGUST 14, 2009

SURFACE TRANSPORTATION BOARD

DECISION

STB Ex Parte No. 646 (Sub-No. 1)

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PUBLIC SERVICE COMMISSION

SIMPLIFIED STANDARDS FOR RAIL RATE CASES

Decided: August 14, 2009

In a decision served in this proceeding on September 5, 2007 (Simplified Standards), the Board modified its simplified rail rate guidelines, creating a simplified stand-alone cost (Simplified-SAC) approach for medium-size rail rate disputes and revising its three-benchmark approach for smaller rail rate disputes. For Simplified-SAC cases, the Board established procedures to reduce cost and complexity, including that findings in prior full stand-alone cost (Full-SAC) cases are used in parts of the road property investment (RPI) analysis. Simplified-SAC cases utilize a rolling average from prior cases, such that as new Full-SAC cases are issued by the Board, older cases are dropped from the comparison in subsequent proceedings. See Simplified Standards, at 38.

The Board has recently completed two Full-SAC cases, including administrative appeals. See Western Fuels Association, Inc., and Basin Electric Power Cooperative v. BNSF Railway Company, STB Docket No. 42088 (Sub-No. 1) (STB served Feb. 18, 2009); AEP Texas North Company v. BNSF Railway Company, STB Docket No. 41191 (Sub-No. 1) (STB served May 15, 2009). In accordance with Simplified Standards, these two cases replace the two oldest Full-SAC cases in the RPI rolling average. The tables in Appendix A of this decision reflect this change and will replace tables A-2 through A-13 in Simplified Standards. These tables shall be used in Simplified-SAC RPI analyses until further updated.¹

This decision will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The tables in Appendix A replace tables A-2 through A-13 in Simplified Standards.

¹ The cases within the tables in Appendix A are in chronological order by decision date, with the oldest case listed first.

2. This decision is effective on its service date.

By the Board, Leland L. Gardner, Director, Office of Economics, Environmental
Analysis, and Administration.

Anne K. Quinlan
Acting Secretary

Appendix A – Road Property Investment

Table A-2

Comparison of Per Acre Land Costs by Category

	Cost Index Year	Agricultural	Residential	Industrial	Commercial
CP&L	2002	\$3,932	\$4,913	\$83,253	\$130,900
Duke/CSXT	2002	\$4,141	\$6,982	\$39,842	\$94,656
Xcel	2001	\$446	\$22,157	\$13,797	\$42,549
Otter Tail	2002	\$533	\$13,006	\$14,844	\$32,423
AEP Texas	2000	\$597	\$11,733	\$93,408	\$51,602
WFA	2004	\$620	\$4,225	\$10,385	\$10,385

Table A-3

Comparison of Earthwork Unit Costs (per cubic yard)

	Common	Loose	Solid	Borrow	Fine Grading
CP&L	\$3.34	\$8.81	\$9.20	\$9.89	
Duke/CSXT	\$3.29	\$8.67	\$9.09	\$9.81	
Xcel	\$3.43	\$8.00	\$9.57	\$12.26	\$0.15 slope \$0.32 subgrade
Otter Tail	\$3.90	\$6.57	\$9.22	\$12.35	\$0.33
AEP Texas	\$3.42	\$6.85	\$8.89	\$12.10	\$0.33
WFA	\$2.17	\$8.69	\$10.55	\$13.69	

Table A-4

Comparison of Other Earthwork Unit Costs

	Total Cost (\$ Millions)	Route Miles	Cost per Route Mile
CP&L	\$79.1	818	\$96,555
Duke/CSXT	\$93.8	1,197	\$78,399
Xcel	\$21.7	367	\$59,027
Otter Tail	\$43.8	1,208	\$36,260
AEP Texas	\$34.9	1,169	\$29,904
WFA	\$13.2	301	\$43,623

Table A-5**Comparison of Track Construction Costs**

	Total Cost (\$ Millions)	Track Miles	Cost per Track Mile
CP&L	\$508.3	1,073	\$473,693
Duke/CSXT	\$712.4	1,510	\$471,816
Xcel	\$358.1	678	\$528,123
Otter Tail	\$744.5	1,563	\$476,342
AEP Texas	\$889.5	1,730	\$514,097
WFA	\$250.2	444	\$563,989

Note: Ballast and sub-ballast costs excluded from the above chart.

