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OFFICE OF CHAIRMAN

January 27, 2016

The Honorable Daniel R. Elliott, III
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Dear Chairman Elliott:

The Michigan Public Power Agency (MPPA) is a public body politic and corporate of the State of Michigan formed in 1978. The mission of MPPA is to help its members realize the benefits of joint action in the planning, development, acquisition and management of electric services that meet their needs. MPPA presently consists of seventeen Michigan municipality members.

MPPA serves the public interest by providing a reliable and low cost supply of power to its member municipalities that is essential to economic health and growth in the state. With 10 of MPPA's 17 member utilities purchasing power from MPPA's minority ownership in Consumers Energy's J.H. Campbell Generating Station, I write to express my concern over the rising cost of fuel for the Station, and in particular the level of rates charged by CSXT to deliver Campbell's essential coal supplies.

The cost of fuel at Campbell comprises about half of the cost of generating electricity, which is passed through directly to our citizen-ratepayers. While CSXT's route comprises less than 15% of the total distance from the Wyoming coal origins to the Station, CSXT's current rates are some 50% of the total transportation cost. The result is that Consumers (and MPPA proportionately) is forced to pay as much for the 170-mile delivery haul as it does for the entire 1150-mile trip from Wyoming to Chicago. As there are no alternatives to CSXT available to Consumers, the company's only recourse in an effort to reduce its rail costs is to appeal to the STB, which it has done in Docket No. 42142, *Consumers Energy Company v. CSX Transportation, Inc.*, now pending before the Board.

On behalf of MPPA's member municipal utilities and their citizen-ratepayers, I urge you to give careful and balanced consideration to the evidence presented in Consumers' case, and ensure that only "just and reasonable" rates can be charged by CSXT for the transportation service that it alone controls. Thank you for your attention to this request, and please contact my office if you would like further information.

Sincerely,

Patrick A. Bowland
CEO & General Manager