



PEABODY ENERGY

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Surface Transportation Board
Attn: STB Ex Parte No. 670
395 E Street, S.W.
Washington, DC 20423-0001

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Gentlemen:

In regards to the establishment of the Rail Energy Transportation Advisory Committee, it is the recommendation of Peabody Energy that such a committee be established and further, that the undersigned be a part of that committee. Rail transportation plays a very important role in the transportation of coal from all of the major coal fields in the United States and represents a significant portion on both the revenue and tonnage hauled by all the major railroads. It is, therefore, important that coal producers be a part of the committee and Peabody is the largest of the U.S. producers.

Peabody is very concerned with the future of rail transportation in the United States. With our expected mine expansions designed to meet the growing electricity needs of the country, we see increased demand on all of the major railroads. Due to our concern on the capabilities of the railroads to meet our own future requirements, Peabody commissioned a recent transportation study to examine the various routes out of the coal fields to the utility markets. The results of the study indicated great concern in the major corridors leading from the coal fields to destinations in the south and southeast. It are these concerns that the Surface Transportation Board (STB) must become aware of and address in the future if the United States is going to continue to provide efficient energy resources to our growing economy.

You mention in Ex Parte 670 that you are interested in suggestions for the transportation of both coal and ethanol. Your concern as to the transportation requirements of ethanol is equally well founded. Peabody has had discussions on several ethanol related projects as to providing coal. Although some of these have been mine-mouth operations, the transportation of the ethanol to their respective markets will require rail transportation and given the level of interest in these projects, there will be additional constraints on our rail systems.

Along with coal interests, other major commodities need to be represented on the committee, to include grain, aggregates and intermodal. Each of these commodity groups face expansion issues that will need to be addressed. For example, although

coal is expected to increase appreciably in the future as new coal-fired power plants are built, it is also important to consider that large quantities of limestone will be required in the scrubbers that will enable the clean and efficient burning of coal

The scope of the committee should be to exchange information from respective commodity groups and organization representatives that will educate the STB and the various industry representatives and/or organizations represented on the committee. From this nucleus will spread the issues, concerns and resolutions to other interested areas of our industry. From the committee should come a list of recognized concerns that should be focused on by the railroads and private industry as well.

The size of committee is of great importance. It needs to represent a good cross blend of industry and commodities. It should not be limited to just one industry representative per commodity so as to garner as even a perspective as possible. Yet, it will need to be manageable. Based on the number of interested parties willing to dedicate the time and work necessary to accomplish the goals of the STB, it might be advisable to form subcommittees that will report back to the larger committee. In this way, the STB will have a large but manageable constituency of industry representatives.

The STB is to be commended on taking the initiative to address the reliability of the rail transportation system as it relates to the resources critical to this nation's energy supply. Over the next few years, new developments already on the planning board are going to require transportation assets that must be planned for by the transportation system. The true depth of these requirements are either unknown or ignored as to the real problems to meet these transportation needs. With a required time line of twenty four to thirty six months, railroads need to be made aware of, and decisions made now, to accommodate this expansion. Your committee is just in time.

Yours very truly,

A handwritten signature in black ink, appearing to read "D. Bryan Bashore", with a stylized flourish at the end.

D. Bryan Bashore
Director - Eastern Transportation