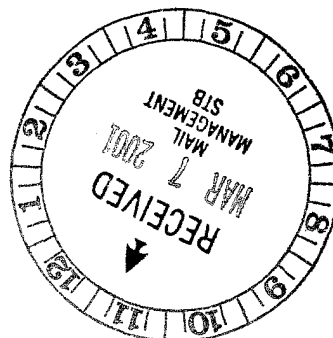


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Office of the Secretary, Case Control Unit
STB Finance Docket No. 33407
Surface Transportation Board
1925 K St. NW
Washington DC 20423-0001



March 5, 2001

Dear Ms. Rutson and Members of the Board:

Kevin Schieffer, CEO of the DM&E Railroad is a man with a debt and a dream. He is much like many other Americans living in small towns in South Dakota and Minnesota along the tracks of his railroad. Their dreams and debts are smaller, but every bit as real. The chief difference we are learning is that the debts and dreams of railroads are not private matters, but "destiny" merely because they are railroads.

As you do your job, weighing the factors in this case, I ask you to do one of two things which would make your deliberations fairer: either look at the whole economic picture of the region and how this project will impact it BOTH for better and for worse; or look at the dreams of all those impacted along the track. I have enclosed a cursory economic review to aid your research should you wish to put this railroad in economic perspective. And I am sure that you are hearing from people along the track as to their ruined dreams. In Rochester, at least, these are the dreams of clerks and waitresses who are finally able to own a home. These are the dreams of the newly married couple as they decide where to plant the perennials and place the swing set in their backyard. These are the dreams of the immigrant family from Somalia or Cambodia who bought into the idea of the American dream and a government by the people. These are the dreams of millions who visit the Mayo Clinic searching for an end to pain and disease for themselves or loved ones.

You have to weigh the great national questions like how to maintain rail infrastructure and how to keep the price of electricity low in Chicago and the Ohio River Valley. While these are broad, impersonal issues, I would remind you that what you appear to be allowing to happen to the small and big time property owners along the line is undermining what most of us in this country assume to be the very essence of the personal American Dream: the right to develop a home or business as we want as long as it doesn't negatively impact our neighbors. If you have a conscience or pride in the American way, you will not allow the DM&E to advance this project, no matter the need, unless or until it can be done in a way so as not to negatively impact the neighbors.

Sincerely,

Amy Caucutt
716 28th St NW
Rochester, MN 55901

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Office of the Secretary

MAR -7 2001

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Public Record

**Remarks on Economic Assumptions and Arguments
In the DEIS
As Applied to the "No-Action" Alternative**

Categories of study for the DEIS Do Not Include Economics

According to the Final Scope of Study for the EIS decision, served by the STB Mar 10, 1999, "The NEPA environmental review process is intended to assist the agencies and the public to identify and assess the potential environmental consequences of a proposed action before a decision on the proposed action is made....NEPA does not require discussion of an alternative that is not reasonably related to the purpose of the proposal." However, in the document, the STB "determined that the reasonable and feasible alternatives that will be discussed in the EIS.." include the "no-action alternative" which obviously does not achieve the applicant's purpose of delivering coal from Wyoming to Winona. The STB also decided that the EIS for both the rebuild as well as the new construction would look at: land use, biological resources, water resources, geology and soils, air quality, noise, energy resources, safety, hazardous materials, transportation systems, cultural and historic resources, recreation, environmental justice, and cumulative effects. Also listed as a topic was "socioeconomics" describing current conditions and mitigative measures. The EIS will, "address socioeconomic issues shown to be related to changes in the physical environment as a result of the proposed action, including quality of life issues such as division of communities, isolation of residences, access to destinations and similar concerns."

