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January 27, 2004

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BY HAND

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Case Control Unit
1925 K Street, N.W.
Washington, D.C. 20423-0001

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JAN 27 2004

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Office of Proceedings

JAN 28 2004

Part of
Public Record

Re: STB Ex Parte No. 290 (Sub-No. 4),
Railroad Cost Recovery Procedures -
Productivity Adjustment

Dear Secretary Williams:

Enclosed please find an original and ten (10) copies of the Comments of the Western Coal Traffic League in the above-referenced proceeding.

If there are any questions concerning this matter, please contact the undersigned.

Respectfully submitted,

Robert D. Rosenberg

Robert D. Rosenberg
An Attorney for Western
Coal Traffic League

RDR:kaw
Enclosures

cc: Service List

BEFORE THE
SURFACE TRANSPORTATION BOARD

JAN 27 2004

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Office of Proceedings

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Public Record

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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Its Attorneys

Dated: January 27, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD

In the Matter of:

RAILROAD COST RECOVERY
PROCEDURES - PRODUCTIVITY
ADJUSTMENT

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) Ex Parte No. 290 (Sub-No. 4)
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COMMENTS OF WESTERN COAL TRAFFIC LEAGUE

In response to the Board's decision in the above-captioned proceeding served January 12, 2004, the Western Coal Traffic League ("WCTL")¹ states that the Board's calculation of 2002 productivity growth at 1.006 is consistent with WCTL's own calculations.

Nonetheless, WCTL remains concerned that the 1998-2002 five-year productivity average proposed for use starting with the RCAF for the second quarter of 2004 remains tainted by problems associated with recent railroad mergers. The 1.2% decline in Class I railroad industry productivity in 1998, which is reflected in the proposed 1998-2002 average, reflects the "service crisis" that UP experienced in conjunction with its acquisition of SP. WCTL specifically warned the Board of the

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.

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 modest increases in Class I railroad productivity for 1999-2002 reflects the lingering aftermath of the UP/SP merger, as well as the ongoing problems stemming from Norfolk Southern's and CSXT's acquisition of Conrail.

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. WCTL further hopes that the Board will recognize that the actual Class I average productivity growth is significantly below what an optimal, most-efficient carrier or industry would achieve.

WCTL has also reviewed the inclusion of the Wisconsin Central productivity data in the 2002 calculations in light of the Canadian National's acquisition of the Wisconsin Central. WCTL's review is hampered by the lack of information regarding separate Wisconsin Central expenses and also the "masking" of the Wisconsin Central waybill revenues. Nonetheless, WCTL, based on the information available at this time (but subject to the noted limitations in that information), does not dispute the Board's treatment of the Wisconsin Central revenues and expenses at this time.

Respectfully submitted,

WESTERN COAL TRAFFIC LEAGUE

William L. Slover

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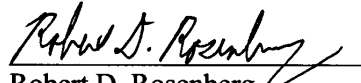
EXHIBIT A

WESTERN COAL TRAFFIC LEAGUE MEMBERS

Alliant Energy
Arizona Electric Power Cooperative, Inc.
Associated Electric Cooperative, Inc.
Cleco Corporation
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 Genco, LP
Texas Municipal Power Agency
Westar Energy
Western Farmers Electric Cooperative
Wisconsin Public Service Corporation
Xcel Energy

Certificate of Service

I hereby certify that today, January 27, 2004, 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