



Minnesota Senators Franken and Klobuchar recognized for support of captive rail customers

Missouri River Energy Services (MRES) is proud to recognize Minnesota Senators Al Franken and Amy Klobuchar for their testimony on March 22, 2012, before the Surface Transportation Board (STB) in support of the position of captive rail customers.

The STB hearing reviewed whether to allow BNSF Railway to pass through \$8.1 billion (the acquisition premium) to rail customers due to the acquisition of BNSF by Berkshire Hathaway in 2010.

Senator Franken appeared before the STB to provide testimony regarding the Berkshire Hathaway/BNSF acquisition premium. "I led a bipartisan letter about this issue with nine of my colleagues back in March of last year because I am concerned that Berkshire Hathaway may be able to pass on this acquisition premium—roughly \$8 billion dollars—to its customers in the form of higher rates.

"If this premium is included in the railroad's asset base, I fear it will send a message to the railroads that they can artificially inflate their assets to get around the Board's rules. And I fear it will send a message to shippers that the Board does not care about them, and isn't worried that they may face higher rates.

"It's the responsibility of this Board to protect shippers from anticompetitive practices in the rail industry. Congress has given you broad authority and the flexibility to take action. It's time to examine the STB's policies and make this small change to protect shippers from unreasonable rate hikes," stated Senator Franken.

Senator Klobuchar submitted a written statement into the record of the proceeding. Senator Klobuchar stated, "I am deeply concerned about this issue and have shared my views with the STB several times. Recently, I wrote to the STB outlining specific concerns regarding this acquisition premium and how it will impact captive rail shippers in Minnesota and across the nation, and asked the STB to convene this proceeding to allow all interested persons to participate to ensure public input would be received before rendering a final decision on this important matter.

"Consumer protection is one of the primary reasons that other federal and state agencies preclude acquisition premiums from being included in the rate base of electric utilities or other regulated industries. I encourage the STB to use its authority to resolve this matter in a way that protects consumers of rail transportation services."

MRES and its members sincerely appreciate Senator Franken and Senator Klobuchar's testimony before the STB, and also their perseverance in support of the captive shippers, as well as many other issues facing electric utilities.