

Arkansas Electric Cooperative Corporation  
Little Rock, Arkansas

AECC depends heavily on coal to generate electricity for its members. AECC's power plants were designed to use Powder River Basin coal. This coal is hauled under contract from Wyoming to AECC's plants in Arkansas. The members of AECC have paid a high price for the poor service that has resulted from the recent lack of competition in the freight rail industry. In the past 15 years, there have been three instances where restrictions have had to be placed on the output of AECC's coal-fired power plants due to the failure of the railroads to deliver the amount of coal they were under contract to deliver. During the most recent and most costly service meltdown, AECC President and CEO Gary Voigt wrote a letter August 12, 2005, to then STB Chairman Roger Nober. The railroads were not delivering enough coal to keep AECC plants supplied. Requests to the railroads for information about the nature of the problem and the length and severity of the service meltdown had not produced any helpful information. Chairman Nober never responded to Mr. Voigt's letter. Three months later, on November 18, BNSF Vice-President Gregory Fox wrote a letter to Mr. Voigt in response. AECC only sent the letter to Roger Nober. The only way BNSF could have gotten a copy of this letter was from Roger Nober. Mr. Fox states the purpose of his letter is "to correct the inaccuracies" in Mr. Voigt's letter. Basically, Mr. Fox tried to make the case that everything Mr. Voigt wrote in the letter to Roger Nober was wrong. The STB did not take any action during this time to help with this service crisis. The only federal agency with authority over the freight railroads turned its back on consumers during a crisis and relied on the railroads themselves to handle the problem and respond to customer communications with the STB. Even with reduced output levels, alternative coal had to be brought in from Colorado, Columbia and Indonesia to meet electrical demand. The delivered cost of this alternative coal was two to four times as much as the original contract coal. Ultimately, this service meltdown cost AECC's members over \$100 million.