

JOHN D. HEFFNER, PLLC
1920 N ST., N.W.
SUITE 800
WASHINGTON, D.C. 20036
(202) 263-4180
FAX (202) 296-3939
j.heffner@verizon.net



BY HAND

June 13, 2005

Hon. Vernon A. Williams
Surface Transportation Board
1925 K Street
Washington, D.C. 20423-0001

RE: STB Docket No. EX PARTE NO. 230, Sub-No. 9
IMPROVEMENT OF TOFC/COFC REGULATION,
WTL Rail Corporation
Petition for Partial Revocation of Exemption

ENTERED
Office of Proceedings
JUN 14 2005
Part of
Public Record
2214180

STB Docket No. 42092, WTL Rail Corporation
Petition for Declaratory and Interim Relief

214181

Dear Mr. Williams:

I am writing on behalf of WTL Rail Corporation ("WTL") to supplement our petitions filed in the above captioned proceedings on May 5, 2005, to apprise the Board of certain recent developments.

In its press releases and other public announcements, the railroad industry continually emphasizes the extraordinary growth in intermodal service due, in part, to the TOFC/COFC exemption granted some 25 years ago. Although such assertions are factually correct, they are misleading with respect to the growth of trailer traffic (TOFC) versus that of container traffic (COFC) and more specifically international vs. domestic container traffic. Last week, BNSF President Matt Rose spoke at the Merrill Lynch Global Transportation Conference about his company and its business activities. With respect to intermodal traffic, Rose stated that BNSF experienced a 24% increase in intermodal revenues between 2003 and 2004. But most of this growth is due to international "land bridge" traffic

being handled in containers moving from West Coast ports across the country.¹ While truckload traffic involving trailers also increased, his presentation indicates that this growth is due to the increasing use of rail by motor carriers on account of higher fuel costs, driver shortages, and highway congestion

Recent statistics issued by the Intermodal Association of North America ("IANA") also confirms WTL's prior assertions. The real growth from 2003 to 2004 took place in containers, particularly those moving internationally, representing 55% of all loads. Domestic movements, both container and trailer, constituted merely 45% of the traffic. Trailer growth, including "private carriage" for trucking companies and express companies such as United Parcel Service grew at a much more modest rate.²

In analyzing the growth of intermodal transportation, the Board must first eliminate international movements from this picture leaving just the domestic market. Removing domestic container (COFC) traffic from consideration leaves domestic TOFC traffic, which has remained level around 2.5 to 3 million loads annually over the past 14 years. That such traffic has remained stable is the result of large scale partnering between railroads and motor common carriers (which have been using railroads to haul their trailers rather than moving them over the road). The tremendous growth in truck trailer traffic moving by rail has offset the shrinkage of railroad provided TOFC common carrier service. The simple fact of the matter is that railroads have been surrendering competitive TOFC market share by refusing to supply rail 53' trailers demanded by their customers and to compete for that standard business. This is at the heart of WTL's petition for relief in this proceeding. One purpose of the TOFC/COFC exemption adopted by the Interstate Commerce Commission some 25 years ago was to stimulate, not reduce, competition between railroads and motor carriers.

¹ Mr. Rose discussed the role of BNSF intermodal service during the 12 to 15 minute portion of his presentation. Pertinent excerpts of Mr. Rose's written presentation are attached as Exhibit A.

² For the full year, ISO container traffic grew at 10.7% and domestic container traffic grew at 3.9%. Trailers of all types grew at 8.9%. For the fourth quarter of 2004, those totals were 15.2% for ISO containers, 0.6% for domestic containers, and 6.6% for trailers of all types. 2004 fourth quarter loading results show that containers of all types made up over 80% of the loadings. See Exhibit B.

As this proceeding continues to await further Board action, shippers and other users of "rail controlled" trailers continue to submit letters supporting WTL's position. Thus far, no fewer than five parties including San Andreas Fast Forwarding, Inc., Alliance Shippers, Inc., the National Union Association, Excel Transportation Services, Inc., Golden Eagle Express, Inc., have taken it upon themselves to submit comments in support. WTL believes that a decision by the Board to conduct a full hearing on this matter, specifically inviting parties such as affected shippers and trade associations would generate a substantial record on which the Board could make an informed decision.

WTL respectfully requests that the Board initiate a proceeding and solicit public comment and issue an order "rolling" back the railroads' Trailer Use Agreement terminations.

Please date-stamp and return one copy of this letter.

