

## The Daily

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## PLAINSMAN

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## DM&amp;E project to start in '06?

*Thune to provide specifics today at Crossroads; change in federal law will help finance project*BY ROGER LARSEN  
OF THE PLAINSMAN

The long-awaited \$2 billion Dakota, Minnesota & Eastern Railroad project took a giant leap forward with a recent change in federal law, and the company president says it probably means some of the work can start in 2006 instead of a year later.

Sen. John Thune, R-S.D., authored a provision of the Transportation

Reauthorization Bill that he will detail at a press conference at 11:30 a.m. today at the Crossroads.

"We'll be announcing that the president has signed legislation authored by Sen. Thune that qualifies our project for a federal rail loan program in a way that would solve the financing of the project," DM&E President Kevin Schieffer said in an interview Friday.

The public is welcome to attend the event.

Thune was flying home and unavailable for comment Friday, but his communications director, Kyle Downey, said the provision expands the railroad rehabilitation improvement financing program from \$3.5 billion to \$35 billion.

Of the \$35 billion, he said \$7 billion is set aside specifically for Class 2 and 3 railroads like the DM&E.

"This basically now gives smaller, Class 2 and 3 railroads the same financial footing as Class 1 railroads," he said.

The funding would be in the form of a loan at below market rates, but there is no taxpayer expense because the borrower must repay and also take out a credit risk premium to protect the government against default.



Kevin Schieffer

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While the legislation has passed Congress and is signed into law, DM&E still must go through an application process that could take a few months to complete.

"Under the time frames we are working on, it may take until the first part of next year to get the application through the process and get the evaluation done," Schieffer said. "We still have to wait for the regulatory approval of the Surface Transportation Board."

Application approval is not an

absolute certainty, he said.

"The way the legislation was written, certain kinds of projects are given a higher priority in the evaluation of things," Schieffer said. "Probably not by coincidence, our project is the only one in the country that meets the preference criteria."

DM&E will formalize the application process next week.

"We'll talk about how that will come together," he said. "If everything goes very well from there,

we could actually start construction sooner than previously anticipated. The last time we talked it was most likely 2007. This would probably allow us to start some work in 2006."

It will take three construction years to rebuild existing track in South Dakota and Minnesota and extend 262 miles of rail to the coal fields in the Powder River Basin in eastern Wyoming.

Huron will be home to a \$100 million operations center, with as

many as 500 permanent jobs.

Schieffer said he's uncertain if the railroad will be in a position to begin stockpiling supplies for the project this winter.

Still, he said, the law change — opening up a funding source for the DM&E project — is significant for many reasons.

"There's always been a question about how the project would be financed," Schieffer said. "This will lay out the blueprint for that."

"The key part here is the feder-

al laws of the United States were changed to specifically help make this project happen," he said. "That by itself is a huge endorsement statement. It's a very strong message to have that kind of policy support behind the project."

Schieffer gives all the credit to Thune.

"He made it happen, there's no question about that. He initiated it, he saw the opportunity."