**Broad use of "Socioeconomics" in the DEIS Minnesota Volume Includes
Economic arguments, data, and assumptions**

The following portions of the DEIS Minnesota volume contain information and/or assumptions touching on economic benefits, and in some case costs, of the project. Perhaps the DEIS preparer had a broader view of Socieconomics than was described in the March 1999 scoping order:

- 3.1.14.1 population and demographic of communities in MN from the 1990 census
- 3.1.14.2 employment and income by MN county from 1981,89,94 and 96
- 3.1.14.3 public services and fiscal condition with chart data from '88-'98on assessed value for property taxes, numbers of farms, changes in poverty level
- 3.2.1 No-action Alternative with its argument of economic catastrophe should this alternative be pursued
- 3.2.6.2 and 3 technically under "land-use" are residential and business. However several economic arguments are put forward (ie the influx of workers on home values or effect of traffic on hotel patrons, or the attracting of new business to the rail corridor) which are anecdotal but appear to be economic arguments

In the Minnesota volume, Socioeconomics is formally presented in 3.2.16:

- 3.2.16.1-2 population and demographics/employment and income which postulates the impact of 500 2 year construction jobs on the MN economy (most counties would see about 50 jobs) and their multiplier affect. Unemployment figures used to show the impact were from 1994, a particularly bad year for Olmsted County at least.

Assumptions made by the DEIS that the construction project would generate 14,000 jobs (direct and indirect) over the 2 year period across MN; and that since the number is higher than the 1994 unemployment rate, all those unemployed could fill these new temporary jobs (implausible at best). Table 3.2-27 outlines the estimated earnings from railroad construction/county. No cite is listed for these numbers

- 3.2.16.3 Public services and fiscal condition show about a 10 time increase in property taxes when the project reaches 100M tons of coal/year. Also shown are projected sales and use tax/county from the project, none of which flow to local government (except City of Rochester for previous specific projects), as well as property taxes which must be shared within counties with school districts (between 40-50%), cities and townships.

Need for More Thorough Economic Analysis

Much of what is discussed in the above sections in the Minnesota volume appears to be far beyond the definition of “socioeconomic”. Since the authors are obviously interested in economic data and assumptions, the DEIS ought to discuss these topics as they do other disciplines such as water or biological resources:

1. Outline what currently exists in the total regional economy.
2. Develop models to portray the impacts, both costs and benefits to the entire regional economy as well as important segments and individuals, caused by this project. What is the relative size of the benefit/cost, both in dollar amount per benefiting/or injured party and in size of the benefiting/injured economic segment compared to the entire economy.
3. Describe and cost out mitigative measures for individuals and segments of the economy which are injured by this project. In a perfect capitalist world, economic beneficiaries would pay ALL costs associated with the benefit, rather than pass these off to parties outside the transaction. But in the real world, this does not always happen. The DEIS, using its governmental authority, should suggest ways for these costs to be born by the applicant or other beneficiaries.

Comments on economic analysis in 3.2.1 “No-action alternative”

In the Draft EIS, economics is addressed in a piecemeal way using anecdotal evidence and/or reaching conclusions based on partial or old data. In the No-action alternative section (less than 2 pages set aside for this discussion), 9 reconstruction impacts are listed as well as 4 operational impacts. The DEIS notes that none of these mostly negative impacts will occur under the no-action alternative. At this point, the DEIS begins to develop a host of unexamined economic assumptions. Alternative assumptions/facts will be posed.

The DEIS says/assumes....

Other facts/questions

1) “Service and reliability concerns of existing shippers...would continue, reducing competitiveness of shippers in their respective markets”	<u>How would the coal train solution solve current shipper problems?</u> Just because an upgraded rail runs beside your business doesn’t mean you have access, or access at a competitive price. Anecdotal evidence abounds from former shippers along both UP/SP as well as BNSF that the price of access for shippers who
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couldn't provide sizable shipments, often approaching an entire unit train, was non-competitive or not even offered. It is far more likely that a company with 92% of their product being coal unit trains (compared to 40% across all other rail companies) will accommodate the needs of coal customers even if they conflict with the needs of other shippers.

