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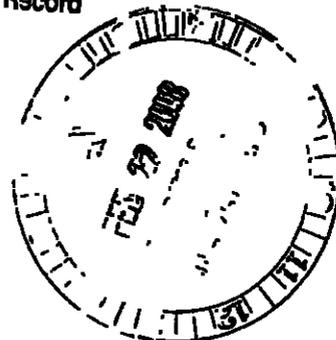
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February 22, 2008



BY HAND DELIVERY

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

Re: Finance Docket No. 35122, Entergy Arkansas, Inc. and Entergy Services, Inc - Petition for Exemption - Construction and Operation of a Line of Railroad in Independence, Jackson, and Lawrence Counties, Arkansas

Dear Ms. Quinlan:

Enclosed for filing in the above-referenced proceeding please find an original and ten (10) copies of the Prefiling Notice of Entergy Arkansas, Inc. and Entergy Services, Inc. We also have enclosed a CD-ROM including an electronic copy of the Notice.

Finally, we have enclosed an additional copy of this filing to be date-stamped and returned to the bearer of this letter. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads 'C. Michael Loftus'.

C. Michael Loftus

Enclosures

cc. Section of Environmental Analysis

22/670

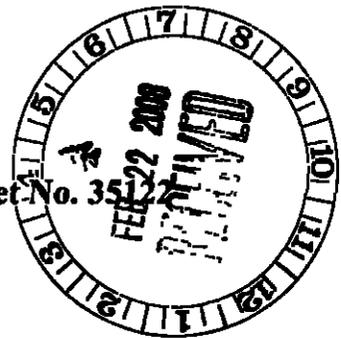
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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

In the Matter of

**ENERGY ARKANSAS, INC. and
ENERGY SERVICES, INC. – PETITION
FOR EXEMPTION – CONSTRUCTION
AND OPERATION OF A LINE OF
RAILROAD IN INDEPENDENCE,
JACKSON, AND LAWRENCE
COUNTIES, ARKANSAS**

Finance Docket No. 35



PREFILING NOTICE

ENERGY ARKANSAS, INC. and ENERGY SERVICES, INC.

(collectively, "Entergy") respectfully submits this Prefiling Notice pursuant to 49 C.F.R. §1105.10(a)(1), stating that Entergy anticipates filing a Petition for Exemption pursuant to 49 U.S.C. §10502 and 49 C.F.R. Part 1121, seeking exemption from the prior approval requirements of 49 U.S.C. §10901 and 49 C.F.R. Part 1150 for the construction of a new line of railroad. The new line will extend from a connection with the BNSF Railway Company ("BNSF") near Hoxie, AR to Entergy's coal-fired power plant near Newark, AR known as the Independence Steam Electric Station ("Independence"), a distance of approximately 40 miles. Entergy anticipates that a new short line railroad will be created to build the proposed line, and that upon completion it will be operated either by that

short line or by BNSF. A map showing the route of the proposed line is attached as Exhibit A.

Because of the size of the proposed construction project, Entergy believes that preparation of an Environmental Impact Statement will be required under 49 C.F.R. §1105.6(a). However, as discussed *infra*, Entergy requests that the Board's environmental analysis be confined to the proposed route (in addition to two "no action" alternatives), because Entergy's investigation has disclosed no other practicable routes for its proposed line, and other modes of transportation are infeasible given the volumes and distances involved.

Background

Entergy's Independence Station is designed to burn coal from the Powder River Basin of Wyoming ("PRB"). The station's coal requirements, approximately 6.5 million tons per year, are all delivered by rail over the lines of the Union Pacific Railroad Company ("UP") and the Missouri & Northern Arkansas Railroad ("MNA"), a Class III carrier controlled by RailAmerica, Inc. Specifically, UP originates Entergy's coal shipments in the PRB and transports them over its own lines to an interchange with MNA at Diaz Junction, AR, which is about 8 miles southeast of Independence; MNA then delivers the loaded trains to Independence and returns the empty trains to UP, either at Diaz Junction or at Kansas City.

Entergy's PRB coal shipments could be originated by BNSF, which also serves the mines from which Entergy purchases its coal. Moreover, because MNA can

interchange traffic with BNSF as well as with UP, such BNSF-originated coal shipments in theory could be delivered to Independence by means of BNSF-MNA joint line service. However, several "paper barriers to interchange" in the lease agreement between UP and MNA effectively preclude such BNSF-MNA service, and Entergy is therefore completely dependent on UP to handle all of its coal requirements at Independence. This captivity has subjected Entergy to much higher freight charges than it would likely have to pay if UP faced competition from BNSF for its coal traffic. Moreover, on several occasions in recent years UP was unable for extended periods to deliver all of the coal that Independence requires, and during those periods the paper barriers in the MNA lease agreement prevented MNA from delivering BNSF-originated coal to alleviate the impact of UP's shortfalls, as a result of which Entergy was unable to generate all of the electric power its customers require from the Independence station.

