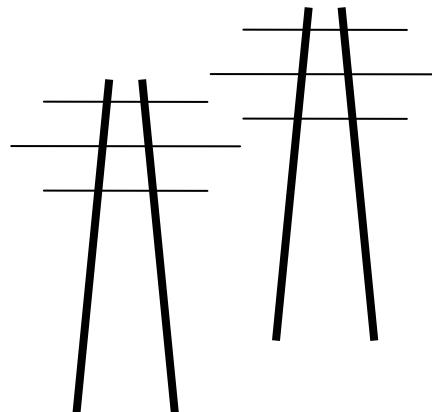


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March 10, 2015

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RE: Comments – Minnesota Rail Plan Draft

Dear Mr. Christianson:

Thank you for the opportunity to comment on the draft Minnesota Rail Plan. I am making these comments as an individual with an interest in freight and passenger rail planning and safety, and am not making these comments in the course of representation of any party.

General Comments

It's my impression that the second round of public meetings was not well publicized, and I missed the ones in our area. Going forward, I ask that the DOT track emails and send out email notice to all those who have commented or otherwise shown interest in all things rail. It's easy and inexpensive to send out mass emails, much more efficient than publishing notice or through other means.

My primary concern with the Minnesota Rail Plan is that it could be used as justification for public expenditures on private infrastructure. There are frequent statements about upgrades begging to be done, and of new rail lines to be built, and I urge the state to remain focused on the private nature of rail, i.e., "To meet current and future demand, improvements are needed in the freight rail network."¹ Yet "Minnesota's rail system has some of the highest volumes in the nation."² With these high volumes, capacity has been at a premium, and rail companies are making more. It is their obligation to regularly attend to upgrades and plan for new

¹ P. xi.

² P. ix.

construction, on their dime. Minnesota taxpayers should not be footing the bill. The Minnesota Rail Plan should not be used for public funding schemes.

The Minnesota Rail Plan should address the direct tension and conflicts between growth of the rail freight industry v. safety and the public interest.

Also it seems the most current information discussed in the “Plan” is 2012, and this is 2015. That’s too long a gap. Things have changed significantly in rail over the last few years and it would help to have more current information to establish trends.

Specific Comments

INTRODUCTION:

Page vi: Why Freight Rail? I note that the commodities “notably” mention are only iron ore, farm products and food products. This introductory section should address the boom in Bakken oil transport to and through Minnesota, as well as the silica sand transported from and through Minnesota both eastward and south for natural gas fracking, and west to the Bakken and elsewhere.

Page vi: Why Passenger Rail? It is not at all clear that “Expanding passenger rail options beyond the existing Amtrak Empire Builder service will offer Minnesotans a fuel-efficient, environmental and affordable travel option between Minnesota cities and to other states.” This should not be stated as fact.

Page vii: 2nd full paragraph, “some of it across Minnesota...” should read “much of it across Minnesota.” A very high percentage of the Bakken oil is transported by rail through Minnesota. Further, the number of oil trains weekly is far higher than 50 trains.

Page vii: 3rd full paragraph, the congestion sentence should also state that there have been constant delays of Amtrak passenger trains. As for “resurgence of coal use,” I think that is more a loud demand of utilities for rail service rather than a “resurgence” level uptick in coal use. In addition to the \$2 million authorized by the legislature in 2014, this paragraph should also have a sentence disclosing the \$5 billion of BNSF and the reasons for the agreement between BNSF and Amtrak for this level of spending.

Page vii: 4th full paragraph begins with statement that industrial growth... expected to continue. This should be more cautionary, as with “growth” of the first half of the last decade. We can see trends of oil price decline and slowed production, as well as decreased sand production, and “growth” should not be assumed. We can also see that safety concerns, and measures rectifying volatility such as degasification could also significantly change the economics of Bakken oil and decrease production and transport. This paragraph should also be more cautionary with regards to passenger traffic from the Metro to Chicago given Wisconsin’s rejection of new high speed passenger rail. The final sentence of this paragraph is also not quite accurate, as there are no plans of “linking smaller communities with the Twin Cities by passenger rail.” Zip Rail would connect only Metro with Rochester, and would instead pass by and through small communities.

