



WISCONSIN LEGISLATURE

P. O. Box 7882 Madison, WI 53707-7882

July 30th, 2014

Daniel Elliott III, Chairman
Surface Transportation Board suite 1220
395 E. Street. SW
Washington, DC 20423-0001

Dear Chairman Elliott III,

We are writing you today to encourage you to take necessary action in addressing the urgently growing coal shortage for power plants in Wisconsin and Minnesota. If the situation is not addressed soon and more coal is not made available for power plants, our region could face another energy crisis like the one caused by the propane shortage last year.

An energy shortage can harm Wisconsin businesses and consumers when citizens need reliable and affordable energy the most. We urge you to continue to work with the railroad as quickly as possible and take whatever action is necessary to increase shipments and avoid another costly and frightening energy crisis this winter.

We have been contacted by utility companies expressing deep concerns over the growing coal shortage. The issue first came to our attention when Barron County Electric Cooperative, a rural electric cooperative located in Northwestern Wisconsin, contacted our offices to ask for help.

Barron County Electric Cooperative which purchases its energy from Dairyland Power Cooperative of LaCrosse, has informed us that Dairyland is having significant problems securing enough coal to keep its two energy plants operating at or near capacity. Normally, Dairyland receives coal shipments once a week but since early this year shipments have been slowed to one every two or three weeks. Dairyland officials estimate that Burlington Northern Santa Fe Railway (BNSF) will have to triple the amount of coal it is currently shipping weekly for Dairyland to avoid a shortage. According to Dairyland, this shortage has forced the company to increase costs to the 30 different rural cooperatives that it supplies by \$5 to \$10 million already this year. In the case of Barron Electric, that has led to \$65,000 in increased costs for its rate payers already this year.

Both of Dairyland's plants rely on BNSF Railroad for access to coal shipments. While the reduced shipments have caused problems already and potential cost increases to consumers there is deep concern that there may not be enough supply to meet the needs this winter. If the plants have to significantly reduce energy production at either facility or if Dairyland is forced to completely shut one of the facilities down, customers will be left scrambling to buy energy on the open market, at the time of year when energy is at its most expensive.

Making matters worse, Dairyland's customers are primarily rural cooperatives, who will have no choice but to pass increased costs on to ratepayers, who are also primarily rural and lower income. The result could mirror the propane shortage of last winter, when propane prices went

from under \$2 per gallon up to as high as \$6, with distributors unable to afford to fill customers' tanks and customers either unable to afford or simply unable to find propane to heat their homes. State and federal officials were forced to release \$22 million in additional energy assistance in response to the crisis.

We understand there is bipartisan concern over this alarming problem in Congress. US Senator Tammy Baldwin and Congressman Ron Kind, made us that they have spoken with you over this situation and are in discussions with BNSF. We urge you to continue to work with them and to do so quickly so that we can avoid another costly and frightening energy crisis this winter.

Thank you for your attention to the matter. Please do not hesitate to contact us if you have any questions.



Bob Jauch
State Senator



Stephen Smith
State Representative



Janet Bewley
State Representative



Nick Milroy
State Representative

CC: US Senator Tammy Baldwin
Barron County Electric Cooperative
Dairyland Electric Cooperative