Entergy recently filed a complaint before the Board, seeking a determination that the paper barriers in the UP-MNA lease preventing BNSF-MNA coal deliveries to Independence are unlawful and therefore unenforceable. From an environmental perspective, the availability of service from BNSF-MNA would minimize the impact of achieving an alternative to UP for deliveries to Independence, since it would rely upon MNA's existing rail line, although some upgrading of that line would be required according to our preliminary analysis. Unless and until relief is obtained in that proceeding, however, Entergy believes that it has no choice but to exercise self-help by

constructing a direct connection to BNSF that will allow BNSF to deliver coal to Independence in single line service, as an alternative to the existing UP service.

Description of Proposed Line

The only non-UP, non-MNA rail line within a hundred miles of the Independence Station is BNSF's Kansas City-Memphis line, which runs through Iioxic, AR. Accordingly, if Independence is to be able to receive direct service from BNSF, a line must be built connecting the Plant to that BNSF line.

Entergy has conducted an engineering analysis of possible routes for such a line, and as a result of that analysis has concluded that the only route corridor that would be feasible and therefore should be considered is the one shown on Exhibit A, which roughly parallels the existing UP rail line between Diaz Junction and Iioxic. This route, which Entergy's engineers have dubbed the "Lowland Route," traverses primarily flat agricultural land, poses no insurmountable construction obstacles, and with appropriate mitigation is not expected to have an unacceptable impact on the environment. (Other potential routes that have been examined, dubbed "Highland Routes," have all entailed substantially greater distances and far more difficult (and expensive) construction due to elevation changes that would necessitate substantial cut-and-fill operations. Of course, the substantially greater length and complexity of those routes could also be expected to result in far more significant adverse environmental impacts.)

As shown in Exhibit A, the proposed line will begin by crossing the MNA railroad near its connection with the existing plant loop track¹ and will then proceed a short distance eastward before turning north and crossing the Black River. The line will then continue north, essentially paralleling UP's existing Diaz Junction-Hoxie line across the rural landscape until it reaches BNSF's rail line near Hoxie, which it will cross by means of an overpass before connecting to it.

Entergy expects that arrangements for construction of the BNSF crossing will be made by voluntary agreement. However, Entergy does not anticipate that MNA will willingly allow its line to be crossed, and therefore Entergy expects that it will have to seek a Board order authorizing the crossing under 49 U.S.C. §10901(d).

The proposed line will cross several small, non-navigable streams and water bodies by means of short bridge spans or culverts, as appropriate. It will also cross several roads (primarily unpaved gravel roads) at grade. The line has also been designed to avoid population centers insofar as possible, as well as to minimize any impact on protected resources including endangered species and cultural or historic resources. However, the proposed route can be adjusted as needed to address any other issues that may arise as the environmental review process progresses.

¹ Entergy anticipates that the at-grade crossing of the MNA will be by means of paired turnouts rather than a diamond, for operational and maintenance reasons.

Environmental Review Procedures

Entergy expects to seek Board approval for the retention of an independent third party consultant as suggested in 49 C.F.R. §1105.10(d). However, it is Entergy's procedure to solicit competitive bids for outside contractor services such as these, and therefore it expects to issue a "Request for Proposals" to potential third party consultants who are on the Board's list of approved consultants. Once a consultant has been retained in that fashion, Entergy will so inform the Board and seek Board approval for the consultant to handle the environmental and historic review required under Part 1105.

Entergy also believes that it would be helpful to schedule a meeting with the Board's environmental staff to go over the details of Entergy's proposal and answer any questions that the staff may have about it. Toward that end, Entergy will contact Board staff to schedule such a meeting.

Scope of Environmental Review: No-Action Alternatives

Entergy understands that the Board's environmental review of if its proposed construction project will include an examination of the "no action" alternative, to-wit, the environmental impact of denying approval for the construction. Entergy submits, however, that in this case the Board may also wish to examine a second "no action" alternative, which is favorable Board action on Entergy's paper barrier complaint, obviating the need for Entergy to pursue its proposed construction of a new line. The reason that this is not included in the traditional no-action alternative is that MNA's rail lines would, based on our preliminary review, have to be upgraded before they could

handle large numbers of loaded unit coal trains, and that work would entail some environmental consequences (albeit significantly less than those associated with new construction, *inter alia* because no land acquisition would be required).

Conclusion

For the reasons discussed above, Entergy respectfully requests that the Board (1) accept this Prefiling Notice under 49 C.F.R. §1105.10(a)(1), and (2) make a preliminary determination that the scope of its environmental review will be limited to (a) Entergy's proposed "Lowland" route shown on Exhibit A, plus (b) the traditional no-action alternative and (c) the no-action alternative that would result from favorable action on Entergy's separate "paper barrier" complaint.

Respectfully submitted,

ENTERGY ARKANSAS, INC. and
ENTERGY SERVICES, INC.

