

# RM

## Rural Montana

Vol. 53, No. 6, April 2006 (ISSN0199-6401)

*Rural Montana* is an official publication of Montana Electric Cooperatives' Association and is published monthly by Montana's rural electric and telephone cooperatives in the interest of better rural and urban understanding of the benefits and the problems of rural utilities.

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**Design/Layout:** Sherri Carl, MECA.

**Printer:** Northwinds Publishing, Great Falls, Montana

**Change of Address:** Mail change of address to your local rural electric cooperative or the *Rural Montana* office, P.O. Box 3469, Great Falls, MT 59403. Please include the mailing label from your most recent issue of *Rural Montana* you received.

**Subscriptions:** \$6.75 per year.

**Postmaster:** Published monthly by Montana Electric Cooperatives' Association, 501 Bay Drive, Great Falls, Montana. Periodicals postage paid at Great Falls, Montana. Postmaster send address corrections to P.O. Box 3469, Great Falls, MT 59403.

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## VIEWPOINT

Dave Wheelihan

### Captive Shippers suffer higher costs

**Y**ou will notice in this month's issue of *Rural Montana* information about rising costs associated with the business of providing electricity. One of those costs that we will discuss in this column is the cost to ship coal by rail to existing or new coal-fired power plants.

Since deregulation of the railroad industry, there are now a small number of railroads that ship the vast majority of commodities across the nation's railroads. Electric cooperatives nationwide contract with the railroads to ship coal from the mines to their power plants. Distances to ship the coal vary greatly.

For example, a number of eastern and southern plants have their coal delivered to their plants from the coal fields of Wyoming.

When electric cooperative contracts for rail delivery of coal are up for renewal, they are seeing huge price increases because there is simply no competition to curb the price hikes.

Some electric cooperatives in Wisconsin have seen nearly \$20 per month added to their consumers' power bills because of increased shipping costs imposed by their rail carrier. And the problem doesn't end there.

Shortages of rail cars is an ongoing problem. Basin Electric Power Cooperative supplies power to nine states in the West and Midwest includ-



ing electric cooperative consumers in Montana.

They recently announced they would have to curtail power production at a Wyoming power plant because they only have a week's worth of coal stockpiled due to unavailability of rail cars.

These are just a couple of examples of what is called the captive shipper issue. Electric cooperatives are not the only ones affected by this issue. Other utilities, farmers or any industry that ships by rail can run into the same problems.

The issue has risen to national prominence with bills being introduced in the United States Senate and House of Representatives to address the lack of competition in the rail industry.

Montana's congressional delegation supports the bills as a means to provide relief to captive shippers as you can see on pages 12 and 13 of this *RM*.

The National Rural Electric Cooperative Association is part of a broad coalition trying to fix the problem. This coalition recently went to Capitol Hill to lend support to the legislation currently in front of Congress.

It will be a lengthy process to address the problem adequately, but success will result in curbing costs to the consumers we serve.

*Dave Wheelihan is CEO of the Montana Electric Cooperatives' Association*

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