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April 16, 2007

VIA HAND DELIVERY

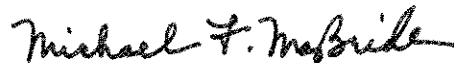
Mr. Vernon A. Williams, Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

Re: STB Ex Parte No. 670 – Establishment of the Rail Energy Transportation
Advisory Committee

Dear Mr. Williams:

In accordance with the Board's Decision served March 9, 2007, in the above-referenced proceeding, enclosed for filing are the original and ten copies of "Comments of Entergy Services, Inc."

Respectfully submitted,



Michael F. McBride

Enclosure

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB Ex Parte No. 670

RAIL ENERGY TRANSPORTATION ADVISORY COMMITTEE

STATEMENT

OF

William M. Mohl

Vice President, Commercial Operations

Entergy Services, Inc.

I. INTRODUCTION

On behalf Entergy Services Inc. and the Entergy operating companies (collectively “Entergy”), I would like to thank the Board for taking the time to provide shippers with the opportunity to submit comments relating to the establishment of a Rail Energy Transportation Advisory Committee that would provide independent advice and policy suggestions to the STB on issues related to the reliability of rail transportation for resources critical to the Nation’s energy supply. We applaud the Board’s efforts toward hearing and responding to rail shipper concerns regarding rail transportation reliability.

Entergy owns and operates 5 coal fired generating units through its operating companies Entergy Arkansas, Inc. and Entergy Gulf States, Inc. These coal units which total 3,887 MW of electric generating capacity, include the White Bluff and Independence Stations in Arkansas, and the Nelson Station in Louisiana. Entergy ships approximately 15 million tons/year of coal from the Powder River Basin (“PRB”) of Wyoming to these coal-fired generating facilities. All of these units were originally designed to burn, and, with the exception of small test burns of lignite and petcoke respectively, until 2005 did in fact burn, 100 percent PRB coal.

II. RELIABLE RAIL SERVICE IS CRITICAL TO AMERICA’S ENERGY SECTOR

In its decision to seek “public comment on the desirability of establishing...a Rail Energy Transportation Advisory Committee,” this Board stated that it “views the reliability of the

nation's energy supply as crucial to this nation's economic and national security, and the transportation by rail of coal and other energy resources as a vital link in the energy supply chain. Particularly in the present environment of constrained rail capacity, the Board believes that an advisory committee consisting of a balanced cross-section of energy and rail industry stakeholders could serve as an important resource for providing independent, candid policy advice to the Board and for fostering open, effective communication among the affected interests on issues such as rail performance, capacity constraints, infrastructure planning and development, and effective coordination among suppliers, carriers, and users of energy resources.”¹

Given the Board's statements, together with comments that Entergy, in coordination with the Edison Electric Institute (“EEI”), recently submitted to this Board in its recent hearing on Rail Capacity and Infrastructure Requirements, Ex Parte No. 671, on April 11, 2007, I see no reason to burden the Board with further lengthy discussion of the critical role that rail transportation plays in this nation's energy sector, or of the serious issues that have undermined the reliability assumptions on which the energy industry must depend to meet the nation's energy needs.

A brief illustration might help to confirm and reinforce the Board's appreciation of the vast scope and complexity of the issues that are involved. Approximately 355 million tons were shipped off the Powder River Basin (“PRB”) Joint Line² alone in 2006. This

¹ STB Ex Parte No. 670, *Establishment of the Rail Energy Transportation Advisory Committee*, Decision, March 9, 2007

² The Joint Line is a north-south rail line that spans approximately 120 miles. It is jointly owned and operated by the BNSF Railway Company (“BNSF”) and the Union Pacific Railroad (“UP”). The Joint Line begins in the south at a

figure is expected to grow to over 370 million tons in 2007—that's over one million tons, or approximately 68 trains, of coal per day! To transport this quantity by truck would require that one truck be loaded in the basin every two (2) seconds continuously every hour of every day of the year. In addition to the vast number of trucks that would require, trucks are also approximately one ninth ($\frac{1}{9}$) as fuel efficient as railroads. For these reasons, all of the Entergy-operated coal units are served directly by railroad and have historically received virtually all of the coal we burn via railroad since 1980.