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Dated: February 22, 2008

Attorneys & Practitioners

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of this erratum in Docket No. AB-1014 to be served upon the following individuals by UPS overnight delivery, this 22nd Day of February, 2008.

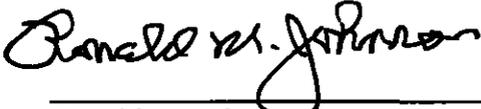
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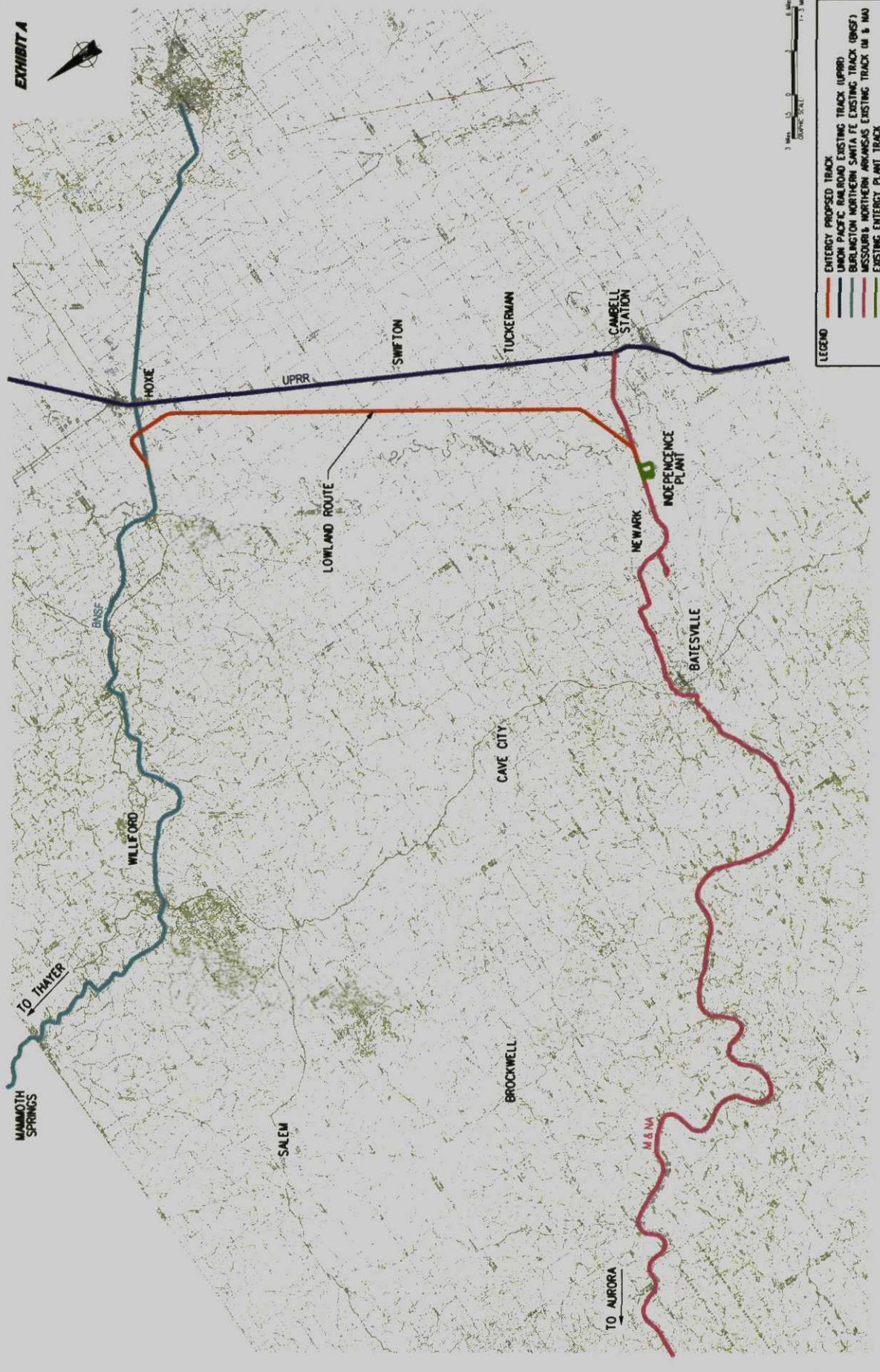
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Counsel for San Luis & Rio Grande Railroad



Ronald M. Johnson

EXHIBIT A



- LEGEND
- ENTERGY PROPOSED TRACK
 - UNION PACIFIC RAILROAD EXISTING TRACK (UPRR)
 - BURLINGTON NORTHERN SANTA FE EXISTING TRACK (BNST)
 - MISSOURI & NORTHEN ARKANSAS EXISTING TRACK (M & N)
 - EXISTING ENTERGY PLANT TRACK