



1/5/2007 Coal Market

Wisconsin shipper coalition calls on Congress to address 'unfair' rail rate hikes, 'inadequate' coal deliveries

Yesterday, Congress reconvened after a long holiday break. As congressmen settle into their offices and get agendas in order, they'll likely hear from members of a Wisconsin rail shipper coalition.

The Badger-CURE coalition, which represents the interests of 45 electric utilities and other shippers, is urging the 110th Congress to stop large railroads from "unfairly forcing up" rail rates, according to a statement released last month. Members are concerned about the impact of "inadequate" coal deliveries and rising rail transportation costs on electric rates and reliability.

Northern States Power recently determined about 40 percent of its electric rate hike was due to increased rail costs, the coalition said.

"There is growing momentum at the national level to bring some long overdue fairness to the way the Class I railroads are treating shippers," said Pat Schillinger of coalition member the Wisconsin Paper Council.

Wisconsin lawmakers are sponsoring bills that would repeal railroads' antitrust exemption or reform the Surface Transportation Board (STB), the coalition said.

However, utilities have ample stockpiles on hand for the winter season, and railroads set a coal volume record in 2006 and are adding capacity to move even more coal, said Association of American Railroads President and Chief Executive Officer Ed Hamberger. Instead of passing re-regulation or STB reform bills, Congress should take other legislative action, he believes.

"If Congress passes the bi-partisan Freight Rail Infrastructure Capacity Expansion Act ... it will help ensure that we continue to meet [coal shippers'] needs," said Hamberger, adding that the bill would provide a 25 percent tax credit to any business investing in new track, intermodal facilities, rail yards, locomotives or other rail infrastructure improvements.