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June 6, 2005

Victoria Rutson
Section of Environmental Analysis (SEA)
Case Control Unit
Finance Docket No. 33407
Surface Transportation Board (STB)
1925 K Street, NW
Washington, D.C. 20423-0001

Subject: Dakota, Minnesota & Eastern (DM&E) Railroad Draft Supplemental EIS – Powder River Basin Expansion Project.

Dear Ms. Rutson:

Thank you for giving us the opportunity to comment on the DM&E Railroad's Powder River Basin Expansion Project Draft Supplemental EIS. The state of Wyoming is very interested in this project, as it can potentially make a third rail carrier available to transport low-sulfur Wyoming coal.

The lack of rail competition can be very expensive for electricity consumers. Wyoming's most efficient, cleanest and most economical power plant is located only 175 miles from the PRB mine. This plant has seen its coal freight rate almost double last year and, as it is served by only one railroad, it could not do much about it and could only appeal to the Surface Transportation Board for a ruling. Increased rail competition could reduce transportation costs thereby lowering electricity costs.

Wyoming's coal production has increased rapidly over the last 20 years, with 2004 production totaling 400 million tons – 40% of total US production. About 93% of the total is shipped out of state via railroad. Occasional railroad bottlenecks and congestions in recent years have resulted in significant lost production in Wyoming. The top 10 largest coal mines in the country are all located in Wyoming's Powder River Basin (PRB), and two railroads access all these mines from the west.

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DM&E is proposing to access these mines from the east via a new 280-mile rail, line extension and upgrading its existing 598-mile rail system. This proposed third rail carrier will not only offer additional healthy competition, but will also add a much needed geographical diversity. No longer would the transport of 40% of national coal depend on a single corridor on the western edge of the Powder River Basin, thereby improve this nation's energy security.

We are pleased to see that, unlike the Surface Transportation Board's January 2002 decision approving DM&E's proposal, this time the Board has already included in the Programmatic Agreement the signature of the Wyoming State Historic Preservation Officer. This will help ensure the assessment and mitigation of Wyoming's affected cultural resources in accordance with the National Historic Preservation Act.

As mentioned in this Draft Supplemental EIS, the court-ordered train horn noise mitigation issues are important for neighbors living close to any railroad. But the train horn soundings are also a safety issue regulated by the Federal Railroad Administration (FRA). The opportunity to eliminate or reduce train horn soundings without compromising safety can only be fully utilized through community and railroad cooperation within the FRA guidelines. We urge DM&E to pay special attention to the noise and vibration issues to be faced by the communities of northeast Wyoming.

Frequent freight trains through small Wyoming communities can, in effect, divide the community into two sections. DM&E should keep this issue in mind while designing grade crossings through these communities.

Wyoming coal produces about 50% of nation's electricity, and its share has remained steady over the last 30 years. During the 1960s and 1970s, it appeared that nuclear power would be the main energy source for electricity, but concern about safety killed this option. During the 1990s, natural gas looked like the fuel of choice for electricity generation, but the steep rise in gas prices has stifled that option for now.

For the foreseeable future, coal will continue to be the fuel of choice for electricity generation in the US; both traditional technologies and clean coal technologies are expected to play their respective roles. This scenario is likely to play out irrespective of the proposed DM&E line. As this proposed line would be as much as 390 miles shorter than the existing carriers' routes to the areas served by DM&E, the diesel fuel saved by the locomotives and the reduction of coal dust distribution will contribute to overall improvement of air quality. In addition, PRB coal may become more competitive compared to the dirtier Midwestern coal for some power plants, thereby reducing sulfur-dioxide production.

Finally, in page 4-12 of this Supplemental EIS, there are two references to the rail rate of $7.10 per ton-mile. Is this unit correct, or is it $7.10 per ton for the whole length of haul? Otherwise, for DM&E's average mileage figure of 810, it will cost $5,751.00 per ton to deliver.

In conclusion, we support the proposed railroad access to PRB coal from east of the basin as long as suitable environmental and community safeguards are an essential part of the project.

Best regards,

Mary Flanderka
State Planning Coordinator

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