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# GREAT LAKES MARITIME TASK FORCE

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## NEWS RELEASE

May 4, 2006

### Lack of Adequate Dredging Jeopardizing Ability to Move Coal on the Great Lakes

TOLEDO, OH---The continuing inability to maximize vessel carrying capacity is jeopardizing the Lakes' largest coal shipper's ability to keep pace with demand for coal-generated energy in the future warned Fred L. Shusterich, President of Midwest Energy Resource Company in Superior, Wisconsin. "In order to keep pace with the coal-generated energy demands of the Great Lakes basin, Congress must fund a comprehensive plan to restore the Great Lakes system to its project depth as quickly as possible and subsequently maintain the project depth into the future."

Speaking before the 11<sup>th</sup> Annual Informational Breakfast for the Great Lakes Delegation hosted by the Great Lakes Maritime Task Force in Washington, DC on May 3, Shusterich noted Midwest Energy Resources Company (MERC) has the capacity to annually ship 25 million tons of low sulfur western coal to Great Lakes power plants and projects loading 22 million tons in 2006. "The majority of coal shipped from the MERC terminal transits the St. Marys River enroute to our customers. 1,000-foot-long vessels are losing as much as 18 inches of loaded draft when the St. Marys River is the controlling depth on a voyage. When these vessels forfeit 18 inches of draft, they are leaving approximately 4,500 tons of coal at our dock, or as much as 6.5 percent of their carrying capacity on each and every trip. Put into perspective, MERC loaded 412 total vessels in 2005. 333 vessels, or 81 percent, were 1,000-foot-long vessels. At 4,500 tons lost per loading, that amounted to almost 1.5 million tons lost, or the equivalent of one 1,000-foot-long vessel in service to the MERC terminal for six months."

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ILA Lake Erie Coal & Ore Dock Council  
ILA Local 1317  
ILA Local 1768  
Int'l Organization of Masters, Mates & Pilots  
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Transportation Institute

“The continuing growth of low sulfur coal in satisfying our nation’s energy needs can be attributed to both its economics of use and its natural application in environmental compliance strategies,” said Shusterich. “I do not see this trend changing appreciably going forward. What I do see changing going forward is the degree to which we and others will be successful in keeping pace with the coal-generated energy needs of the Great Lakes basin. The continuing inability to maximize vessel loadings, particularly 1,000-foot-long vessels, due to the lack of a reliably funded dredging program, continues to put in jeopardy our ability to keep pace with coal-generated energy demands in the future.”

The problem of underutilizing vessel carrying capacity is wide-spread on the Great Lakes. Shusterich noted a recent survey by the U.S. Maritime Administration found U.S.-Flag vessel operators estimate 75 percent of cargos they carried in the past five years have been reduced in volume due to inadequate water depth at either the loading or discharge port or in the connecting channels (St. Marys, St. Clair and Detroit Rivers).

The reason dredging on the Great Lakes is inadequate to meet the needs of commerce is one of funding. The U.S. Army Corps of Engineers’ budget has been declining or static for decades. It is estimated that it will cost more than \$200 million just to restore the Great Lakes navigation system to project depth. The Harbor Maintenance Trust Fund, which funds the Corps’ dredging budget with revenues generated by a tax on cargo movement, has a surplus of \$1.8 billion.

Further compounding the problem is the way in which the Corps’ dredging budget is allocated. Inequities in the funding formula channel more money to the inland rivers than the Great Lakes, even though total waterborne commerce on the Great Lakes often tops 200 million tons a year.

Midwest Energy Resources Company is a wholly-owned subsidiary of the Detroit Edison Company and is primarily responsible for managing Detroit Edison’s low sulfur western coal movements from the mines to its power plants, along with the management of coal deliveries for at present 16 third-party utility and industrial customers in the Great Lakes basin and Canadian Maritimes.

The Great Lakes Maritime Task Force was founded in Toledo, Ohio, in 1992 to promote domestic and international Great Lakes shipping. It is the largest coalition to ever speak for the Great Lakes shipping community and draws its membership from both labor and management representing U.S.-Flag vessel operators, shipboard and longshore unions, port authorities, terminal operators, cargo shippers, shipyards and other Great Lakes interests. In addition to restoring adequate funding for dredging of Great Lakes ports and waterways, its goals include construction of a second Poe-sized lock at Sault Ste. Marie, Michigan; preserving the domestic steelmaking infrastructure; protecting the nation’s cabotage laws; maximizing the Lakes overseas trade; and opposing exports and increased diversions of Great Lakes water.

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