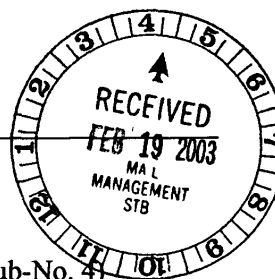


BEFORE THE
SURFACE TRANSPORTATION BOARD

207248



In the Matter of:

RAILROAD COST RECOVERY
PROCEDURES - PRODUCTIVITY
ADJUSTMENT

Ex Parte No. 290 (Sub-No. 4)

COMMENTS OF THE WESTERN COAL TRAFFIC LEAGUE

WESTERN COAL TRAFFIC LEAGUE

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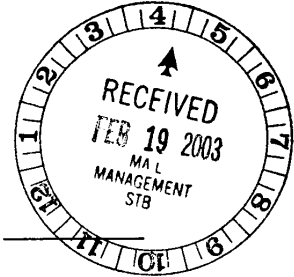
Part of
Public Record

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Its Attorneys

Dated: February 19, 2003

BEFORE THE
SURFACE TRANSPORTATION BOARD



In the Matter of:)

RAILROAD COST RECOVERY)
PROCEDURES - PRODUCTIVITY)
ADJUSTMENT)

Ex Parte No. 290 (Sub-No. 4)

COMMENTS OF WESTERN COAL TRAFFIC LEAGUE

In response to the Board's decision in the above-captioned proceeding served January 31, 2003, the Western Coal Traffic League ("WCTL")¹ states that the Board's calculation of 2001 productivity growth at 1.016 is consistent with WCTL's own calculations.

Nonetheless, WCTL remains concerned that the 1997-2001 five-year productivity average proposed for use starting with the RCAF for the second quarter of 2003 remains tainted by problems associated with recent railroad mergers. The only reason that the Class I railroad industry productivity declined by 1.1% in 1997, and by 1.2% in 1998, which years are reflected in the proposed 1997-2001 average, was the "service crisis" that UP experienced in conjunction with its acquisition of SP. WCTL

¹WCTL is a voluntary association, whose regular membership consists entirely of utility shippers of coal mined west of the Mississippi River that is transported by rail. WCTL members presently ship and receive in excess of 100 million tons of coal by rail each year. A list of WCTL's regular members is attached as Exhibit A.

specifically warned the Board of the problems posed by the UP/SP merger in light of the operational constraints that UP was already experiencing in comments filed in Finance Docket No. 32760 on March 29, 1996 (WCT-11 and 12). Similarly, the 1999 data shows a modest increase of only 2.4%, notwithstanding the productivity decreases in the prior two years. That increase would have been substantially greater but for the problems of Norfolk Southern and CSXT in the Conrail transaction.

The 2000 data does shows a substantial (8.0%) increase from 1999, the largest improvement in four years. WCTL submits that, absent the problems associated with the UP/SP merger and NS/CSXT/Conrail transaction, much of the growth in 2000 would have been realized in earlier years and additional productivity growth would have been achieved in 2000 itself, to the net benefit of both shippers and carriers. WCTL is also concerned that the modest increase (1.6%) in 2001 may reflect lingering problems with the NS/CSXT/Conrail transaction, particularly in light of the 2.9% decrease in the output index.

Accordingly, WCTL concludes that the multiple-year productivity average (1.9%) is suppressed due to the problems with the UP/SP and NS/CSXT/Conrail transactions, which the railroad industry brought on itself. WCTL hopes that the Board will be mindful of this reality in considering the industry's claims that it needs more rate flexibility, particularly in dealing with captive coal shippers, in order to restore its financial health.

Respectfully submitted,

WESTERN COAL TRAFFIC LEAGUE

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EXHIBIT A

WESTERN COAL TRAFFIC LEAGUE MEMBERS

Alliant Energy

Arizona Electric Power Cooperative, Inc.

Associated Electric Cooperative, Inc.

Center Point Energy

Central Louisiana Electric Company, Inc.

City of Austin, Texas

City Public Service Board of San Antonio

Kansas City Power & Light Company

Lower Colorado River Authority

MidAmerican Energy Company

Minnesota Power

Nebraska Public Power District

NRG Power Marketing Inc.

Omaha Public Power District

Texas Municipal Power Agency

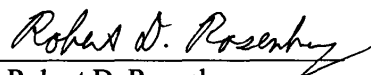
Western Resources, Inc.

Wisconsin Public Service Corporation

Xcel Energy

Certificate of Service

I hereby certify that today, February 19, 2003, copies of the foregoing Comments of the Western Coal Traffic League have been served on all parties of record in this proceeding by first class mail, postage prepaid, in accordance with the Board's Rules of Practice.


Robert D. Rosenberg