Can a Class 1 railroad dominated by unit coaltrain traffic provide regional shipping service for smaller users on the same single track line? In an interview (8-10-98), Denver Tolliver of the Upper Great Plains Transportation Institute said that it's possible as long as there is adequate capacity. The railroad would gather local freight at way-freight areas and then when an opening in scheduling and a locomotive and crew became available move these cars down the line to the next way freight until a unit train was formed. Capacity, he said, is a function of: amount of side track, switch yards, type of traffic control, number of locomotives and crew available, and of course the amount of shipping to be scheduled. Even if there seems to be track capacity, there is still no guarantee of access. He said the DM&E's business plan needs to be scrutinized for these variables of capacity and DM&E's intent. Those studying this, he said, need to pose hypothetical shipping movements to DM&E to ascertain capacity for small/medium freight users. For instance, "describe in detail the movement of wheat from Huron, SD to Winona, MN including pick-up, time in cars, time in yards." An admitted time of 14 days would indicate a very real capacity problem, he said. Also ask about very small shippers like Walnut Grove's Bokken Grain (4 car siding) or medium shippers like Dakota Ag. Coop in Highmore, SD (25 car siding). None of these questions are asked or answered in the DEIS.

How Serious is this shipper reliability problem depends on how important these shippers are to the total regional or state economy. Who are current shippers and what % of the regional economy do they represent? 100 years ago, even 50 years ago, much of what Minnesota produced needed to be shipped by rail: iron ore, forest products, and grain. While we still produce these things, today we have a high tech/service economy, and those 3 products represent a diminishing factor of the entire economy. Cecil Sellness of MNDOT-rail division said in an "Intermodal Terminal Briefing" (1/19/99), that cost sensitive products, but not time-sensitive products, use rail rather than truck. He also noted that in most situations, where a truck can carry the product at all, the railroad is not competitive if the final destination is less than 250-300 miles (nearly the entire distance of DM&E across Minnesota). The last statement was

	corroborated by Denver Tolliver in UGPTI Publication #77 (November 1989); the 1st statement by a local survey of manufacturers who seldom use rail and probably would not with the upgrade because: "they don't come from my supplier and they don't go to my buyers", and "they cannot be as time-precise as trucks in delivery. We do not warehouse anymore; we use "just-in-time manufacturing." In Olmsted County, according to a Dec, 2000 telephone survey by Rochester City Administration, the following companies shipped the given amount of carloads with DME in the last year: • Rochester Public Utilities = 834 cars of coal. Their entire supply would take 1450, but the rest came by truck because of price variations. RPU cannot use WY coal. Its coal comes from IL by barge and then either truck or DME to Rochester. • Tamarac=260 cars of sheet rock • Rochester Iron & Metal=400 car estimate of recycled materials. • General Warehouse = 100-150 cars, mostly for Lakeside Canning; but spur line has been broken since last fall. • Seneca Foods = 500 cars of canned goods. • IBM/ UBC = 1 car every 3-5 years. • Greenway Elevator in Byron = 25-500 cars; depends on pricing. Often in spring when weight restrictions are on many roads. • Left off the survey was the LP gas distributor in Eyota with some usage. <u>Total current usage for Olmsted County approximates 16 unit trains/year.</u> <u>Conspicuous by their absence as rail shippers are dominant forces in the local economy:</u> IBM, PEMSTAR and any other high tech manufacturers (Milken Institute identified Rochester as having the highest concentration of high tech businesses among all 315 US metro areas); Mayo Clinic and the hospitality industry (2 largest employers in the county: Mayo with 27,000 employees and \$1.6B generated in health care dollars and another \$180M in non-medical revenue to businesses in region; and hotels with \$140M in revenues 4500 employees); Food processing companies like AMPI, Marigold, Pace, Jerome, the rest of Seneca's & Lakeside's production; and the largest elevators in the region which are in Stewartville and Plainview (inaccessible to rail)	
2) "Lack of competitiveness and rail service reliability would likely result in a greater reliance of shippers on trucks for transportation, resulting in hundreds of trucks	The assumption the DEIS makes with this statement is that without intervention, such as the coal project, more shippers will turn to truck usage and clog and wear down our highways. <u>Just how many trucks</u>	

