



Public Service Commission of Wisconsin

Daniel R. Ebert, Chairperson
Mark Meyer, Commissioner
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April 12, 2007

Surface Transportation Board
Attention: STB Ex Parte No. 670
395 E Street, S.W.
Washington, D.C. 20423-0001

Re: Notice filed by the Surface Transportation Board on March 9, 2007,
in STB Ex Parte No. 670, Establishment of the Rail Energy Transportation
Advisory Committee

Gentlemen:

The Public Service Commission of Wisconsin (PSCW) and the Wisconsin Department of Agriculture, Trade, and Consumer Protection (WDATCP) submit these comments on the desirability of the Surface Transportation Board (STB) establishing a Rail Energy Transportation Advisory Committee (RETAC). The PSCW and WDATCP strongly endorse the establishment of a RETAC to provide independent advice and policy suggestions to the STB on the issues of rail transportation of critical energy commodities.

Wisconsin, like many states, relies on rail transportation of coal mined in other states as a dominant fuel for electric generation. Over 60 percent of our electric energy is powered by burning coal from other states. When the Joint Line problems curtailed coal shipments from Wyoming and Montana in 2005, electric generation costs increased dramatically throughout the nation, and electric reliability was stressed in Wisconsin. The state also has a quickly growing biofuel industry, one that will remain dependent upon adequate transportation. Timely and sufficient service is required to transport feedstocks for processing and to ensure products have access to markets.

Along with the rail line failures on the Joint Line in Wyoming, the PSCW has observed that the traditional contracts for services between electric generators (utilities and cooperatives) and the railroads for coal transportation services are being replaced with STB approved tariffs. The PSCW and WDATCP remain concerned that rail shipping costs have risen to levels that call clearly into question whether the rates are just and reasonable. Many significant questions regarding the quality of shipping services on the part of the railroads have been brought to our attention.

In response to concerns brought to our attention, last year we organized Wisconsin forums to investigate problems of captive shippers regarding rail transportation costs and service throughout Wisconsin. Rail difficulties related to agricultural commodities and biofuels were a

paramount concern discussed in these forums. While the STB notice pays particular attention to rail transportation of ethanol, the PSCW and WDATCP respectfully contend that all biofuels, including biodiesel, and feedstocks be included in the charter for the RETAC to consider.

At the Wisconsin forums, shippers also discussed steps they wanted to see at the STB to address their concerns with rail costs and reliability for transporting fuels and feedstocks which included:

- o creation of an expedited complaint system at the STB for small shippers;
- o provision of a rate-setting process at the STB that allows for more shipper access and input;
- o requirement of railroads to provide infrastructure investment reports.

These topics could be explored and analyzed by the RETAC as part of its work to advise the STB on the issues and possible solutions to moving energy commodities by rail.

The PSCW and WDATCP recommend that the STB constitute the RETAC and that the RETAC membership be broadly established to include advocates that may bring the perspectives of utilities, independent power producers, electric cooperatives, short line rail, traditional rail, state regulatory commissions, agricultural agencies and advocates, and the ethanol and biodiesel components of the biofuels industry. Given the importance of rail transportation to our energy reliability and the viability of our growing biofuel industry in Wisconsin, we would also request the STB consider appointing someone from Wisconsin to the RETAC.

We appreciate the interest the STB has shown in this matter and look forward to the establishment of the Rail Energy Transportation Advisory Committee.

Sincerely,



Daniel R. Ebert
Chairperson
Public Service Commission of Wisconsin



Rod Nilsestuen
Secretary
Wisconsin Department of Agriculture,
Trade and Consumer Protection