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May 25, 2007

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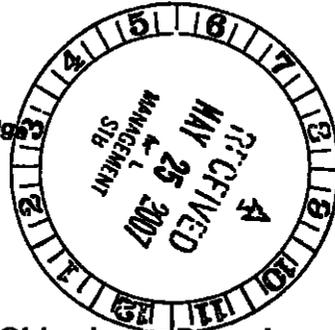
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BY HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 711
Washington, D.C. 20423-0001

ENTERED
Office of Proceedings
MAY 25 2007
Part of
Public Record



Re: WCTL Notice of Intent to Participate and Objection to Procedure,
Ex Parte No. 558 (Sub-No. 10), Railroad Cost of Capital - 2006

Dear Secretary Williams:

This letter constitutes the notice of intent of the Western Coal Traffic League ("WCTL") to participate in the above-referenced proceeding in response to the Board's decision served May 16, 2007. WCTL expects to file a statement on July 25, 2007, in response to the June 25, 2007 submission of the railroads, and wishes to receive copies of any submissions made by other parties to the Board as well as any releases from the Board.

WCTL also states for the record that it objects to the Board's apparent determination in footnote 1 that the "market-value based capital structure mix will be used in this cost of capital determination" and the Board's statement at page 2 that it only "seek[s] the information needed to calculate the 2006 cost of capital under the existing methodology."

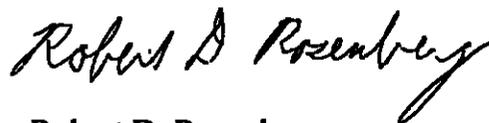
As to the first point, there is ample evidence that both investment community and the railroads themselves consider the industry to be underleveraged. The Board's apparent rejection of such evidence before it can even be submitted is arbitrary, capricious, an abuse of discretion, without observance of procedure required by law, and contrary to the Board's statutory duties, especially under 49 U.S.C. 10101 and 10704(a)(2).

The Honorable Vernon A. Williams
May 25, 2007
Page 2

As to the second point, the Board incorrectly concludes that the suitability of the existing cost of capital methodology can be determined independently of the data utilized under the methodology. It is as if one were to follow the recipe for baking a cake without checking the quality and suitability of the ingredients utilized or making any adjustment for the surrounding conditions such a faulty thermostat on the oven or being at a high altitude. At best, the Board has assumed that the 2006 data is no more distorted than was the 2005 data, but there is no basis for such an assumption.

Please contact the undersigned if there are any questions relating to this letter.

Respectfully submitted,



Robert D. Rosenberg
An Attorney for the Western Coal
Traffic League

RDR:rlh

cc: Chairman Nottingham
Vice Chairman Buttrey
Commissioner Mulvey
Service List in Ex Parte No. 664