Sincerely yours,


John D. Heffner
WTL Rail Corporation

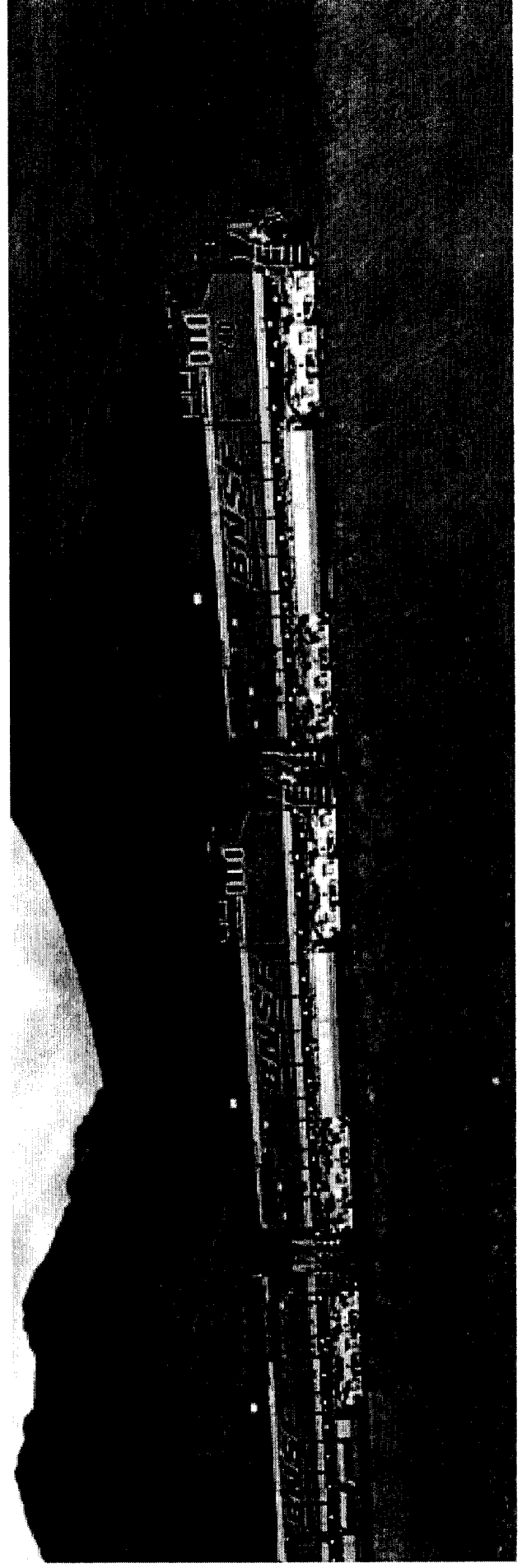
Cc: David Konschnik, Esq. (by fax)
All parties
Mr. Richard Lombardo

