



Electric Power Supply Association

Advocating the power of competition

John E. Shelk
President and CEO

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April 16, 2007

Surface Transportation Board
ATTN: STB Ex Parte No. 670
395 E Street SW
Washington, DC 20423-0001

Re: Notice filed by the Surface Transportation Board on March 9, 2007,
in STB Ex Parte No. 670, Establishment of the Rail Energy Transportation
Advisory Committee

Gentlemen:

The Electric Power Supply Association supports the Surface Transportation Board's March 9, 2007 Ex Parte No. 670 proposal to establish the Rail Energy Transportation Advisory Committee and asks to be included on such a committee. As we are major coal customers, rail issues have a substantial impact on our costs and reliability, given the fact that rail is the primary mode of transportation for coal customers.

The Electric Power Supply Association (EPSA) is the national trade association representing competitive power suppliers, including generators and marketers. These suppliers, who account for nearly 40 percent of the installed generating capacity in the United States, and fully one-third of actual generation, provide reliable and competitively priced electricity from environmentally responsible facilities. We seek to bring the benefits of competition to all power customers.

EPSA members and the competitive power sector as a whole operate a fleet of power plants using a diverse mix of fuels – coal, natural gas, nuclear, wind, geothermal and oil, among others. In fact, coal accounts for the largest market share among all fuels used by competitive suppliers. According to EIA data, over 36 percent of net generation in 2005 from the competitive power sector was coal-based. In 2005, the competitive power industry consumed over 229 million tons of coal, or over one-fifth of all coal production used to generate electricity. Our members are planning to build a number of new, technologically-advanced coal facilities to address growing demand for electricity; coal transport is an integral part of this picture.

Coal transport is an important component of our energy future. The Energy Information Administration forecasts increasing use of coal to produce electricity – EIA predicts that coal will fuel 59.6 percent of electric generation by the year 2030. With increased use of rail capacity to ship biofuels and feedstock for biofuels, congestion and rail capacity will continue to be of great concern.

We suggest that the Rail Energy Transportation Advisory Committee should include members from a variety of different segments of the industry, including independent power producers, investor-owned utilities, public power entities, electric cooperatives, coal producers and the biofuels industry. This committee should address all aspects of rail transportation and the energy industry, including coal, biofuels, and the limestone necessary for scrubbers.

We believe that the STB took an important step towards addressing the needs of rail customers by increasing transparency in fuel surcharges and basing fuel surcharges more closely on actual costs in STB Ex Parte No. 661. We urge you to build on this progress by including independent power producers on the new Rail Energy Transportation Advisory Committee to focus attention on relieving congestion, harmonizing transportation rates and terms for imported and domestic coal, increasing rail competition and varying the supply sources for coal. We look forward to participating on this committee and working with you to address these vital issues.

Sincerely,

A handwritten signature in black ink, appearing to read "John Shelk". The signature is fluid and cursive, with a large initial "J" and a stylized "S".

John E. Shelk
President and CEO, EPSA