being added to local roadways. Increased truck numbers would increase wear and tear on area roads and reduce vehicle safety.”	<u>would it take to carry current shipper's products to market?</u> First we must note that in Minnesota at least there are several rail lines that intersect DM&E, 2 of which are Class 1 carriers. Thus if a shipper really wanted or needed to use rail, there are options short of trucking all the way to Winona. According to DM&E's original application and Association of Minnesota Railroads, "Information about Minnesota's Railroads 1999", the DME moved 58,000 cars in both 1997 and 1998 half of which were grain or grain products. The other products appear to come mostly from South Dakota, and one would assume would not continue by truck rather than nearby rail, somewhere in western Minnesota. MNDOT personnel told me 6-98 that approximately 12000 DME cars of grain offloaded in Winona. If all of this came by truck (48,000), there would be an additional 130 trucks/day heading for Winona on either I-90 or Hwy 14. Even on the smaller Hwy 14 which currently carries 11-15,000 vehicles/day on either side of Rochester, this amounts to about a 2% increase in traffic. That size increase happens annually anyway due to other economic/residential growth in the area and would not be as noticeable as the DEIS presumes. <u>Will a new class 1 railroad decrease or add to truck usage on area roads?</u> Denver Tolliver of the Upper Great Plains Transportation Institute at ND State University in, "The Impacts of Grain Subterminals on Rural Highways (1989)", found in his study in ND, that there was more wear and tear on roads from trucks once grain terminals became centralized to take advantage of the price structure of class 1 unit trains. (I.E. the domino affect from new-improved-bigger-more cost effective unit trains was MORE, not less, wear and tear on secondary roads in the region.) Small grain elevators that used to feed directly into trains began trucking their product to a central grain terminal, or going out of business. Now there were 2 truck movements to reach the rail instead of 1; or there was 1 over a greater distance. Would not the same happen in Minnesota with 1 central location becoming the main or only grain terminal in the state for DME? One site would be home to a large capital investment of a giant grain terminal, while the rest of the state would pay for the extra upkeep on local roads used to reach the facility.
3) "Additional jobs and tax revenues generated by increased railroad activity and improved railroad facilities would not be provided"	According to, Association of American Railroads, "Information about Minnesota's Railroads-1999", the DME has 95 employees in Minnesota. DEIS estimates that if the project reaches full operation, there will be 365-450 DME employees located out of the 3 rail yards in :Lewiston, Waseca, and either Mankato or New Ulm. This employment, and the economic boost generated by these people (up to 345 more, or if the DME disappears up to 450 difference) would be lost.

But how significant is the number of new railroad jobs promised to this state? One employer in Rochester, PEMSTAR, with 700 employees in town, declared in Nov 16, 2000 testimony before the STB, that it would be forced to relocate should the project proceed as planned due to vibration. Mayo Foundation, 3rd largest employer in Minnesota at 27,000 employees has stated that its patients and thus its bottom line will suffer. The Federal Medical Facility with many hundred employees will face a costly switch in security if they wish to remain in their current site. The economic engine for SE Minnesota is in the City of Rochester where over 80,000 work and which had over \$1B worth of new building permits in the last 3 years. This city has invested in an image of quality of life: Ranking as "Best Place to Live in Money Magazine's ratings several times in the 1990s. Rochester's annual growth in personal income, according the RAEDI statistics exceeds the state and nation. The Minnesota Commissioner of Economic Security reported in the St. Paul Legal Ledger 12-26-00 that, "Average pay in Minneapolis-St. Paul metro area ranked 22nd out of 312 metro areas at \$37,248 in 1999. The Rochester MSA also ranked high at 29th, with an average of \$35,025." Rochester is facing a major negative economic impact from this project as proposed (Rochester Area Economic Development Inc, "Proposed Expansion of DM&E Railroad: Cost Comparison of Utilizing City Route vs. Bypass", 2/16/2001). The accompanying press conference noted that over a 10 year period, the economic cost of this project to Rochester would be nearly \$850M(assuming a mere 1% decline in patient revenues at Mayo Clinic); the cost to areas by the bypass would be over \$225M. Undermining the positive economic engine of this region should not be taken lightly, since its beneficiaries include ¼ M medical patients/year from all over the world. Rochester/Olmsted County, and its economy, appear to be facing more costs than all benefits combined to the rest of the state of Minnesota. This should be researched an analyzed in the DEIS.