EXHIBIT A

Burlington Northern Santa Fe Corporation

Merrill Lynch Global Transportation Conference

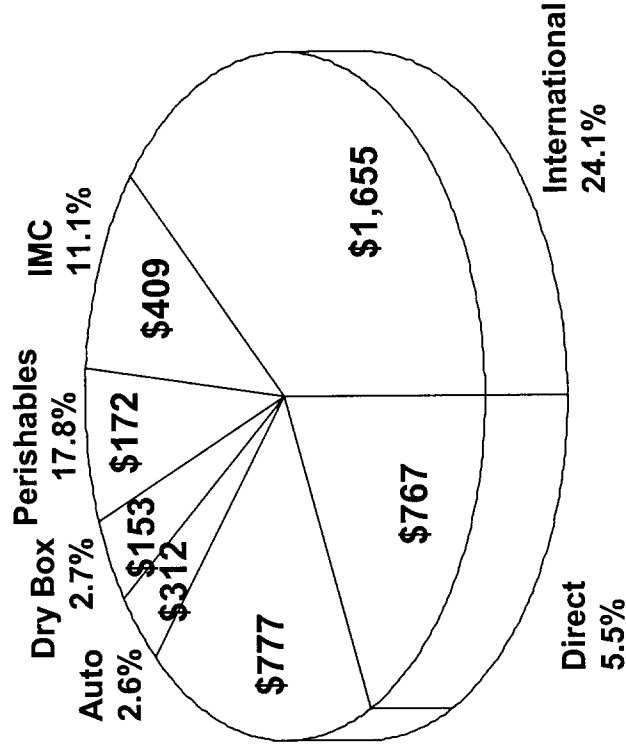
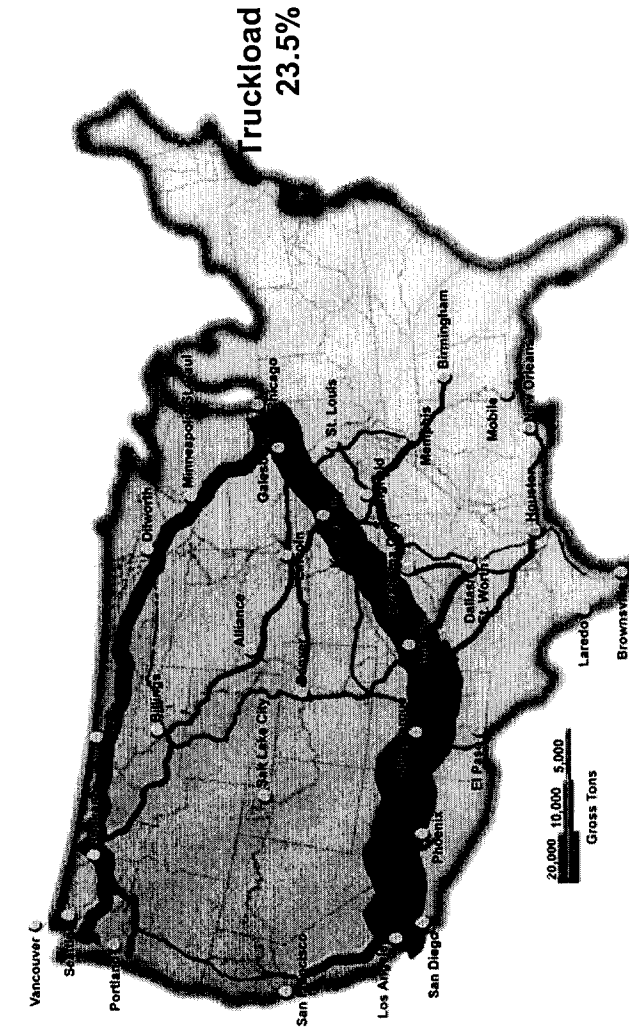
June 9, 2005
New York, NY



