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## **Railroad Delivery Delays Force Power Companies to Import Coal**

**WASHINGTON, D.C. (August 24, 2006)** –The failure of the railroads to meet their obligations to deliver Powder River Basin (PRB) coal has forced utilities to buy coal from other more expensive sources. Plants co-owned by various Operating Companies of Entergy Corporation, Arkansas Electric Cooperative Corporation (AECC), Jonesboro (Ark.) City Water and Light, and the City of West Memphis (Ark.) have had to import coal from countries as far away as Indonesia.

Despite the fact that the U.S. has a 250-year supply of coal, power companies have had no choice but to turn to other sources to make up the difference in coal not delivered by the railroads. The shortfall has been compounded by record demands for electricity created by this summer's heat wave.

New Orleans-based Entergy Corp. serves 2,700,000 residents of Texas, Louisiana, Mississippi and Arkansas. Included are the cities of Jonesboro and West Memphis. AECC provides wholesale electric power to electric members who serve approximately 460,000 customers located across the state of Arkansas.

These partners have typically relied on coal brought by rail from the Powder River Basin – just 2,000 miles away in Montana and Wyoming – to create power at their coal-fired generation plants.

“Rail deliveries from the Powder River Basin to our plants have been so undependable over the last year that we have had to purchase over 1,000,000 tons of alternate coal supplies, including over 350,000 tons of foreign coal, since May, 2005.” said Bill Mohl, Vice President Commercial Operations for Entergy Services, Inc. “Despite the railroad's claims that they are transporting record volumes of coal out of the PRB, they are not meeting their delivery obligations to us and we've been forced to turn to other more costly alternatives including a reliance on foreign coal.”

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“Jonesboro has a population of only 58,000,” says Ron Bowen, Manager, City Water & Light. “We estimate that between June of last year and this past March we spent \$3.5 million more on our operations because the railroads couldn’t deliver our coal. We’d have spent even more if we didn’t import foreign coal to make up some of the shortfall.”

The railroads shipping PRB coal delivered less than 85 percent of the coal promised to the ownership group between June 2005 and June 2006.

"It's very frustrating to have to explain to our members that even though we have a contract, the coal is not being delivered," says Steve Sharp, Principal Engineer, Fuels and Civil for AECC. "Even worse, the burn restrictions and substitute coal and energy costs resulting from the railroads failure to deliver our coal have caused a big increase in the cost of our member's electricity."

The citizens of West Memphis have felt the same sting in their electric bills. If the plant owners had not purchased the more expensive supplemental domestic and foreign coal and curtailed the output of their coal units earlier in the year, they could not have operated these units at full load to meet the demands of their customers this summer.

Over the last 10 years the railroads have exploited their monopoly over major freight movements, driving up costs, failing to deliver critical commodities and hurting American competitiveness.

CURE, a coalition of captive freight rail customers – Consumers United for Rail Equity - seeking pro-competitive changes in law and federal policy designed to hold the railroads accountable, has been actively seeking legislative changes and regulatory reform designed to curb this abuse by railroads. Power generators, along with farmers, chemical companies, manufacturers and forest and paper product companies are asking Congress to change federal policies to hold the railroads accountable to their customers and all Americans.

For more information visit <http://www.railcure.org>.

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