



RAIL REPORT

RAIL CUSTOMER NEWS AND INFORMATION FROM CURE

FEBRUARY 2007

MARCH 15: RAIL CUSTOMER DAY IN WASHINGTON, D.C.

With the 2007 Rail Customer Day less than two weeks away, CURE is gathering an impressive group of rail customers from across the nation who represent electric cooperatives, investor-owned utilities, and chemical, cement and forest product companies to come to Washington, D.C. for a day of advocacy meetings with Members of Congress and their staff. Rail Customer Day in 2006 drew 250 participants and registrations to date suggest that we may exceed that number this year. The day will begin with an 8:00 a.m. breakfast rally in the Dirksen Senate Office Building, consist of numerous lobbying visits throughout the day and conclude with a reception at 5:00 p.m. in the Rayburn House Office Building.

MEMBERSHIP UPDATE

CURE is pleased to welcome its newest member in 2007:

Olin Chlor Alkali

Interested in joining the CURE effort? Visit www.railcure.org or call us at (202) 298-1844.

Momentum is building for Congressional action in 2007 to address problems with the national rail system. March 15 is an opportunity for rail customers from across the nation to educate their Members on the problems the rail

system is having on local economies, jobs, the cost of electricity and other important aspects of the nation's economic life. Congressional Members must hear from their constituents about the challenges they are facing with freight rail transportation. If you are interested in attending or would like more information, please contact Beckie Whitehead at rcw@vnf.com or (202) 298-1959. **Please spread the word about March 15 so that we have the largest possible show of support for rail policy reform!**

RAIL CUSTOMER BILLS NEAR INTRODUCTION

The antitrust legislation in the Senate and the Surface Transportation Board (STB) reform legislation in both the House and Senate are nearing completion and gathering cosponsors in advance of their introduction. The Senate antitrust bill, sponsored by Senators Herb Kohl (D-WI) and Norm Coleman (R-MN) is scheduled to be introduced on Tuesday, March 6. The bill, which is similar to S. 3612 from the 109th Congress, lifts the wide-ranging antitrust exemption that the railroads currently enjoy. A House antitrust bill, patterned after S. 3612, is also being prepared for introduction by a bipartisan group of House members.

The STB reform legislation in the House and Senate likely will be introduced on March 15, Rail Customer Day, by Congressmen Jim Oberstar (D-MN) and Richard Baker (R-LA) and Senators Jay Rockefeller (D-WV), Byron Dorgan (D-ND), Larry Craig (R-ID) and David Vitter (R-LA). The bills will ensure competition in the rail industry, authorize and direct the STB to be a pro-active regulatory agency, define the service obligation of the railroads, and empower the STB to enforce those service obligations and provide a workable rate challenge process that is more like the rate processes of other American regulatory agencies. H.R. 2047 in the 109th Congress had 40 total House cosponsors and S. 919 had 12 Senate cosponsors. We are anticipating a much larger bipartisan group of cosponsors for both bills in the 110th Congress.

Please contact your senators and representatives to urge them to cosponsor the Kohl/Coleman Senate antitrust bill, the Rockefeller/Dorgan/Craig/Vitter Senate STB reform bill and the Oberstar/Baker House STB reform bill! For additional information on these bills, please contact a member of the CURE staff at (202) 298-1844.

FIRST RAILROAD TRANSPARENCY BILL INTRODUCED IN MINNESOTA

On February 19, Minnesota State Senators Dan Skogen and Tom Saxhaug introduced S.F. 1028, a bill to require the railroads to disclose certain information about operations in the state that are of interest to the state and its citizens.

Consumers United for Rail Equity
Robert Szabo, Executive Director
(202) 298-1920
rgs@vnf.com

1050 Thomas Jefferson St. NW, Suite 600
Washington, D.C. 20007

RAIL REPORT
Beckie Whitehead, Editor
(202) 298-1959
rcw@vnf.com

S.F. 1028, the first railroad "sunshine" bill to be introduced in any state legislature, does two primary things: requires Class I railroads to make public their cost of operations for each rail segment that is served by a single railroad; and requires the railroads to disclose all capital investments they intend to make in Minnesota. This legislation is the product of hard work and cooperation between the bill's sponsors and the state's rail customer advocacy group, GopherCURE. This bill is important because the railroad industry is a particularly non-transparent industry. They are a business-to-business industry whose operations are hidden from most citizens while affecting all citizens; the system of federal government supervision of the railroad industry is arcane and obtuse; and little independent and accessible data exists on the operation of the railroad industry. We hope this important bill will lead to the introduction of similar legislation in other state legislatures across the country. For more information on this bill, please visit <http://www.senate.leg.state.mn.us/>.

RAILROADS POST RECORD PROFITS – AGAIN

2006 was yet another record year for the class I railroads, as they posted a nearly \$9 billion net profit – more than 27 percent over what they earned in 2005. Union Pacific, the largest of the four major class I railroads, posted a profit of \$1.6 billion, representing a 60 percent increase over the \$1 billion they reported in 2005. Burlington Northern Santa Fe saw its earnings increase by 27 percent. Earlier in the month, railroad company shares surged after Wall Street analysts predicted a strong showing in 2007. Despite rate increases and continued service problems, to which rail customers can attest, the railroads continue to post record earnings and gain the favor of Wall Street investors.

SENATE JUDICIARY COMMITTEE TO EXAMINE ANTITRUST EXEMPTIONS

On March 7, the Senate Judiciary Committee will hold two hearings on antitrust law that could include a discussion of exemptions for the railroads. The first hearing, before the full committee, will focus on antitrust exemptions for the insurance industry. The second hearing, before the Subcommittee on Antitrust, Competition Policy and Consumer Rights, will focus on oversight and enforcement of the nation's antitrust laws. This hearing will be chaired by Senator Herb Kohl (D-WI), lead sponsor of the railroad antitrust bill soon to be introduced. Witnesses will include representatives from the Department of Justice and the Federal Trade Commission. Full details of both of these hearings appear below.

"The McCarran-Ferguson Act and Antitrust Immunity: Good for Consumers? "

Senate Judiciary Committee: Full Committee

DATE: March 7, 2007 TIME: 9:30 AM ROOM: Dirksen – 226

Witness Panel I: The Honorable Trent Lott The Honorable Mary L. Landrieu
 United States Senator [R-MS] United States Senator [D-LA]

Witness Panel II: Michael Homan Robert J. Hunter Marc Racicot Michael McRaith
 Homeowner Insurance Director President Illinois Director of
 New Orleans, LA Consumer Federation American Insurance Insurance
 of America Association National Association of
 Washington, DC Washington, DC Insurance Commissioners
 Chicago, IL

"Oversight of the Enforcement of the Antitrust Laws"

Senate Judiciary Committee: Subcommittee on Antitrust, Competition Policy and Consumer Rights

DATE: March 7, 2007 TIME: 2:00 PM ROOM: Dirksen – 226

Witness Panel: The Honorable Thomas O. Barnett The Honorable Deborah Platt Majoras
 Assistant Attorney General for the Chairman
 Antitrust Division Federal Trade Commission
 U.S. Department of Justice Washington, DC
 Washington, DC