But tax revenues will rise with this project. That is true; but not enough to cover the economic slide due to the costs; and not enough to provide mitigation to prevent those costs. On June 27, 1997, the Director for Property Tax Division, Minnesota Department of Revenue declared the total value of DM&E property in Olmsted County to be \$1,968,900. Pay 98 property tax for DME to all political subdivisions in the county was \$99,452. According to the Olmsted County assessor, there was up to a 12% decrease granted by pay 99. Between 40-50% of this was paid to the various school districts and the rest was split between the many townships and cities in the county as well as

	the county. At 100MM tons, \$1,240,000 will be paid by DME to subdivisions within Olmsted County, an increase of 10 times (Economic Policy and Analysis, Golden Valley and others, "Economic Impacts in Minnesota, South Dakota, and Wyoming: of the DM&E Railroads Corp. Powder River Basin Project", Oct. 15, 1998). But even if the City of Rochester increases taxes from \$9,000 pay 98 to \$90,000, and even if Byron increases taxes from \$600pay 98 to \$6,000, how will they handle mitigation; how will they make up for economic losses, and property tax decreases in other sectors caused by this project? <u>Note that sales and income taxes paid by railroad workers or construction workers will not accrue to any local government to be used for mitigation.</u> These are state taxes. The City of Rochester has permission to collect a .5% sales tax; but it must be used for previously stated projects and it sunsets when they are completed. These taxes go to the general fund where they could be used to pay annual bond costs for legislatively approved projects statewide, but are not for road/highway use.
4) "...The existing condition of the rail line will continue to deteriorate, significantly impacting rail service efficiency, reliability, safety."	<u>Why would the DEIS assume that this rail will continue to deteriorate as the sole result of the no-action alternative?</u> <u>There have been answers to meet the problem of deteriorating railroads, especially regional ones, in the public sector across the US.</u> Texas just bought a line connecting to Mexico to preserve service, as Wisconsin did many years earlier. North Carolina owns the most used trackage in the state and leases it for operation. The State of Minnesota MS398A allows the creation of regional railroads to save threatened service: St. Louis County, MN has used the statute. MS222.46, the Rail Service Improvement Act of 1976, provides a framework (and funding...\$5M in 2000) for addressing the needs of shippers and their regional railroads in Minnesota. South Dakota offers property tax credit, which has been used by the DME. South Dakota also has provided \$20M in revenue bonds (in one of several instances) for DME repair, and appears to have overlooked non-attainment of financial ratio covenants according to a letter to the STB dated June 10,1998 from the Governor of South Dakota. And in a July 24, 2000 news release, US Transportation Secretary Slater announced \$3.5B Railroad Rehabilitation and Improvement Program of which at least \$1B is earmarked for shortline and regional railroads. The FRA said that Mr. Schieffer of the DM&E had already made inquiry about \$100,000,000 of this funding. <u>Of course there are answers in the private sector also.</u> Your organization has supervised mergers undertaken

	in the name of improving service along deteriorating railroads. The DME itself was formed in 1986 as its predecessor filed for bankruptcy. If you believe that competition will lead to improved service, as you must or you wouldn't be countenancing a 3rd railroad for Wyoming coal given all the environmental degradation you have enumerated elsewhere in the DEIS, then you must assume that the competition that the DME is facing for its current shippers from both trucks and other railroads should help the DME improve its service, or rightly go out of business. After all, 70,000 miles of rail were built in the 1880s, and 40,000 of them went bankrupt in the 1890s.	
5) "The Board, in its December 10, 1998 decision (transportation aspects), indicated the no-action alternative could result in DM&E ceasing to be a viable railroad."	The STB also said that the Project "May be financially feasible." If it were not, the duty of the STB on Dec 10, 1998 would have been to deny the application due to the transportation merits. <u>If failure to approve this application leads to "DM&E ceasing to be a viable railroad", how will such a precarious firm: get financing; oversee the largest rail building project since the 1800s; or operate a complicated class 1 railroad as both a coal pipeline and a regional rail serving small agricultural customers?</u> Only the STB knows the answer, because the financial records which could explain this phenomenon have been kept from the public by both the STB and the DME. Part of the reason for the formation of the ICC, precursor to the STB, was to limit construction projects which could over-extend an otherwise functional railroad and thus lead to bankruptcy and an end of service for existing shippers. The question to be asked may well be not, "will the DME fold if the project is denied?"; but will the DME fold if the project is approved?"	
6) "should this (ceasing to be a viable railroad) occur, it appears unlikely that another rail carrier would acquire the DM&E system given its deteriorated condition and limited revenue base. Therefore, rail service along the existing system would cease"	See response to #4, both public and private solutions. While no one wants to see a railroad fail and its shippers scramble for other service, <u>if the DEIS brings up this argument, it ought to research just how severe the impact would be to the entire economy.</u> How far are shippers from other railroads? A glance at a rail map shows that most farms in southern Minnesota are within 50 miles of a grain hauling railroad, even without the DM&E. How adequate is the road system in Southern Minnesota? How much of the region's agricultural harvest depends on this rail line? See partial response-ag impact- in #9.	
7) Thus..."A significant number of additional trucks would be added to local roads."	See response #2. Remember, we are not talking about 17 unit trains/day of coal being transferred to market by truck; but rather 1 ½ trains of mostly agricultural products. Similar products, in far greater number, are already being transported by truck to barge, rail or processor.	
8) "Other shippers would be unable to competitively convert to truck transport and would be required to relocate...or cease to operate."	<u>Which shippers would be unable to convert to trucks and which would relocate if the DME continued to deteriorate or actually failed?</u> The DEIS does not investigate this question, and it should if it holds it out as an assumed reason to drop the "no-action	

