



# News Release

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## **COALITION OF GROUPS URGE RAIL REFORM**

NEENAH – A broad coalition of groups and businesses is calling on Congress to enact meaningful railroad reforms in order to improve service and decrease escalating costs.

“Rail reform has become the highest transportation issue for many of Wisconsin's businesses,” said Patrick Schillinger, President of the Wisconsin Paper Council, one of the main groups leading the fight.

“Our industries are under intense competition and for many of us, rail has been the most economical means of transporting in our raw goods and shipping out our finished products,” Schillinger said. “Unfortunately, since most of our businesses are captive to only one major railroad, there is a monopoly of power and the railroads have been using this to dramatically increase prices and reduce service. Something needs to be done to reform current rail practices, or they will begin driving companies out of business,” he said.

The coalition of groups delivered the letter to every Congressional office in Wisconsin. They are asking Congress to support rail reform legislation. The bills would create stronger rail customer safeguards and eliminate railroads' antitrust exemption.

Wisconsin has been the number one paper making state in the country for more than fifty years. The Wisconsin Paper Council is the trade association of the pulp and paper industry in Wisconsin.

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**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 Thomas E. Petri  
U.S. House of Representatives  
2462 Rayburn Building  
Washington DC 20515

Dear Congressman Petri:

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.

BadgerCure  
April 24, 2006  
page two

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

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

Please send reply to:

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