While the nation's coal delivery shortfalls of the past two years have been well publicized, the problems of locating and delivering replacement fuels have sometimes gone unmentioned. Plants burning eastern coals have gradually started to burn some PRB coal due to its low-cost and low-sulfur characteristics. The plants that can accommodate both types of fuel thus have supply options that can protect against some local constraints. PRB-burning plants on the other hand, most often can not change to other domestic coal alternatives due to operational permits being contingent on the low-sulfur content of the PRB coal. The alternatives for PRB burning plants are thus limited. To highlight one specific plant delivery issue associated with the replacement of PRB coals, I would like to focus on Entergy Gulf States' Nelson Plant, located near Lake Charles, Louisiana. In order to secure foreign supply, Entergy has tried to utilize a relatively short rail haul within the state of Louisiana from the ICR Marine Terminal outside New Orleans, Louisiana, but has most recently used an alternate receiving port,

junction between the BNSF and the UP networks called Shawnee Junction, Wyoming, and extends northward to the northern-most mine served by the Joint Line, Caballo Mine, which is located a short distance south of Gillette, Wyoming.

the Port of Lake Charles (Louisiana), which did not require final delivery by rail. This Port however, has a shallower draft, requiring that Panamax vessels be loaded at less than their capacity when arriving. This means that freight costs, which are a substantial portion of the delivered price, increase significantly. Additionally, the coal must be handled several times before it reaches the coal yard. Whereas coal arriving by rail is loaded at the mine and unloaded in the car dumper at the plant, coal arriving from overseas is unloaded from the vessel with a clam shell, dumped into a receiving hopper, trucked to the ports coal pad, and loaded by a frontloader into another truck for transportation to the plant. At the plant, the coal is dumped in the yard far from the conveyors, and pushed with dozers until it reaches a hopper where it finally goes to the usual handling system.

As you can see, this is a very laborious, time consuming, expensive and inefficient approach to securing coal deliveries when compared to the alternative of coal delivered by rail. In addition, it is important to note that not all plants are located in places where the geography allows for alternative modes of delivery. Therefore it is crucial for utilities that rely on rail delivery that the railroads can serve the plants reliably.

In addition to the PRB Joint Line coal, virtually all of the coal from the remaining mines in Wyoming, Colorado and Utah, as well as Appalachian coal and some amounts of lignite are shipped by rail, although the latter coals do have some other delivery options (barge, truck) available to a limited extent. Not surprisingly, this means that a large

portion of the US generation capacity is directly depending on the railroad performance for their capability to generate electricity.

III. BENEFITS OF A RAIL ENERGY TRANSPORTATION ADVISORY COMMITTEE

With the exception of safety issues, this Board has sole regulatory responsibility for, and authority over the US rail industry. In the past, this Board and its predecessor, the Interstate Commerce Commission, have seldom, if ever, sought this level of participation from rail customers. As result of this fact and recent regulatory decisions reached by this Board, rail customers have developed a perception that this Board is “railroad-biased” to the detriment of the overall public interest that it was created to serve. We applaud the efforts of this Board to develop this Rail Energy Transportation Advisory Committee. The proposed committee is a positive step toward developing a more balanced appreciation and understanding of the issues that are faced by both the rail and energy industries, and thereby promoting a more balanced regulatory policy that will both encourage essential investment in needed rail infrastructure to ensure reliable deliveries of energy commodities while guarding against abuse of market power over captive customers.

IV. SCOPE OF THE COMMITTEE

It would seem appropriate for this committee to consider at a minimum such items as the lack of adequate rail service or competition in certain regions, current and future transportation corridors for energy-critical commodities, how these corridors may be

affected by other non-critical product corridors, infrastructure improvements to these corridors, as well as establishing and overseeing minimum performance measures applicable to these corridors.

V. SIZE AND COMPOSITION OF THE COMMITTEE

In addition to representation by the railroads, the committee should include representation from coal producers, the electric generating industry, the ethanol refinery industry, the ethanol distributor industry and Homeland Security. Consideration should be given to the implementation of regional or resource specific subcommittees that would report to main body committee.

VI. SUMMARY

This advisory committee, if appropriately structured and implemented, will provide an important opportunity to address key issues and concerns existing between the energy related businesses and railroads. However, the Board's commitment, oversight and direction will be critical to ensure that the advisory committee stays focused on finding practical and viable solutions to the transportation challenges facing America's energy sector and develops an action plan to address these issues. The effort will be fruitless if the committee simply results in additional lengthy meetings with no meaningful objectives or outcomes.

* * *

Thank you again for your careful consideration of these important issues.

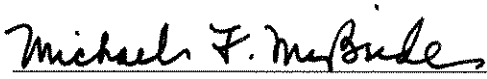
CERTIFICATE OF SERVICE

I hereby certify that I have served this 16th day of April, 2007, a copy of the foregoing
“Comments of Entergy Services, Inc.” upon the following parties of record:

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