	alternative". Instead of study, we have "positions"..ie 90% of shipper back the project according to DM&E. As mentioned earlier in the study of Economic Costs to the City of Rochester prepared by Rochester Area Economic Development Inc, the costs of building this proposal can be modeled for an area, and they are huge for economies built on information age technology, health services, and quality of life. You should model the costs of current shippers to deal with a deteriorating railroad to see if it equals the costs born by the economy of just 1 city along the route of the new project.	
9) "loss of rail service and shippers would require local farmers to transport grain and other products greater distances for shipment, increasing operating costs for an already stressed agricultural economy."	<u>How important is the DME to the total agricultural economy?</u> Although the DME has a higher % of its total shipping listed as farm products (50% as opposed to 28%)according to the Association of American Railroads in "Information about Minnesota's Railroads 1999", in 1997 and 1998 this meant less than 30,000 cars/YEAR with only 12,000 of those being grain cars offloaded at Winona. Meanwhile, during the last half of 1995, 29,000 grain cars/WEEK and during the difficult year of 1997 22,800/week were carried by major railroads in the US (grainnet.com 4-25-98). <u>DME has a small percentage given the 2 state agricultural region traversed by the railroad.</u> <u>How important is the DME to the soybean and corn growers in the 10 Minnesota Counties that DME traverses?</u> While corn and soybean producers' associations support the project, how much of their product uses the DM&E- or could use it in the future? Look at DME's current numbers as well as their projected capacity for agricultural products- it is not very high. Like Utilities and other businesses, these shippers would always prefer competition for their business. They assume that more competition will lead to lower prices for them. <u>However, when a provider is a natural monopoly, as may be the case for railroads, regulation rather than competition is a more effective tool to keep prices down.</u> Competition in a natural monopoly leads to a squandering of resources. This perspective ought to be analyzed in the DEIS. And can be found in a work prepared for the Federal Railroad Administration (Grant # DTFR53-99-H-00025) by John Bitzan, Ph.D., Upper Great Plains Transportation Institute at North Dakota State University, "Railroad Cost Conditions- Implications for Policy". In the DME's original application to the STB (1150.4b) it lists the <u>number of cars carrying corn at 7298 in 1997 and 8750 2-3 years after project completion at the highest amount listed. It lists the number of soybean cars at 2472 , and 3600 in the future.</u> Other grains come in at 3156 and 3400; and wheat at 8001 up to 10,800. Projected increases in all	

areas except coal = 9,864 cars or .2 of a 135 car unit train/day (current shipping if slotted into 135 car trains would equal 1.2 unit trains/day. Compare this with 34 unit coal trains/day projected in the application.)