Consumer Products Franchise

2004

\$ Millions and % Change



Consumer Products Revenues: \$4,245 +\$588 or 16.1%

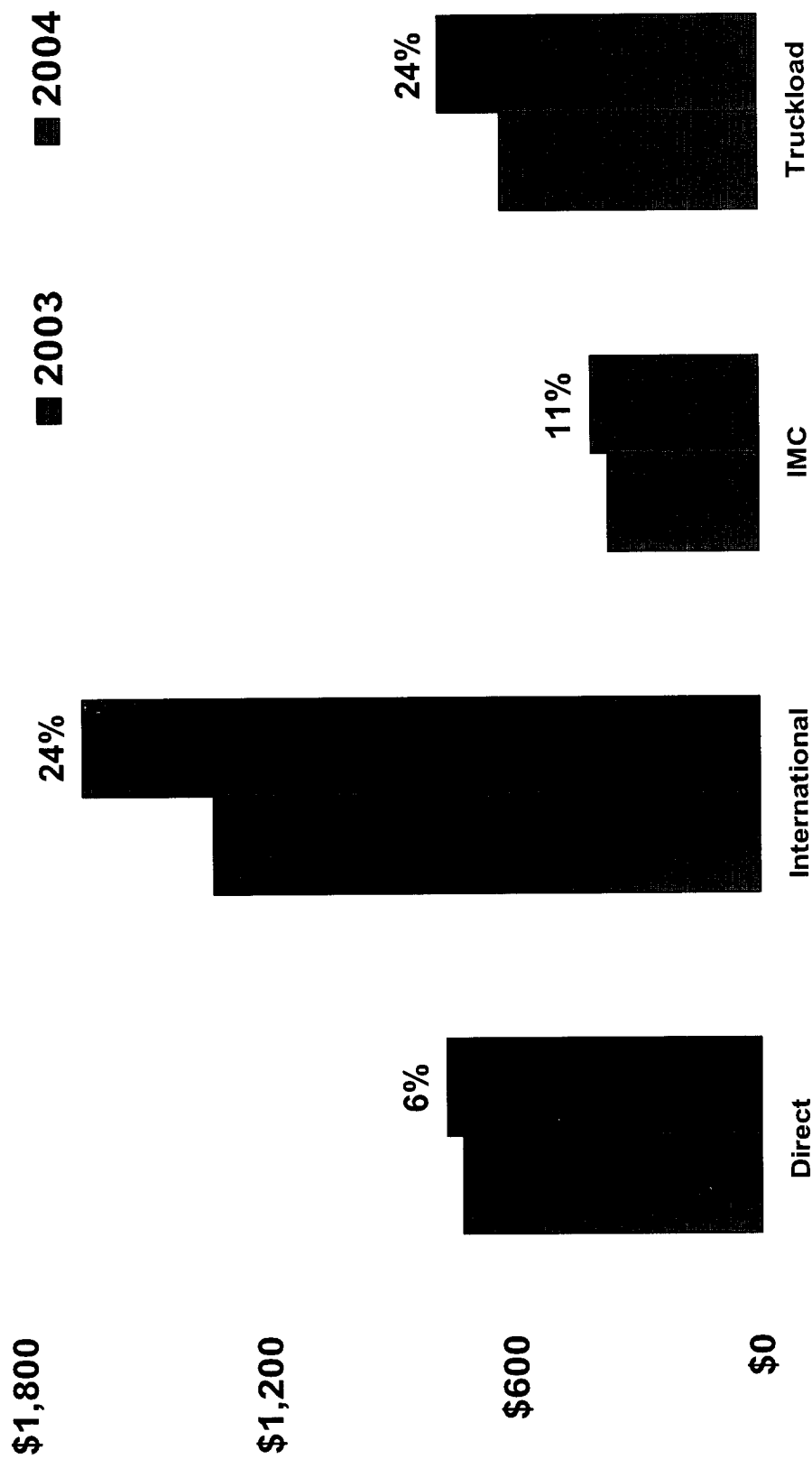
BNSF

Intermodal

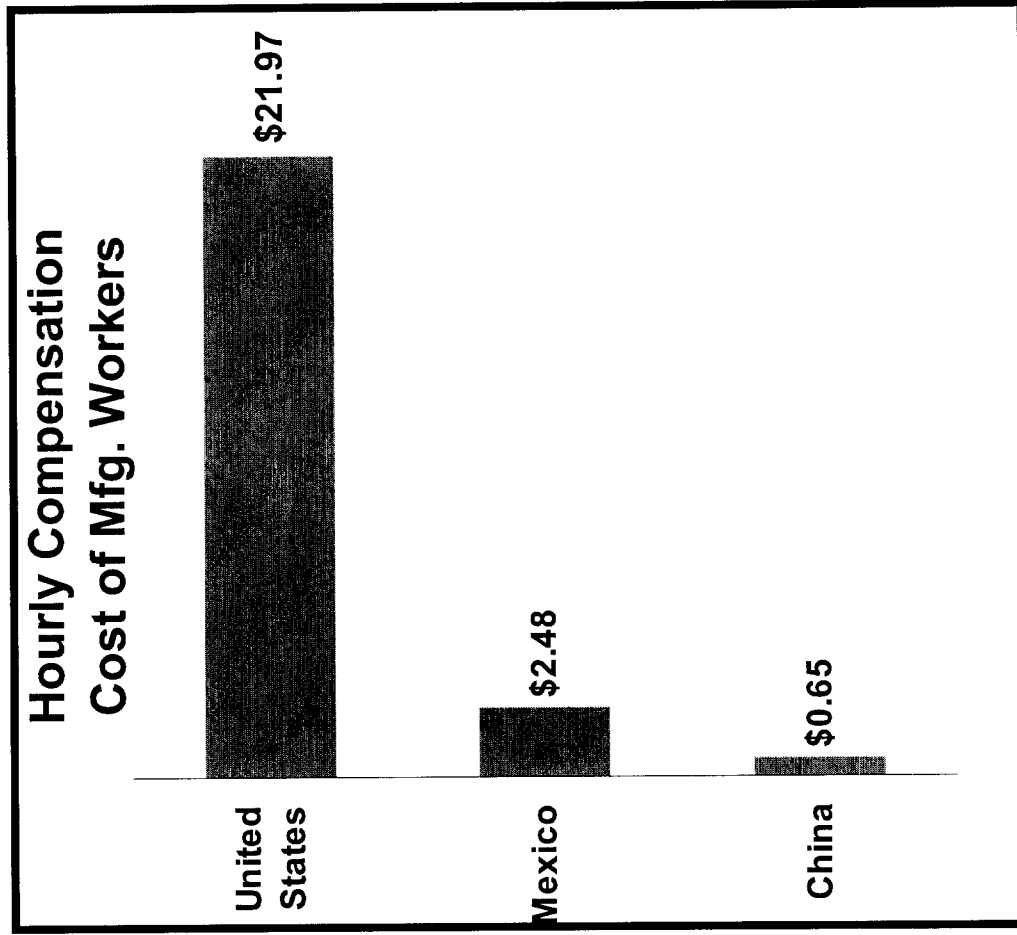
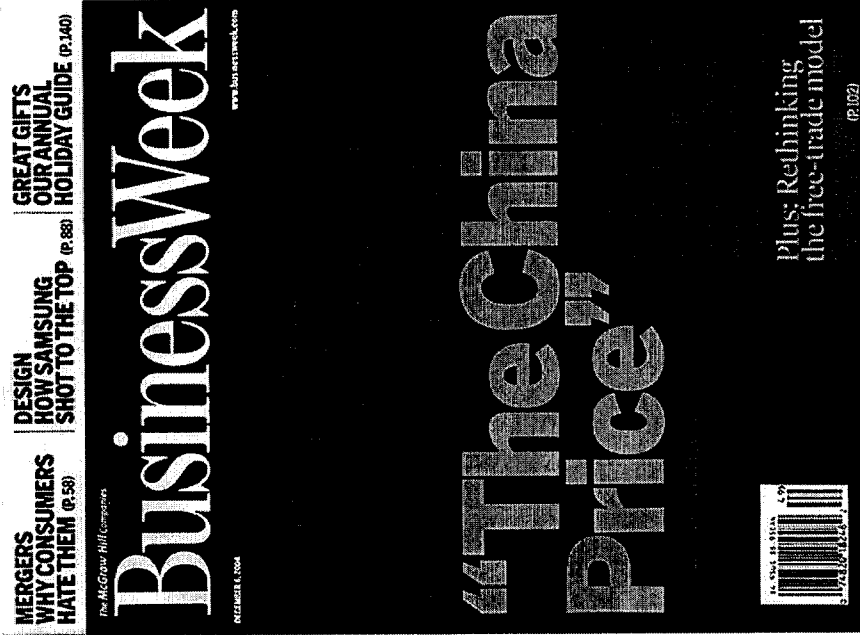
2004 vs. 2003

