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Rail shipment issues lead to the formation of Arkansas CURE

Little Rock, Ark. – March 8, 2007 – A group of concerned businesses, utilities, chambers of commerce and municipalities have formed Arkansas CURE (Consumers United for Rail Equity), a grassroots organization dedicated to addressing issues caused by escalating rail shipping rates and declining rail service. The Arkansas chapter is part of the national CURE organization, a growing coalition of railroad customers who are fighting back against unfair practices and demanding that changes be made.

“Rail transportation problems have caused a major financial strain on Arkansas businesses and consumers,” said Carmie Henry, vice president of governmental affairs for the Electric Cooperatives of Arkansas. “Agriculture is highly dependent on rail transportation to move products to markets and some grain shippers have seen rail costs more than double. Major Arkansas employers, including the paper industry, chemical companies and steel producers, are experiencing not only steep cost increases to transport their products, but unreliable service as well.”

Henry said rail transportation issues have significantly impacted the state’s electricity providers, resulting in higher electric bills for commercial and residential consumers. The main issue is that the railroads are not meeting contracted delivery levels of coal, he added.

In 2005, a total disruption in coal delivery resulted in coal burn curtailments at Arkansas’ coal-fired power plants, which ultimately cost electric cooperative members millions of dollars in energy cost adjustments. The increased costs resulted when the cooperatives were forced to turn to higher cost natural gas-fired generation to make up the generation shortfalls, said Doug White, vice president of systems services for the Electric Cooperatives of Arkansas.

The Arkansas CURE organization is working with the national CURE organization, to focus on congressional policies and legislation affecting railroad competition. Along with other grassroots organizations across the United States, Arkansas CURE members are continuing to push for congressional action aimed at forcing big railroads to offer better service and fair rates. Specifically, CURE is calling for a common rail carrier “obligation to serve” standard when it comes to delivering products, like coal, that are critical to the U.S. economy.

“Arkansas CURE members and concerned parties from across the United States will participate in a Rail Customers Day on March 15 in Washington, D.C.,” said Henry. “Arkansas CURE delegates will meet with the Arkansas congressional delegation to discuss the major problems that are resulting from the monopolistic practices of the rail roads and the inadequacy of the Surface Transportation Board that oversees the railroad industry.”

Members of the Arkansas' congressional delegation have already been advised on this issue and Arkansas CURE will update the lawmakers during the visit. Sen. Herb Kohl, D. Wis., introduced a bill on March 6 that would strip the rail industry of its anti-trust exemption. Arkansas CURE supports the bill, calling it an important step to restoring accountability to America's freight rail system. As introduced, the bill would level the transportation playing field subjecting railroads to the same rules of competition as other transportation industries and the businesses they serve.

A second pair of bills, to be introduced at a later date, would require the Surface Transportation Board (STB) to do the job it was created to do. The STB was created to make sure that America's freight rail customers received reasonable service and paid reasonable rates. The Arkansas Public Service Commission has expressed concern about captive shipper problems to Arkansas' congressional delegation. Arkansas CURE will continue to work with industry leaders and lawmakers to find the right solution for all parties.

During 2007, Arkansas CURE will encourage consumers, industry and business owners to get involved by contacting their legislators and ask them to reject the monopoly practices of America's freight railroads.

"Anyone that has been impacted by higher electric rates, decreased productivity or other issues related to poor railroad delivery service should contact their congressman or senator and express their support of the Arkansas CURE efforts," Henry said.

Arkansas CURE members include the Arkansas Association of Conservation Districts; the Arkansas Forestry Association; the Electric Cooperatives of Arkansas; Entergy Arkansas, Inc.; the City of Jonesboro; the City of Pocahontas; the City of West Memphis; Conway Corporation; Cooper Communities, Inc.; Green Bay Packaging; Holiday Island Suburban Improvement District;

the Randolph County Chamber of Commerce; and Stribling Packaging and Display; and Tyson Foods, Inc..

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