



The Fertilizer Institute

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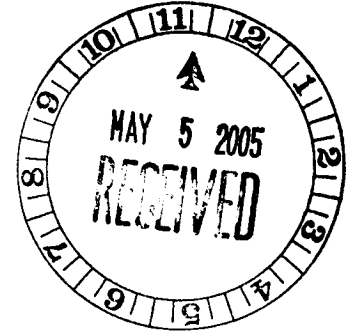
Nourish, Replenish, Grow

Kraig R. Naasz
President

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April 19, 2005

The Honorable Vernon Williams
Secretary
Surface Transportation Board
1919 K Street, N.W.
Washington, D.C. 20043

RE: STB Ex Parte 657, *Rail Rate Challenges Under the Stand-Alone Cost Methodology*

Dear Secretary Williams:

The Fertilizer Institute (TFI) is pleased to present its views to the Surface Transportation Board (STB) on the Notice of Public Hearing issued by the STB on Feb. 16, 2005. In that notice the STB announced that it would provide a forum for the expression of views regarding rail rate challenges under the Stand-Alone Cost Methodology (SAC), which is used by the STB in evaluating the fairness of rail rates in large rate cases.

TFI is the national association of the fertilizer industry. TFI members ship substantial quantities of fertilizer by rail and, therefore, TFI and its members are vitally interested in matters affecting the business and regulation of rail carriers.

As the STB is well aware, rail rate challenges under the SAC methodology are long, costly and complicated. The STB has recognized that such cases cost more than \$3 million in legal and consultants' fees for a potential shipper complainant, and take three or more years to complete.

Due to the substantial outlay in money and time, the SAC remedy is useless to fertilizer shippers. Therefore, TFI urges the STB not to devote its energies to a broad-scale reform of the SAC process, but instead focus its priorities on the development of new rules for smaller rate cases – a reform that may conceivably benefit shippers of fertilizer products.

The Honorable Vernon Williams

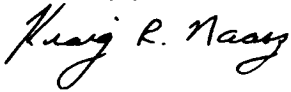
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TFI was part of a large group of national associations that submitted comments to the STB last year in STB Ex Parte No. 646, a proceeding dealing with possible reform of the rules for small rate cases. TFI encourages the STB to immediately initiate and complete a rulemaking to clarify and reform those small case rules, as set forth in those comments.

Please contact TFI Director of Government Relations Pam Guffain by telephone at (202) 515-2704 should you have any questions. Thank you for considering our views.

Sincerely yours,

A handwritten signature in black ink, reading "Kraig R. Naasz". The signature is written in a cursive, flowing style.

Kraig Naasz
President

cc: TFI Transportation Council