Page viii: Under Freight Rail Goals, there should be some acknowledgement of the publicly subsidized existing infrastructure, through provision of land and coexistence of rail with our communities. Expansion of rail will be very difficult now that most of the US is coast-to-coast communities grown around rail, there's nowhere to expand. Any expansion will require careful and thoughtful planning and incentives to communities, not to mention preservation of safety, which now is at great risk with the crude oil shipments that are not degasified. There should also be acknowledgement that just because something exists, does not mean that it can and should be shipped by rail! There should be a rigorous discussion of desirable level of subsidization of private business through public investment of freight upgrades and new construction, and revenue generation for capital projects by the private owners of rail for THEIR railroads! With the Bakken BOOM! There is grossly increased revenue and that increased traffic and safety issues are causing the problems with safety and congestion, and the cost of the necessary upgrades should be reflected in the freight rates. It's not our job to pay that capital cost.

Page viii: Passenger Rail Goals, participation in the Midwest Regional Rail plan may be a waste of money if Wisconsin continues to prohibit rail between Minnesota and Chicago. It's not clear at this point the meaning of intrastate intercity passenger rail network, but if this is meant to be "high speed rail," Minnesota does not seem large enough for high speed rail, nor would it serve as many people due to low number of stops, and multi-stop transit might be more appropriate. "Intermodal shipping" is mentioned in this section and that belongs in "Freight." With intermodal shipping, there should be some acknowledgement of the impact of shipping containers and truck trailers by rail on repression of job growth, because for every trailer on a train, there's one or more job lost. Light rail transit has been a big boon, with high ridership, and it's not clear that it would be the same for high speed or passenger rail other than light rail.

Page viii: Planning and Policy Development Goals, as above, it's not clear whether public funding is at all desirable. Where are the "preserved rail corridors?" Will check further into plan.

Page vix: The first paragraph notes that "rail carriers not only provide the service, but also maintain and control the tracks and other facilities required to provide service." It appears over the years that railroads have skimped on maintenance and necessary upgrades much as utilities have ignored the distribution system. We must guard against the public taking on that private role. Unless the public gains an equity interest, and a share of the profit, we should not be paying capital costs (or operating costs) of railroads.

Page ix: The "improved economic health of the large Class I railroads has improved in recent years," yet this feels like a set up for promotion of state funding for their "intense capital needs." They've had "intense capital" income and should self-fund their own capital needs and/or take it to the market for funding. Do NOT look to ratepayers to take up their failure to maintain infrastructure and plan for their business.

Page ix: "Minnesota's rail system has some of the highest volumes in the nation." As above, there has also been increased revenue, \$912 billion in 2012. It's unfortunate that 2012 is the

most recent year, and these numbers should be updated. Companies file 10-Ks annually and the revenue should be accessible.

Page x: The charts for value show a slight shift in both volume and value. With higher freight-rate oil and silica sand's entrance into the market, this should shift the numbers in the value charts, and they should be updated.

CHAPTER 2:

P. 2-4 – The Minnesota Freight Railroad Map should be at the intro, and should identify the corridors/areas through color shading.

P. 2-12. Employment, Wage and Payroll Taxes – heading should include “Pensions,” which under the narrative is a significant expense.

P. 2-12. Wages should be divided up by wage employees, salaried employees and management classes to get a better feel for reality.

P. 2-12. There is no indication if employment is increasing from the “massive contraction” to higher levels given the major increase in traffic. It’s my understanding that railroads are doing all they can to CUT workers, to use fewer on trains, and this is not acceptable, either as a human resources policy, or for safety.

P. 2-12. “... and prevented \$33 million in pavement damage and maintenance costs.” Explain.

P. 2-12 “... average of \$450 in tax revenue.” It would be useful to intro this with “generated an average of \$____ in revenue for the railroad and an average of \$450 in tax revenue.”

P. 2-13. “... on account of very poor timekeeping associated with massive congestion along its route” should add “due to Bakken oil and sand traffic.”

P. 2-13 introduces the “Midwest Regional Rail Initiative” but should explain whether it is an agency, NGO or corporation and its purpose.

P. 2-13 “... they will cease to provide time competitive quality services...” Competitive with what? A train cannot compete time wise with an airplane. This is meaningless. There currently is a strong network of commuter busses in the area, and it is not clear whether a TC Metro to Rochester would be worthwhile from cost benefit perspective, considering ridership and the internal and external costs of such a project.