According to MN Ag. Statistics Service, in "Minnesota Agricultural Statistics 2000, the 10 counties traversed by the DME harvested the listed amount of bushels of corn and soybeans in 1998 and had the listed amount of crop receipts in 1997:

- Lincoln= 12.2M corn/4.3M soy ... \$22M
- Lyon= 26.3M corn/7.7M soy... \$55M
- Redwood=34.2 M corn/9.9M soy...\$94M
- Brown= 21.3M corn/5.9M soy....\$61M
- BlueEarth=29.4M corn/8.6M soy...\$79M
- Waseca= 19.5M corn/4.8M soy...\$57M
- Steele= 18 M corn/4.3M soy...\$51M
- Dodge= 17.8M corn/4.3M soy...\$51M
- Olmsted= 17M corn/3.3M soy...\$47M
- Winona= 12M corn/1 M soy.....\$22M
- TOTAL= 207.7M corn/54.1M soy

How many grain cars would it take to transport this harvest? Using assumptions from Paul Bourgeois, a 5461 cu ft rail car should hold up to 4388 bushels.

Thus these 10 counties could have generated 47,333.64 cars of corn and 12,329 cars of soybeans.

Even if NO corn or soybeans originate in South Dakota, The DME currently carries, at most, 1/5th of this harvest, and plans to increase this by a fairly small amount. While every little bit helps, over 4/5 of the harvest of these important crops in the closest counties in Minnesota to the DME are reaching market some other way, perhaps truck or other rail.

Michael Dunn, under Secretary for Marketing and Regulatory Programs at the US Department of Agriculture in, "Before the Surface Transportation Board; STB Finance Docket 33407: Dakota, Minnesota & Eastern Railroad Corporation Construction into the Powder River Basin; Comments of the US Department of Agriculture," November 30, 1998, wrote, "...the basis price for agriculture producers should rise: some estimates suggest increases as high as \$.20 per bushel for both corn and wheat. If prices for wheat, corn, and soybeans increased just \$.10 per bushel, then farm income in the DM&E service region could increase by more than \$90million in a typical crop year." What a wonderful hope; but will this \$.10/bushel actually reach farmers?

According to Minnesota economists, How much will improved transportation help depressed farmers?/or how much will the loss hurt them? Dr. Richard Levins, professor of applied economics at the University of Minnesota and senior fellow with the Institute for Agriculture and Trade Policy, in a Star-

bystander in DME shipping transactions"	residents near the line. • Time for transport will not fall for DME shippers, but they would not rise for the individuals and businesses using roads which cross the DM&E right-of-way. • Safety will not increase for the DME or the products it ships, but it will not decrease for those residing near or crossing the line or for those needing the services of emergency vehicles or hospitals. • More Income will not accrue to the owners of the DM&E, but income will not be lost by businesses incompatible with this coal train proposal. • Action by the Federal Government will not unilaterally increase the value of one private enterprise without all associated costs, but local and state governments will not have to respond to these added costs by taxing those already injured for public improvements for partial mitigation
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Summary

Omission of impact/costs on the non-shipper economy and the local governments, which may be called to respond, is a significant error in the section on the "No-action" alternative. The needs and SIZE of the shipper economy need to be put in perspective as the supposed benefits to this group are compared to the costs to be born by the far larger non-shipper economy.

- **The 28 pages of mitigation found in volume 7 do not attempt to measure these costs, let alone develop realistic (from the point of view of the injured) mitigation. No one is held accountable for even the meager mitigation described, should the no-action alternative be discarded.**
- **research should be conducted on ACTUAL benefits to current shippers and the agricultural community of this project. Then compare these benefits (numerically) to the ACTUAL costs suffered by other sectors of the community due to the coal train project. (See the RAEDI study). Just to get a little perspective on the economic impact to our region of Mayo Clinic with \$1.6B health care income/year. Compare that with All crop receipts to farmers in 1997 in the 10 counties in Minnesota crossed by the DME of \$539M or about 1/3.**
- **If the STB believes that the DME cannot survive with the no-action alternative, yet continues to believe that there are severe economic impacts, many of which cannot be mitigated, it ought to be the duty of the STB to look at other alternatives besides the coaltrain project to save the DME**
- **Untried assumptions should not be a part of the EIS. If you make economic assumptions as part of the "no-action alternative", you ought to study them the same way you would water, air or biological resources.**