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

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Dear Chairman Elliott:

The Michigan Public Service Commission would like to convey its concern over the rising cost of fuel for Consumers Energy's J.H. Campbell Generating Station, and in particular, the level of rates charged by CSXT to deliver Campbell's essential coal supplies. The mission of the Michigan Public Service Commission is to grow Michigan's economy and enhance the quality of life of its communities by assuring safe and reliable energy and telecommunication at reasonable rates. Electric utilities in Michigan serve the public interest by providing affordable, reliable electricity to customers in the state. Affordable delivered fuel prices play a central role in Consumers' fulfillment of that responsibility.

The cost of fuel at Campbell comprises about half of the cost of generating electricity, which is passed through directly to Michigan 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. Consumers Energy has appealed to the STB in Docket No. 42142, Consumers Energy Company v. CSX Transportation, Inc., which is now pending before the Board.

The J.H. Campbell Generating Station has a significant remaining useful life providing CSXT with revenue certainty for years to come. The revenue certainty is significant, given that national coal deliveries are expected to decline in the coming years. The MPSC appreciates that the STB will give careful and balanced consideration to the evidence presented in Consumers' case and ensure that Michigan citizen-ratepayers are held responsible for only just and reasonable costs now, and over the years to come. Thank you for your attention and consideration.

Sincerely,

Sally A. Talberg
Chairman

John D. Quackenbush
Commissioner

Norman J. Saari
Commissioner

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