P. 2-14 Table 2.2, under the Typical Station Spacing heading the 10+ miles for Conventional Intercity Rail is misleading, should be much more than that. Further, HSR contemplated from MSP Airport to Rochester is only 78 miles, so that 100-500 miles is inaccurate for the purposes of this plan.

P. 2-15 Figure 2.3 and P. 2-16 Figure 2.4 – disclose length of delays. Here in Red Wing, I can hear the train go through, and while the schedule was 8:42 a.m. it would typically be 12n-1p.m. before the train arrived from the west. Then, the schedule was changed to 11:XX a.m. and it was still “late” but not as “late.” Now the schedule is back to 8:42 a.m. and it’s regularly late again. Ticket prices have not been adjusted for this delay.

P. 2-17 Public Financing... there is no explanation of why, or justification for, public financing.

P. 2-17 County Regional Railroad Authorities are NOT “potential financing source for rail studies and projects.” Most county RRAs handle the conversion of old abandoned rail lines to bike trails, and are not focused on lending in the name of “economic development.” The Itasca RRA was an example of a county that was mislead into establishing its RRA and not doing a study, but instead funding construction of a long rail spur for the Excelsior Energy Mesaba Project and Essar Steel, an inappropriate use of public money for private purpose. Details on this debacle available on request, or more directly from Chuck Michael.

P. 2-17 Studies referenced should be linked so readers can get an idea what was done.

P. 2-17 The discussion of grade crossings and at grade improvements and an “expanded program” is not appropriate in this section on “public financing.” Again, the public should not pay for private projects.

P. 2-17 TIGER grants – a link should be provided so the public would have some idea what this means.

P. 2-17 – 2-18 Programs and Projects Intended to Improve Safety. Track Inspection needs to be beefed up, beyond THE inspector to “inspectors” and training of multiple inspectors. References should also include bills introduced but not yet passed to raise issues of concern.

P. 2-20 Grade Crossings, Funding – these upgrades should not be the responsibility of state and federal governments. Railroads are private, for profit, organizations. The bullet points beyond on p. 2-20 are superfluous, i.e., “Furthermore, the absence of statewide funding prioritization contributes to the lengthy delays from the time when improvements are initially identified to when they can actually be implemented.” It’s not our responsibility.

P. 2-21 – Grade crossing improvements don’t seem to have much relevance, as the Bakken BOM! Explosions haven’t tended to be at grade crossings, they’re in areas with poor, if any, access.

P. 2-21 – 2-22, Economic and Environmental Impacts – far to sparse a section.

P. 2-22 Rail diesels are not nearly as efficient as those used by trucks, nor do they have the emissions controls. They should! Also, no discussion of increasing or mandating use of biodiesel.

P. 2-22 Demographic Growth Factors. Population is not an indicator of “growth” and use of building permits would be useful. Also, in light of population shift, the report should consider impact of income on mobility and vice versa. There seems to be an inverse correlation between income and population growth.

P. 2-23 – 2-27, don't see it as all that relevant/valuable...

P. 2-28 – Economic Growth Factors – the first sentence is nonsense. Minnesota is primarily a pass through for much of the rail freight and passenger travel. Structure, or more accurately, the health, of the state's economy has only a percentage of influence.

P. 2-28, Figure 2.11 is supposed to illustrate high freight-related GSP but in Minnesota it's less than half of GDP. There's nothing remarkable, and that chart doesn't add anything.

P. 2-29, Figure 2.12 doesn't make sense because rail is not separated out from other types of transportation, i.e., Transportation & Warehousing. Without separating out rail, what's the point, this is useless.

P. 2-29 Growth of Minnesota's Export Economy – again, vague...

P. 2-30 Again, vague and doesn't say anything.

P. 2-31 Corn – Figure 2-13, and discussion, there's no mention of trend of ethanol manufacturers going bankrupt, or of draining aquifers – the industry is precarious, and caution should be exercised in making assumptions about the corn market or continued manufacturer of ethanol.

P. 2-13 Taconite – taconite market is severely down, plants are again closing on the range. This should be addressed, as it, like ethanol, is probably in for an extended downturn.

