

**SURFACE TRANSPORTATION BOARD FINDS THAT WYOMING "DM&E" RAIL LINE CONSTRUCTION TO POWDER RIVER BASIN MEETS TRANSPORTATION-RELATED LEGAL REQUIREMENTS**

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has found that a proposal by the Dakota, Minnesota and Eastern Railroad (DM&E) to build a 280-mile line to tap into the coal mines of the Wyoming Power River Basin satisfies statutory standards required for new rail line construction by the ICC Termination Act. In making this finding, the Board explained that the project could not be finally approved until an extensive environmental review process required under the law is completed and the Board has the opportunity to assess fully the potential environmental effects and the cost of any environmental mitigation that it might impose on the project.

The Board noted in its decision that, in enacting the ICC Termination Act in 1995, Congress intended to facilitate rail line construction. Congress did so by changing the statutory standard from requiring approval, if the agency finds that a project is consistent with the public convenience and necessity, to requiring approval unless the agency finds that the project is inconsistent with the public convenience and necessity. The Board noted that "[u]nder the revised statute, proposed rail constructions are to be given the benefit of the doubt."

In reviewing rail line construction proposals, the Board examines whether an applicant is financially fit, whether there is public need for the proposed new service, and whether the project is in the public interest and will not unduly harm existing rail services. In determining that these criteria have been met by DM&E's proposal, the Board assessed the feasibility of the proposed construction project, both financially and otherwise, including projections for increased demand for Powder River Basin coal and the capacity to meet that demand. The Board also noted that customers accounting for more than 90 percent of DM&E's revenue support the proposed construction, along with the Western Coal Traffic League, a number of individual electric utilities, agricultural interests, and others.

The proposed construction would extend the DM&E railroad line 262.03 miles westward from Wasta, South Dakota to 11 coal mines in Campbell and Converse Counties, WY. The railroad also proposes to build a 13.31-mile line around Mankato, Minnesota and a 2.94-mile line near Owatona, MN. The projected cost to construct the approximately 278 miles of new rail line is \$532 million. In addition, the railroad proposes to rebuild 598 miles of its existing line by adding sidings, signaling, grade crossing protection and other improvements. This would cost \$876 million. The entire project is expected to cost approximately \$1.4 billion.

The Board issued its decision today in *Dakota, Minnesota & Eastern Railroad Corporation--Construction into the Power River Basin*, STB Finance Docket No.

33407.

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