



**Supporting
Organizations**

April 24, 2006

Alliant Energy
Checker Logistics, Inc.
Citizens Utility Board
Customers First! Coalition
Dairyland Power Cooperative
Domtar Industries
Georgia Pacific
Green Bay Area Chamber of
Commerce
Green Bay Packaging
Leicht Transfer & Storage
Louisiana-Pacific
Madison Gas & Electric
Municipal Electric Utilities of
Wisconsin
Neenah Foundry
Ort Lumber
Packaging Corporation
of America
Proctor & Gamble
Sadoff Iron & Metal Company
Stora Enso
Timber Producers Association
of Wisconsin & Michigan
We Energies
Weyerhaeuser
WI Agri-Service Association
WI Cast Metals Association
WI Farmers Union
WI Federation of Cooperatives
WI Manufacturers &
Commerce
WI Paper Council
WI Professional Loggers
Association
Wisconsin Public Power Inc.
WI Public Service Corp.
Wolf River Lumber, Inc.

The Honorable Russell D. Feingold
United States Senate
506 Hart Senate Office Building
Washington DC 20515

Dear Senator Feingold:

We are writing to express our concern about the Surface Transportation Board's (STB) oversight of our nation's railroads. The STB's inability to protect Wisconsin industries from declining rail service standards and unreasonably high rates is not only negatively impacting businesses and consumers, but also threatening the economic health of our entire state.

As you know, the State of Wisconsin depends on our nation's rail infrastructure to keep its economic engine running strong. Wisconsin electric utilities depend on rail for coal deliveries to power our homes and businesses. The Wisconsin paper and forest products industry relies on rail to ship many of its products. Without our railroads, our state's agriculture industry would be unable to help feed the nation. It is clear that Wisconsin cannot thrive without dependable and economically reasonable rail service.

Since the railroad industry was deregulated in 1980, the industry has consolidated from over forty major railroads into seven – with four of those now handling 90 percent of our nation's total rail traffic. This massive consolidation has led to 35 percent of the nation's rail traffic now being subject to railroad monopoly power. This traffic is called "captive" traffic, or in other words, these are rail customers who have only one railroad that can meet their shipping needs.

While not all of Wisconsin rail customers are technically classified as being "captive", the lack of adequate competition in the railroad industry has led to declining service standards, increased unreliability of shipments, and unreasonably high rates for many of the state's most important industries. A railroad essentially can dictate to its customers how traffic will move on the railroad's system, what will be shipped, and at what rate.

When the rail industry was deregulated, Congress established the STB to protect captive customers from unreasonably high rates and poor service standards by providing a process for them to seek redress if they believed they were being economically harmed. We believe the STB has failed to protect captive rail customers' interests. The process developed by the STB is so complicated, time consuming, and expensive that few captive rail customers choose to seek relief.

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The outgoing Chairman of the STB testified to Congress that bringing a rate case before the STB typically costs a rail customer \$2 to \$3 million and takes a minimum of 2 years to prosecute – only after the customer pays a filing fee of at least \$10,100 and as much as \$102,000. We believe these exorbitant costs are simply unacceptable. In addition, the STB rate reasonableness process is available only to captive rail customers, not to those who are experiencing similar rate or service problems but are not technically classified as being “captive”. Because of this, many agriculture commodities are excluded from the rate relief process and do not have access to a remedy for unreasonably high rates. Finally, the captive rail customer carries the burden of proof on almost all issues during the process and the railroad is free to collect the rate while the case is pending.

The result of this broken process is not surprising: there have been only 11 rate cases decided by the STB over the last 6 years with only one of them resulting in any meaningful rate reductions for a captive rail customer (a Wisconsin utility).

The Wisconsin Public Service Commission has recently decided to take an in depth look at the impacts of increasing railroad shipping rates and reliability problems on electricity generation and costs in Wisconsin. The Wisconsin State Senate has shown its concern about the harm high rail rates and poor service can cause to the state’s economy when it adopted Senate Resolution 13 to express its support for Congressional action on the issue. These are welcome state responses.

Nonetheless, we believe action at the federal level is paramount to finding a long-term solution to this problem for all Wisconsin industries and consumers that are being economically harmed. If you haven’t done so already, please consider cosponsoring pro-consumer legislation like H.R. 2047 or S. 919 which creates stronger rail customer safeguards, or H.R. 3318 which would eliminate railroad’s antitrust exemption. We also urge additional oversight hearings on this issue, and hold the hope that the President will nominate a fair candidate to fill the current STB vacancy. Your support for any of these actions could make a positive impact immediately.

It is our hope that the Wisconsin delegation will work together to address these rail problems as it normally does when confronted with an issue that has a harmful impact on our entire state. We urge you to look for opportunities to raise awareness throughout Congress about the problems that plague the STB’s effectiveness and for ways to encourage railroads to improve their service standards and provide reasonable rates to all Wisconsin rail customers in the near future. Thank you in advance for your leadership on this issue.

Sincerely,

Alliant Energy
Madison, Wisconsin

Checker Logistics, Inc.
Neenah, Wisconsin

Citizens Utility Board
Madison, Wisconsin

Stora Enso
Wisconsin Rapids, Wisconsin

Timber Producers Association of
Wisconsin & Michigan

We Energies
Milwaukee, Wisconsin

Customers First! Coalition Madison, Wisconsin	Proctor & Gamble Green Bay, Wisconsin
Dairyland Power Cooperative La Crosse, WI	Sadoff Iron & Metal Company Fond du Lac, Wisconsin
Domtar Industries Port Edwards/Nekoosa	Weyerhaeuser Rothschild, Wisconsin
Georgia Pacific Green Bay, Wisconsin	Wisconsin Agri-Service Association Madison, Wisconsin
Green Bay Area Chamber of Commerce Green Bay, Wisconsin	Wisconsin Cast Metals Assoc. Neenah, Wisconsin
Green Bay Packaging Green Bay, Wisconsin	Wisconsin Farmers Union Chippewa Falls, Wisconsin
Leicht Transfer & Storage Green Bay, Wisconsin	Wisconsin Federation of Cooperatives Madison, Wisconsin
Louisiana-Pacific Hayward, Wisconsin	Wisconsin Manufacturers & Commerce Madison, Wisconsin
Madison Gas & Electric Madison, Wisconsin	Wisconsin Paper Council Neenah, Wisconsin
Municipal Electric Utilities of Wisconsin Sun Prairie, Wisconsin	WI Professional Loggers Association Rhineland, Wisconsin
Neenah Foundry Neenah, Wisconsin	Wisconsin Public Power Inc. Sun Prairie, Wisconsin
Ort Lumber New London, Wisconsin	Wisconsin Public Service Corp. Green Bay, Wisconsin
Packaging Corporation of America Tomahawk, Wisconsin	Wolf River Lumber, Inc. New London, Wisconsin

Please send reply to:

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Customers First! Coalition
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