P. 2-33 Crude Oil by rail. This Rail Plan should address the impacts of the many wrecks, explosions, property and environmental damage, casualties and deaths due to Bakken BOOM! Trains. These wrecks could put a halt to transport of Bakken oil. This report should also address the potential for mandatory degasification and the impact on the industry, as it would materially alter the economic equation, and alone, or in combination with the oil glut, could be or already has signaled the downfall of the Bakken BOOM! The industry is precarious right now.

P. 2-33 – I think the estimates of trains through Minnesota daily is low and should be corrected.

P. 2-33 – “PHMSA efforts to implement safer tank car designs.” Recent wrecks and explosions have involved the new cars. New car designs are not sufficient. Degasification, at the very least, is required.

P. 2-33 The increased sand volume is mentioned, but insufficient details. How many tons daily, how many cars and trains daily (given how much is required, as stated above on this page, this is significant volume). And again, the Bakken BOOM! is precarious.

P. 2-34, Figure 2.15. This is a US graph, not much help regarding Minnesota. Where is the graph regarding Minnesota pass through? Where is the graph that shows originated carloads of crude v. terminated carloads of crude for Minnesota. Few will originate here, some will terminate

here, most will originate elsewhere and terminate elsewhere. This also does not show deadhead for oil and sand.

P. 2-34 Future of rail. If we've learned anything from the Bakken BOOM! oil and sand, it is that rail must be flexible, and for example, refusal to degasify puts limits on what types of cars can be used. Sand cars are different from other cars as well. It would be worthwhile to work on muti-use containers, or inner-packs, or ???? so that so many empty cars aren't being shuttled across the country.

P. 2-35 – Rail carries about 25%. GOOD! That's a number we need. While the FAF forecast shows a 44% increase in that 25% figure, the ratio of rail to all freight will remain stable. That's an important factoid.

P. 2-35 Forecasting shows increase in volume but not much change in percentage comparing carload v. intermodal. However, the types of intermodal and types of carload could well change in unanticipated ways, and the industry would, as above, do well to anticipate the unexpected.

P. 2-35 Figure 2.16 uses 2007 as its base year, which is problematic, because it was probably peak, with depression since (but then there's Bakken). Anyway, 2007 is probably not representative, and use of that as the baseline year should be reconsidered.

P. 2-36 depicts that carload carries more volume than intermodal.

P. 2-36 "Through moves are the largest type of rail flow," and "top through commodities were hazardous materials.... Very important facts. The balance of raw to value-added manufactured products and whether that is forecasted to shift is another important factoid.

P. 2-37, Figure 2.18 and 2.19, the map is hard to get anything out of, the colors should be different. Note that the big corridor of 200 and greater is the same roughly as the flow of electricity and CapX 2020 transmission! From Canada through Duluth into Wisconsin is similar to Arrowhead transmission.

P. 2-39, Figures 2.21 and 2.22, GOOD INFO.

P. 2.40, Figure 2.22 presumes ratios stay about the same. Is that reasonable. There's no basis for it in the narrative.

P. 2-42, Passenger Rail Demand. These numbers need substantiation, it's pie in the sky.

P. 2-43 Fuel Costs – how much of the fuel cost is limited/exacerbated by long term hedge contracts? This should be addressed, it's a major factor in other transportation and utility areas, and probably is for rail too.

P. 2-44 – 2.45 Congestion – this should address regulated carrier's obligation to serve. Railroads are not fulfilling that obligation for freight customers, and Amtrak is also suffering. Amtrak wasn't just late, some days it didn't show at all, and the schedule was backed off 3-4

hours, but the train was still late. It's my understanding that Amtrak pushed for the BNSF \$5 billion in improvements.

P. 2.45 – Highway congestion has lessened considerably since the 2007 crash, and the DOT should be well aware of that.

P. 2.46 – Airport passengers. The Rail Plan should address the well-orchestrated passenger bus service for commuters in the areas expected/desired to be served by new passenger rail.

P. 2.46 – Land Use – Construction of passenger rail would have significant impact on land use, both through process of declaring and constructing a rail corridor where there now is none, and where there is much else, such as residences, cities, farm, businesses, etc. It would disturb current land use patterns, it would divide fields, stop roads with no over/under access to the other side. The economic impacts would be severe, as the report notes the increased value of ag land, and tax revenues would suffer.

P. 2.47 Passenger service is demonstrably needed between Metro and Chicago, and another Empire Builder would handle that need. There is no demonstrated need for passenger rail service to Rochester.