Revenue Growth

\$ Millions and % Change



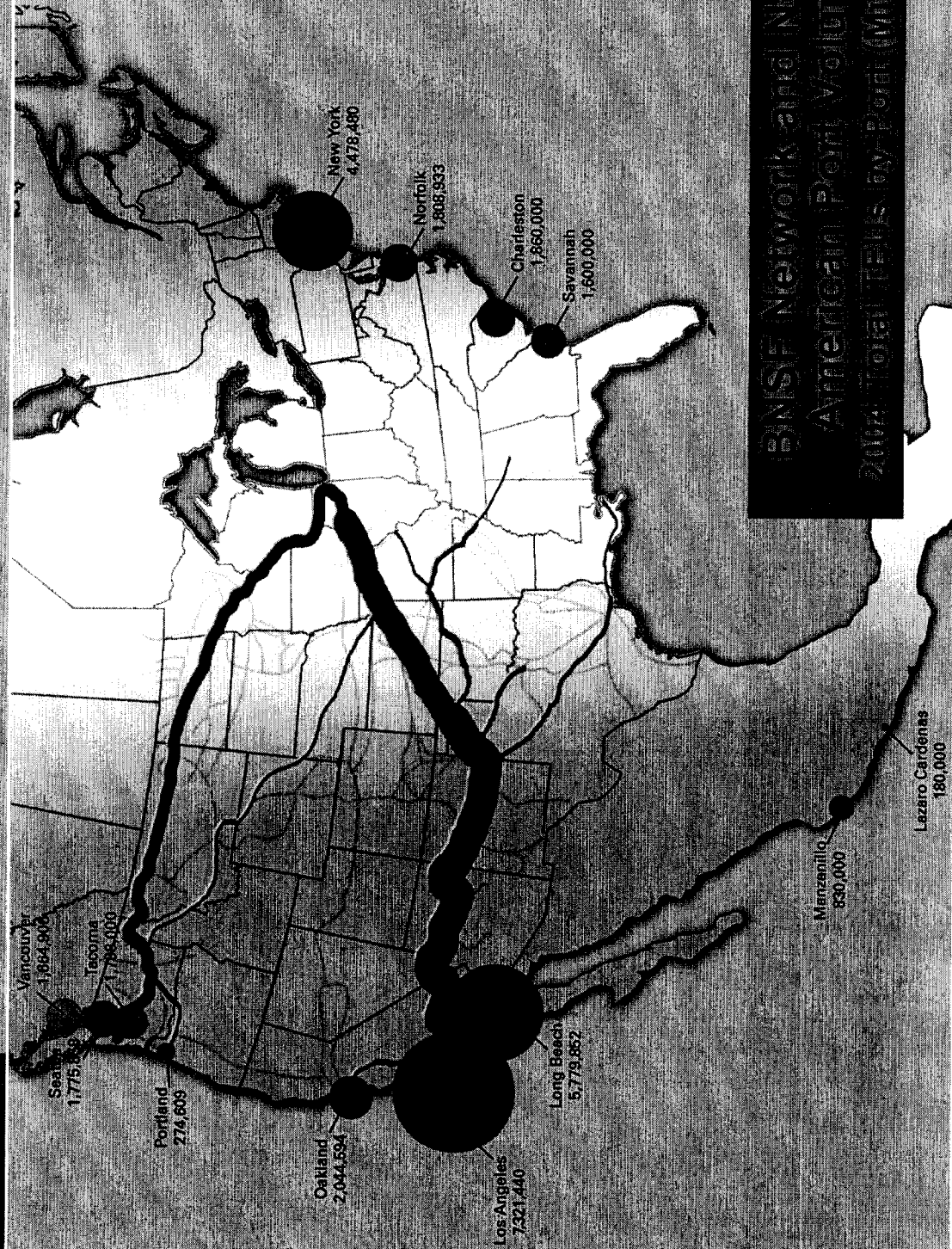
Growth Drivers International Intermodal



BNSF

Geography Dividers

Intercontinental Interconnection

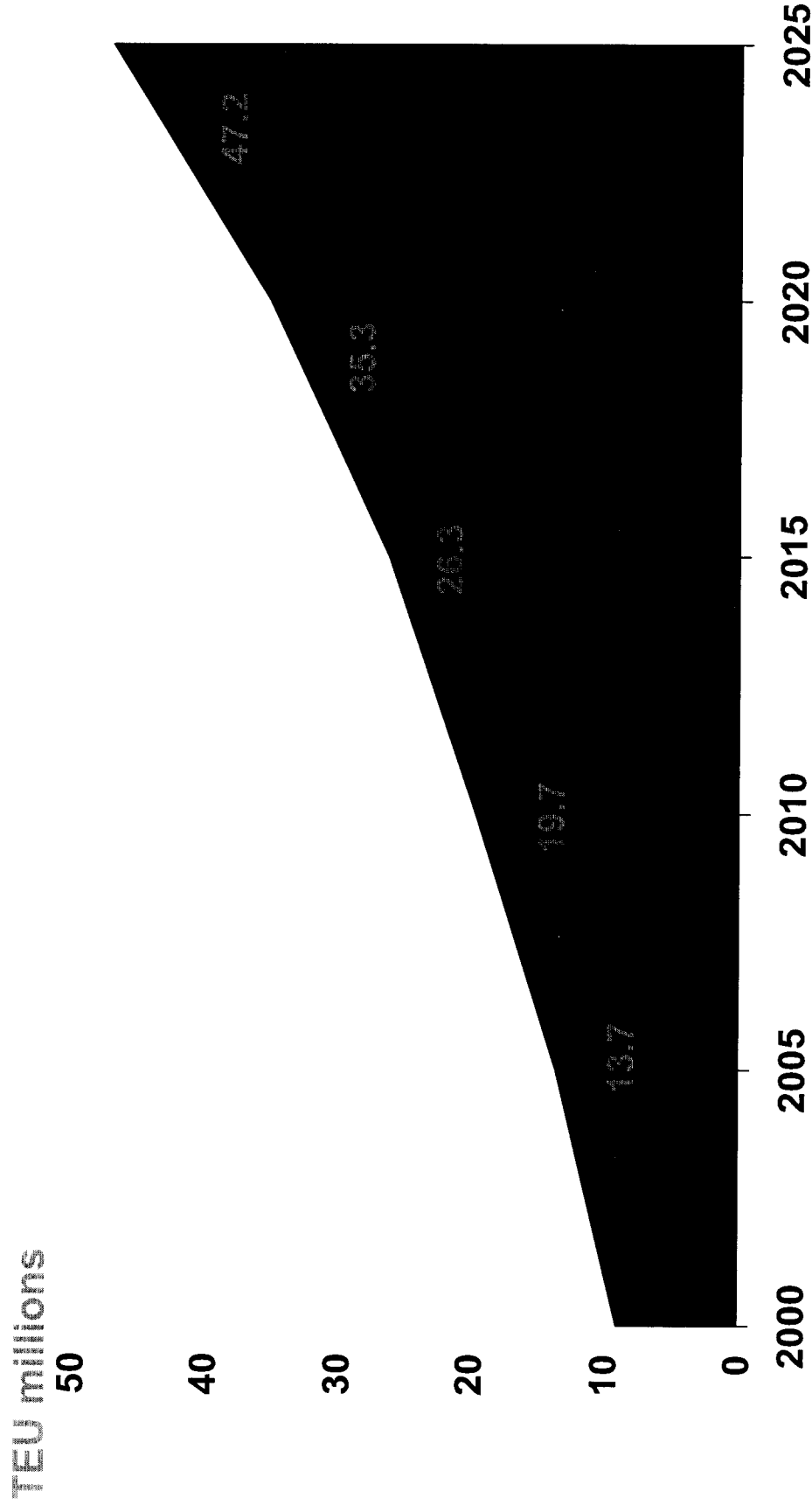


Source: Mercer

Growth Drivers

International Intermodal

