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BEFORE THE
SURFACE TRANSPORTATION BOARD

EX PARTE NO 677 (SUB-NO 1)

COMMON CARRIER OBLIGATION OF RAILROADS –
TRANSPORTATION OF HAZARDOUS MATERIALS

COMMENTS OF
PPL ENERGYPLUS, LLC

PPL EnergyPlus, LLC welcomes the opportunity to comment on the issue of the common carrier obligation of railroads as that obligation relates to the transportation of hazardous materials. PPL EnergyPlus is an indirect subsidiary of PPL Corporation, a major energy producer with generating plants in six states.

Among the responsibilities of PPL EnergyPlus (hereafter "PPL") is responsibility for arranging and supervising rail service to coal-fired generating stations operated by subsidiaries of its affiliate, PPL Generation. Of particular relevance to this proceeding is the Montour Steam Electric Station, a coal-fired power plant in Washingtonville, PA, operated by PPL Montour, LLC. Shipments of anhydrous ammonia are delivered by rail to the Montour plant. A PPL Generation subsidiary, PPL Susquehanna, LLC, operates the Susquehanna nuclear plant in Berwick, PA.

roads cannot refuse to transport materials tendered to them for service in conformance with all applicable governmental regulations

The common carrier obligation serves important public purposes, inasmuch as many hazardous commodities must be transported in order to meet the needs of modern industrial economies and societies, including the United States. Another case in point is anhydrous ammonia.

Several years ago, PPL Montour spent many millions of dollars to install two selective catalytic reduction systems (or SCRs) at the Montour coal-fired power plant, which accounts for half of the company's coal-fired generation in the east. These SCRs reduce NOx emissions by 90%, thereby contributing to the reduction of acid rain, smog, ground level ozone and fine particulates. When used in conjunction with sulfur dioxide scrubbers, they can also substantially reduce mercury emissions.

The SCRs at Montour are designed to operate using anhydrous ammonia, as are similar devices at many coal-fired generating stations in the U.S. PPL therefore also supports EEL's comments addressing the need of the utility industry for rail transportation of anhydrous ammonia to coal-fired power plants.

In 2008, the SCRs at Montour are in use during the period May-September, when ground-level ozone is of greatest concern. However, beginning in 2009, PPL Montour will be operating the SCRs year-round in order to meet its obligations under the Environmental Protection Agency's Clean Air Interstate Rule. The anticipated volume is approximately two rail tank cars per week, or 100 tank cars per year.

These volumes are modest, especially when compared with the 4.2 million tons, or about 40,000 carloads of coal transported to Montour each year. However, without

these anhydrous ammonia deliveries, PPL Montour could not operate the Montour power plant. Norfolk Southern delivers the needed tank cars of anhydrous ammonia, and has never objected to PPL about risks or burdens, possibly because NS recognizes the need for SCRs to permit continued generating operations at Montour and the consumption of the coal NS transports.

Though anhydrous ammonia may be transported by truck, the Montour power plant is designed for rail deliveries, with special rail unloading equipment, storage containers, warning systems and safety gear including fogging equipment, in the event of a release of anhydrous ammonia. Personnel working at the Montour plant receive hazmat training, and there have been no spills or releases or incidents there involving anhydrous ammonia.

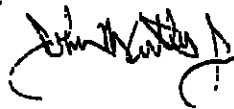
PPL Montour is proud of this safety record, takes safety seriously, and wants to maintain safe operations. It is well-recognized that rail transportation of anhydrous ammonia, as well as other hazardous materials, is safer than truck transportation, both because of the greater volumes in rail tank cars versus tank trucks (permitting fewer shipments), and because trucks move on congested highways and city streets. In addition, transportation by rail results in substantially less carbon dioxide emissions than transportation by truck, thereby helping to address global climate change. Accordingly, PPL has a direct interest in continued rail service to the Montour plant.

At the same time, PPL, as a captive shipper of coal, recognizes that even if railroads continue to provide service, they may seek to impose conditions that adversely affect the rights of shippers and receivers. These conditions can take the form of high rates, or high tariff rates coupled with lower (but still high) contract rates, conditioned on

agreement to take-it-or-leave-it contract terms, including limitations of liability and/or indemnification provisions

Accordingly, it is not enough for the Board to hold, consistent with established case law, that the railroads have a common carrier obligation to transport hazardous materials. If the common carrier obligation is not to be subject to nullification by railroads, the Board must also guard against excessive rail rates on hazardous materials, and against railroad attempts to disclaim liability for releases of hazardous materials in transit, or to shift liability for railroad negligence or omissions to shippers and receivers

Respectfully submitted,



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