



Supporting Organizations

Alliant Energy
American Chemistry
Basin Electric Power Cooperative
Bemidji Area Forestry Affairs Council
Blandin Paper Company
Cooperative Network
Dairyland Power Cooperative
East River Electric Power Cooperative
Freeborn-Mower Cooperative Services
Grand Rapids Area Chamber of Commerce
Great River Energy
Hibbing Area Chamber of Commerce
Lyon-Lincoln Electric Co-op
McNeilus Steel
Midwest Shippers' Association
Minnesota Crop Production Retailers
Minnesota Farmers Union
Minnesota Grain and Feed Association
Minnesota Forest Industries
Minnesota Power
Minnesota Rural Electric Association
Minnesota Soybean Growers Association
Minnesota Valley REC
Minnesota Municipal Utilities Association
Otertail Power Company
People's Cooperative Services
Renville-Sibley Co-op
Tri-County Electric Cooperative
Xcel Energy

Railroaded! A Fact Sheet on Minnesota's Captive Shippers

The following are just a few Minnesota-specific examples of the industries, companies and essentially their customers forced to pay exorbitant rates for poor service because of their captive shipper status.

► Agriculture

The Minnesota Prairie Line (MPL) that ends in Hanley Falls in Western Minnesota services a very agriculturally productive area. The BN runs close to the MPL but BN refuses to hook up with the MPL. The same situation exists with the TC&W that runs along a major rural highway in South Central Minnesota. However, the TC&W *crosses* at least one BN line and they still won't work together. Essentially, the BN controls the situation. The BN has discussed with grain companies on both sides that they would "hook up" if someone could provide unit trains to them from this area.

► Chemicals

Arkema's facility in Blooming Prairie supports the production of PVC by taking locally grown soybean and other natural vegetable oils and turning them into industrial additives. Other products produced in Blooming Prairie are used in lubricating oil formulations, shampoo, lipstick, furniture, floor tiles and food wrap. Production is dependent upon scheduled, regular Class I rail service to bring in raw materials and to send out finished products. Without this service, the work of the 50 employees at the site must stop. In late 2009 and early 2010, Arkema saw significantly reduced Class I rail service quality, including scheduled service not occurring a week or more after the scheduled date, services not getting uploaded to the railroad's service list, and cars hardly moving more than three weeks after they were originally shipped. This occurred despite the fact that the company has contracts with the rail provider requiring them to provide quality, scheduled service. These service problems directly impacted the ability of the plant, which is the largest employer in the area, to do its work.

► Utilities

Dairyland Power Cooperative is a generation and transmission cooperative providing power to residents of southeast Minnesota and 3 other states. Dairyland's three coal fired power plants consume about 3.2 million tons per year and all of the coal is shipped by rail, either directly to the plant, or to barges for river shipping. In 2006, Dairyland experienced a 93% average

increase in rail rates. As a result, it now cost about \$75 million to ship \$30 million worth of coal. This means transportation accounts for over 70% of Dairyland's delivered coal costs! Due primarily to the rail rate impacts, Dairyland had to implement a 20% increase in wholesale electric rates to our members. As a result, families in Minnesota's Freeborn and Mower counties were hit with increased electric costs of \$320. Since then, rail rates have continued to escalate based upon this dramatically higher rate structure.

► Lumber and Paper

Paper companies in Minnesota and Wisconsin are facing potential lost business if rail service does not improve. One of the world's leading producers of printing papers, UPM can produce paper at a mill in Finland and ship the paper across the Atlantic Ocean, then deliver it by competitive rail to customers in the Southeastern United States – a distance of approximately 5,000 miles – for about the same transportation cost as paper manufactured at UPM's Blandin Paper Mill in Minnesota and delivered by a monopoly rail carrier to the same customers – a distance of approximately 1400 miles. Georgia kaolin clay is an essential component in the manufacture of coated paper. Due to the lack of rail competition in the United States, the cost to transport kaolin clay by rail from Georgia to paper mills in Minnesota is more than 40% higher than the cost to transport it to paper mills in Finland.