LA/LB Ports Forecast Container Throughput



Source: Mercer

Growth Drivers

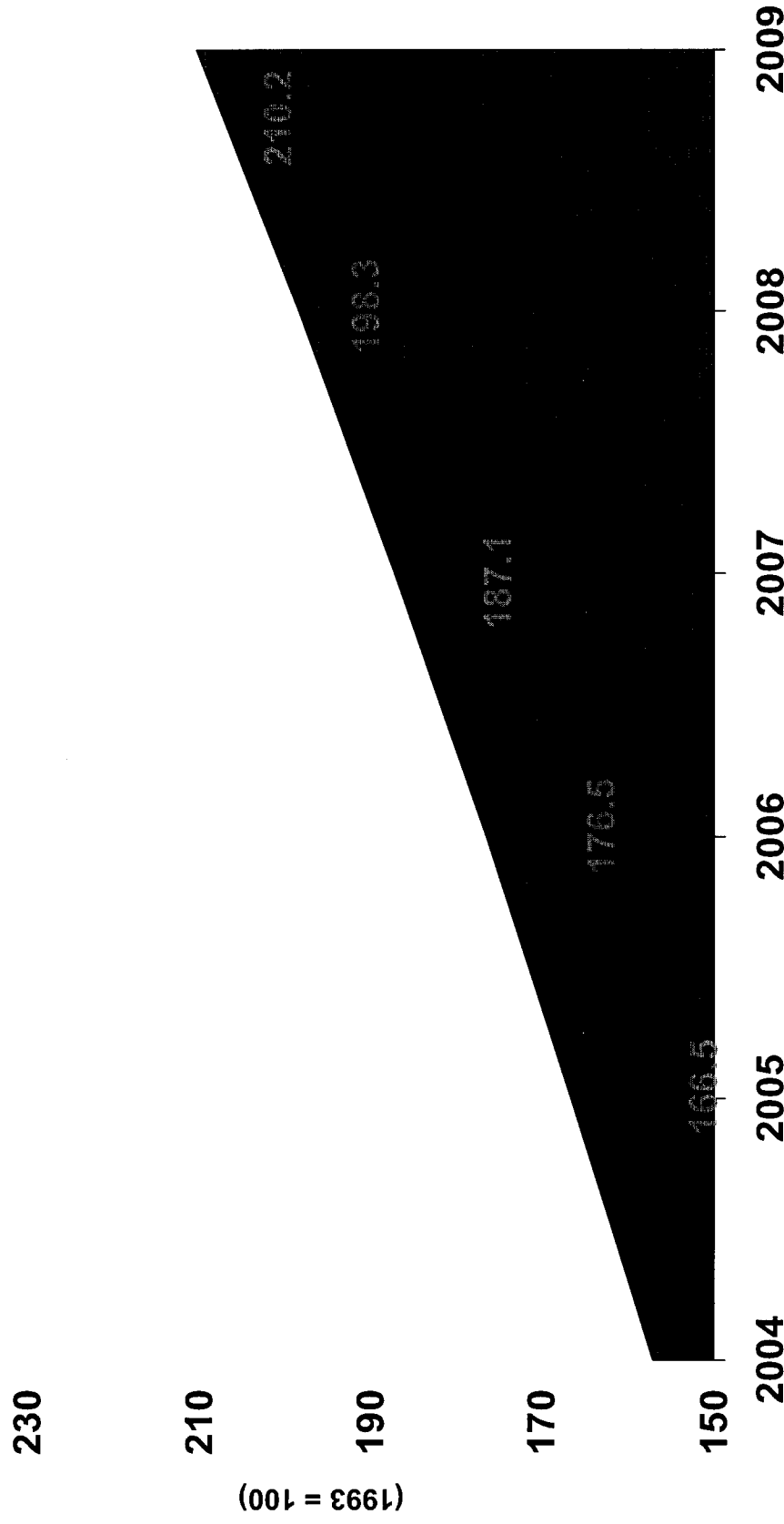
Domestic Intermodal

- Truck driver issues
- Solid consumer demand
- Fuel
- Environmental
- Legislative
- Highway infrastructure
- Insurance costs