Table A-6**Comparison of Eastern Bridge Construction Costs
cost per linear foot per track**

	Type 1	Type 2	Type 3
Duke/NS	\$6,044	\$3,405	\$3,813
CP&L	\$5,790	\$3,967	\$3,701
Duke/CSXT	\$4,892	\$3,924	\$3,993

Note: The cost index year for Duke/NS is 2002.

Table A-7**Comparison of Western Bridge Construction Costs
cost per linear foot per track**

	Type 1	Type 2	Type 3
TMPA	\$2,225	\$3,862	\$4,409
Xcel	\$1,793	\$2,690	\$4,427
Otter Tail	\$2,315	\$2,552	\$4,300
AEP Texas	\$5,976	\$4,019	\$3,150
WFA	\$3,345	\$3,070	\$4,077

Table A-8

STB Derived Trend Curve for Western Bridges

	<p>x = bridge length {feet} y = \$/linear ft per track</p>
Western SAC Cases	$y = -0.0075x^3 + 6.3024x^2 + 2566.9x + 14488$

Note: This equation gives a unit cost indexed to 2005.
 It is not a case specific index which is required for determining unit costs for other investment items.

Table A-9

Comparison of Culvert Construction Costs

Input units Pipe cross-sectional area
 for Corrugated Metal Pipe & Structural Steel Plate; x {sq. in.}
 for Reinforced Concrete Box; x {sq. ft.}

Output units y {\$/LF}

	Corrugated Metal Pipe	Reinforced Concrete Box	Structural Steel Plate
CP&L	$y=0.025x+11.322$	$y=4.563+198.47$	$y=0.0161x+163.875$
Duke/CSXT	$y=0.0276x+8.89$	$y=8.671x+134.295$	$y=0.0161x+145.66$
Xcel	$y=0.0304x+26.399$	$y=3.886x+286.052$	$y=0.00934x+155.158$
Otter Tail	$y=0.0392x+17.606$	$y=4.017x+172.3$	$y=0.0171x+72.524$
AEP Texas	$y = 0.0185x + 48.0701$	$y = 6.2711x + 335.3920$	$y = 0.0220x + 0$
WFA	$y = 0.0254x + 71.4752$	$y = 8.1320x + 810.9174$	$y = 0.0209x + 399.6942$

Table A-10

Comparison of Signaling & Communications Costs (with CTC)

	Total Cost (\$ Millions)	Route Miles	Cost per Route Mile
CP&L	\$138.7	818	\$169,578
Duke/CSXT	\$187.8	1,197	\$156,914
Xcel	\$76.8	367	\$209,142
Otter Tail	\$203.8	1,208	\$168,669
AEP Texas	\$145.9	1,169	\$124,783
WFA	\$61.7	301	\$204,797

Table A-11

**Comparison of Building & Facilities Costs
per ton of total traffic volume**

	Total Cost (\$ Millions)	Forecast Volume (Million Tons)	Cost per Ton
CP&L	\$37.9	72.3	\$0.524
Duke/CSXT	\$62.0	104.9	\$0.591
Xcel	\$41.2	105.3	\$0.391
Otter Tail	\$51.3	219.6	\$0.234
AEP Texas	\$49.4	222.5	\$0.222
WFA	\$36.6	68.3	\$0.535

Table A-12

Comparison of Public Improvement Costs (Without Grade Separations)

	Total Cost (\$ Millions)	Route Miles	Cost per Route Mile
CP&L	\$7.6	818	\$9,313
Duke/CSXT	\$3.7	1,197	\$3,549
Xcel	\$12.3	367	\$33,597
Otter Tail	\$29.5	1,208	\$24,391
AEP Texas	\$42.9	1,169	\$36,706
WFA	\$11.5	301	\$38,194

Table A-13**Comparison of Grade Separation Costs**

	Total Cost (\$ Millions)	Number Separations	Cost per Separation
CP&L	\$3.3	6.0	\$554,317
Duke/CSXT	\$3.7	7.9	\$469,857
Xcel	\$8.8	16.3	\$539,225
Otter Tail	\$9.6	17.0	\$561,877
AEP Texas	\$25.3	41.2	\$613,229
WFA	\$13.5	17.2	\$784,235