P. 2.48 “Need” must be carefully identified and defined. Desire is not need. And just because there is an opportunity does not mean that it must be taken.

P. 2.48 – 2.49 Rail safety, as above, is more than a matter of highway-rail grade crossing. The majority of wrecks with explosions and/or injuries and deaths are ones where the train derails but not at a crossing, and where it derails where access is difficult. It is in these scenarios that I think the federal DOT and MnDOT should focus, and require degasification before any Bakken BOOM! crude is shipped by any transport means.

P. 2.49 - Public should not pay for private corporate infrastructure, that is the corporations responsibility. Public should not pay for safety measures due to volatile nature of products shipped, that is the shipper and railroad responsibility. Just because the state and feds have paid for rail infrastructure upgrades and safety measures does not mean it should be done again. NO!

Chapter 3

Proposed Passenger Rail Improvements and Investments

p. 3.1 – 3.11 – No public payments for private infrastructure.

p. 3.1 – 3.11 – High Speed Rail does not make sense. Light rail with multiple stops is sufficient, and provides benefits to more than just the communities at each end of the dumbbell. Adding another Empire Builderette from Metro to Chicago would be great, and easy.

CHAPTER 4:

P. 4-1 – A full needs analysis, or a more full needs analysis, should be done when numbers and projects like this are proposed for public comment. Again, as above, the public should not pay for private infrastructure. I know that's been the history of railroads, with massive subsidies, but in 2014, that doesn't make sense.

P. 4-2: 30% Contingency is twice what it should be.

P. 4-14 One would hope there's been progress since the 1970s! Comparison with truck, however, is apples to oranges. More rail inspectors are needed, a public rail summit would be useful. New car standards are not sufficient, ineffective in preventing explosions. I recognize that the state's jurisdiction is limited, but the state has power to lean on the feds, and that's your job in protecting the public safety. MnDOT must advocate for degasification, and other safety measures. MnDOT must also advocate for and procure training and safety equipment at rail expense sufficient to respond to an exploding train of Bakken oil in any location in Minnesota where those trains travel.

CHAPTER 5

P. 5-1 – State's Rail Service and Investment Program. Vision. Development of HSR is questionable, have not seen “need” adequately identified. Wisconsin has backed out, and it's hard to get through Chicago with HSR without going through Wisconsin. Twin Cities to Rochester alone makes no sense. The same is probably true of Duluth, though I've not considered it.

P. 5-2 – 5.3 NO, it is not our job to relieve congestion or built safety infrastructure, that is the job of the railroad and that is the cost of the railroad, a cost of doing business.

P. 5-4 Figure 5.1 “Negotiation of Public and Private Benefits and Costs” implies that if there are public benefits, the public pays. NO. The corporation, if it wants to operate, must not put the public in danger, and it is. That must be corrected, and that is a cost of doing business. This is not the Pinto \$12 gas tank, and the risks and costs are much higher. If a railroad wants to transport materials that put us at risk, we must require financial assurance, and safety measures, and they must provide that to the public. Second, that “Negotiation” must happen further up, before “Project Inclusion in State Transportation Plan.” That cost/benefit analysis must occur up front, and the railroad must take on the cost.

This entire process set out in figure 5.1 must be open, all who have submitted comments, attended meetings, and/or expressed interest in another way must be notified and given full information with ample opportunity to comment, to intervene, to participate in a contested case regarding this plan.

Again, a 30% contingency is too high, get that down to 15% maximum.

CHAPTER 6 – PUBLIC PARTICIPATION

P. 6-1 – The Draft Rail Plan was not produced until the second round of open houses. At that time it was too late to have an impact on the draft, much less time to review it. Notice of Round 2 was not adequate. In addition there were other meetings that were not announced. In this electronic age, notice should be provided more broadly. An email service list must be put together and notices sent out early and often. The public was not invited to the “Statewide Freight Summit” and should have been, and it should have been webcast. “High level industry leaders” were part of “Targeted meetings” but the public was also not a part of that, and should have been included. The definition of stakeholder is too narrow, and should include communities along rail lines and individuals with an interest.

I'm out of time... it's still March 10, 2015, so I'll get these comments in just under the wire.

Again, thank you for the opportunity to make these comments.

Very truly yours,



Carol A. Overland

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