Growth Drivers

Domestic Intermodal

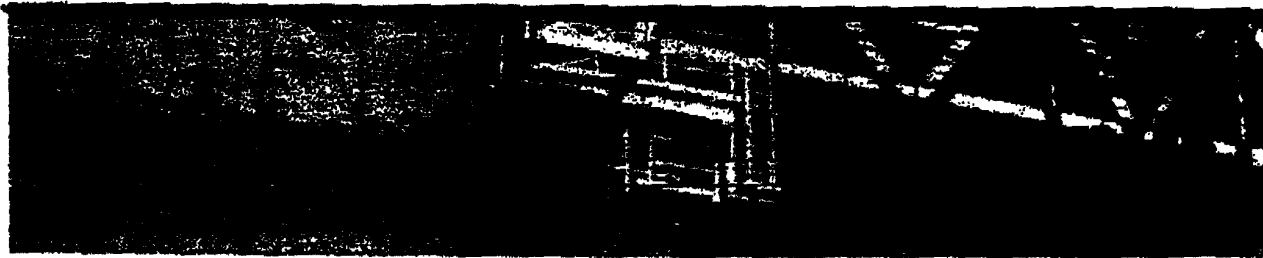
ATA's Adjusted Truck Tonnage Index



Source: ATA / BB&T Capital Markets



EXHIBIT B



Racing to the Finish Line

Strong Close Pushes 2004 Gains Close to 9% — Best Intermodal Year Since 1994

Fourth Quarter 2004 Rail Volume Results

Surging Q4 international volume put a bold exclamation point on intermodal's stellar year. Volume grew for the eleventh straight quarter, and gains accelerated for the third straight quarter. The full-year pace of 8.6% was one-third faster than last year's 6.4%.

International containers lead the gains as the intermodal network digested soaring imports. Growth topped Q3's 13.3% by almost two percentage points. International equaled the mark set in Q1 2000—the best since IANA started reporting in 1996. All nine IANA regions enjoyed international increases, seven by double-digits. Full-year international gains were second only to 2000's 12.1%.

Trailer growth, though off its torrid first-half pace, held steady just slightly below Q3's rate. Absolute Q4 trailer volume was the best in five years. Fifty-three-foot trailers again set the pace. Their 23% Q4 gain was the year's best, marking a twelfth straight quarterly double-digit jump. Twenty-eight foot trailers leapt 19% as revived LTL and parcels strength continued. All other trailer sizes fell sharply. Trailer gains also were regionally broad, with all but the two Canadian regions growing.

Domestic containers weakened from an already slow Q3 increase, posting their lowest growth since IANA started reporting. Full-year gains also set their lowest-ever mark. The 11% growth for 53-foot containers

Fourth Quarter Totals

	2003	2004	Change
Trailers	671,539	716,181	6.6%
Domestic Containers	788,727	793,147	0.6%
All Domestic Equipment	1,460,266	1,509,328	3.4%
ISO Containers	1,617,396	1,863,179	15.2%
Total	3,077,662	3,372,507	9.6%

Full Year 2004 Totals

	2003	2004	Change
Trailers	2,424,407	2,639,545	8.9%
Domestic Containers	3,018,317	3,135,800	3.9%
All Domestic Equipment	5,442,724	5,775,345	6.1%
ISO Containers	6,454,201	7,147,691	10.7%
Total	11,896,925	12,923,036	8.6%

Fourth Quarter Equipment Loading Trends

Equipment Size/Type	4Q03	4Q04	4Q 03-04 Growth	4Q 04 Share
28' Trailers/Containers	92,494	107,181	15.9%	3.2%
40/45' Trailers	153,487	148,286	-3.4%	4.4%
48/53' Trailers	436,767	470,677	7.8%	14.0%
20/40/45' Containers	1,617,396	1,863,179	15.2%	55.2%
48/53' Containers	777,518	783,184	0.7%	23.2%
Total	3,077,662	3,372,507	9.6%	100.0%