



October 31, 2014

Hon. Cheryl LaFleur  
Chairman  
FERC  
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Washington, DC  
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Hon. Philip Moeller  
Commissioner  
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Hon. Tony Clark  
Commissioner  
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Hon. Norman Bay  
Commissioner  
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Dear Chairman LaFleur, Commissioner Moeller, Commissioner Clark, and Commissioner Bay:

We write to call your attention to, and to seek your help in addressing, a problem that we believe poses a serious challenge to the overall reliability of the interstate power grid in the portions of the country that depend heavily on Western coal for generation.

You and your staffs have already noted at Commission meetings (April 17 and October 16) and elsewhere the substantial operational problems that western rail carriers began experiencing over a year ago. Those carriers indicated earlier this year that they expected to resolve most of their problems in 2014. However, BNSF Railway Company has more recently indicated, at a September hearing before the Surface Transportation Board and elsewhere, that it expects the problems to continue at least through 2015 and that coal stockpiles at some utilities will not return to “normal” before 2016. Most ominously, BNSF recently acknowledged that it will be taking 30 trainsets out of service, but gave no indication when they may be returned to service.

Last year’s service problems caused substantial challenges for a number of utilities that consume Western coal originated or delivered by BNSF. Beginning early in 2014, many utilities were forced to curtail their coal-fired generation in response to the reduced deliveries. Some utilities saw their stockpiles shrink to less than seven days, and some utilities have recently shut down generating units altogether in order to conserve coal and attempt to build up stockpiles for the winter. Such actions have imposed very substantial costs on the ratepayers, customers, members, and citizens of electric utilities.

We are concerned that the problems are about to become substantially worse. Winter is coming, and unlike last year, stockpiles are substantially below normal levels. Last winter revealed consequential gaps in the supply chain for gas-fired generation. The ensuing problems were significant, but would have been far worse without the general availability of coal generation, even though the winter weather and BNSF’s problems impaired coal generation for a number of

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coal shippers. The depleted stockpiles are likely to constrain coal generation this winter, resulting in not only higher costs for generation, but also the potential for difficulties in serving load reliably and effectively, especially during times when gas deliveries may be curtailed due to adverse weather, which is when power supply becomes most critical.

We believe that it would be helpful if FERC held a public workshop to focus on these railroad coal-delivery challenges and the impact of continued coal-delivery disruptions on electric reliability. FERC last held such a hearing on June 15, 2006 in AD06-8-000, and we believe that FERC's inquiry and attention to the matter at that time had a very beneficial effect.

On behalf of our associations and our members, we appreciate the Commission's consideration of this request, and we look forward to meeting with you soon to discuss further this significant matter.

Sincerely yours,



Susan N. Kelly  
President and Chief Executive Officer  
American Public Power Association



Thomas R. Kuhn  
President  
Edison Electric Institute



Charles D. Gray  
Executive Director  
National Association of  
Regulatory Utility Commissioners



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Bette Whalen  
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