

---

# RAIL REPORT

---

RAIL CUSTOMER NEWS AND INFORMATION FROM C.U.R.E.

---

MAY 2006

## SENATE COMMITTEE EXAMINES COAL RAIL DELIVERY PROBLEMS

On May 25, before a packed hearing room, the Senate Committee on Energy and Natural Resources conducted a hearing to examine rail coal delivery issues and the implications for our nation's energy outlook. Senator **Pete Domenici** (R-NM) chaired the hearing, which was also attended by Senators **Conrad Burns** (R-MT), **Craig Thomas** (R-WY), **Tim Johnson** (D-SD), **Byron Dorgan** (D-ND), **Ken Salazar** (D-CO), and **Mary Landrieu** (D-LA).

Testifying before the committee were: Dr. Howard Gruenspecht, Deputy Administrator of the Energy Information Administration of the U. S. Department of Energy; Robert "Mac" McLennan, Vice President of External Affairs, Tri-State Generation and Transmission Association, Inc.; Steven M. Jackson, Director, Power Supply for the Municipal Electric Authority of Georgia (MEAG Power); David M. Wilks, President of Energy Supply, Xcel Energy; Robert K. Sahr, Chairman of the South Dakota Public Utilities Commission; and Edward R. Hamberger, President and Chief Executive Officer of the Association of American Railroads.

Chairman Domenici and other Members of the committee showed a clear understanding that rail coal deliveries are integral to electric reliability and concern regarding both current and potential future rail coal delivery problems. Chairman Domenici expressed particular concern that rail delivery problems with domestic coal are forcing some utilities to import foreign coal.

To read the complete witness testimony, [click here](#).

## FERC TO HOLD DISCUSSIONS ON MARKET AND RELIABILITY MATTERS

On June 15, the Federal Energy Regulatory Commission (FERC) will hold a meeting with electric utilities and railroad representatives to discuss coal delivery problems and the implications for electricity reliability. The meeting is open to all interested parties. Meeting information is as follows:

Date: Thursday, June 15, 2006

Location: Commission Meeting Room (Room 2C) at 888 First Street N.E., Washington, DC 20426

### Consumers United for Rail Equity

Robert Szabo, Executive Director

(202) 298-1920

[rgs@vnf.com](mailto:rgs@vnf.com)



### COSPONSOR UPDATE

H.R. 2047, The Railroad Competition Improvement and Reauthorization Act of 2005:

Rep. Ron Lewis [R, KY-2]

Rep. Major Owens [D, NY-11]

Rep. James Leach [R, IA-2]

Rep. Mark Green [R, WI-8]

Total Cosponsors: 35

H.R. 3318, The Railroad Antitrust and Competition Enhancement Act of 2005:

Rep. Ron Lewis [R, KY-2]

Total Cosponsors: 7

### RAIL REPORT

Beckie Whitehead, Editor

(202) 298-1959

[rcw@vnf.com](mailto:rcw@vnf.com)

Time: At or around 1:00 p.m. (EDT), concluding mid-afternoon (The starting time may be delayed by the Open Commission Meeting taking place that morning.)

## **STB HEARS SHIPPERS' CONCERNS ON RAIL FUEL SURCHARGES**

On May 11, the Surface Transportation Board held a public hearing on the issue of railroad fuel surcharges. Nearly eight hours of testimony was received from dozens of shippers, government and railroad representatives, and independent consultants.

### **C.U.R.E. Membership Update**

C.U.R.E. is pleased to welcome its newest members:

Basin Electric Power Cooperative

Port of Quincy, Washington

Shippers testified that they are not opposed to fuel surcharges on principle; rather, they are opposed to the inequity in how those charges are assessed. Many shippers also expressed concern that the fuel surcharges were serving as profit centers for the railroads. Independent analysts called for greater transparency on the part of the railroads, citing the need for easily accessible financial data that can shed light on the rate calculation process.

Executives from the major U.S. and Canadian railroads testified that their assessment of fuel surcharges is both equitable and necessary and that there has been no over-collection of costs.

Interestingly, the Chairman and Vice Chairman asked the witnesses to help clarify the Board's oversight authority. During one exchange, Vice Chairman Mulvey asked a panel of shippers why, in their opinion, is discriminatory pricing of fuel surcharges unjustified given that base rates are already priced discriminately?

At the hearing's conclusion, Chairman Buttrey acknowledged the great disconnect between the shippers' and railroads' assertions. Ultimately, the witnesses and the Board members all agreed that greater transparency would be necessary in the future, along with continued oversight, in order to address the issue through the best means possible.

## **LEGISLATIVE UPDATE**

*Investment Tax Credit (ITC):* The railroad industry is lobbying hard for a proposed 25 percent investment tax credit. The legislation is expected to be introduced in the Senate soon. Rail customers take the position that the tax credit is not good public policy unless rail monopoly problems are addressed at the same time and the tax credit is focused on captive rail movements and the movement of domestic products.

*Antitrust:* Senate antitrust legislation is being considered and could be introduced by mid-June.

*New Cosponsors of Pending Bills:* Thanks to the good work of many rail customers, pending rail customer legislation gained a number of cosponsors in May as indicated herein.

**Consumers United for Rail Equity**

Robert Szabo, Executive Director

(202) 298-1920

[rgs@vnf.com](mailto:rgs@vnf.com)



**RAIL REPORT**

Beckie Whitehead, Editor

(202) 298-1959

[rcw@vnf.com](mailto:rcw@vnf.com)