

NCTA's Freight Rail Coalition Engagement & 6th Utility On Time Performance Shipper Survey

▀ NCTA Spring Conference

May 2023

Presented by
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NCTA/FRCA/NRECA Utility Members On Time Performance Survey



- On Time Performance (OTP) data from the Shipper Perspective
- Valid (anonymous) data showing different shipper experiences than RR metrics stories
- OTP Transit time service metrics are a value as benchmark and logistics and planning tool for shippers
- OTP data has become useful in dialogue with STB & GAO
 1. FRCA written comments submitted to STB Reauthorization hearing March 2022 held by House Railroads, Pipelines & Hazardous Materials (Railroads) Subcommittee.
 2. Submitted to Government Accountability Office in response to PSR study and follow up to meetings held with FRCA and WCTL
 3. Used in discussions with STB's Rail Energy Transportation Advisory Committee (RETAC)



Freight Rail
Customer Alliance



**National Rural Electric
Cooperative Association**

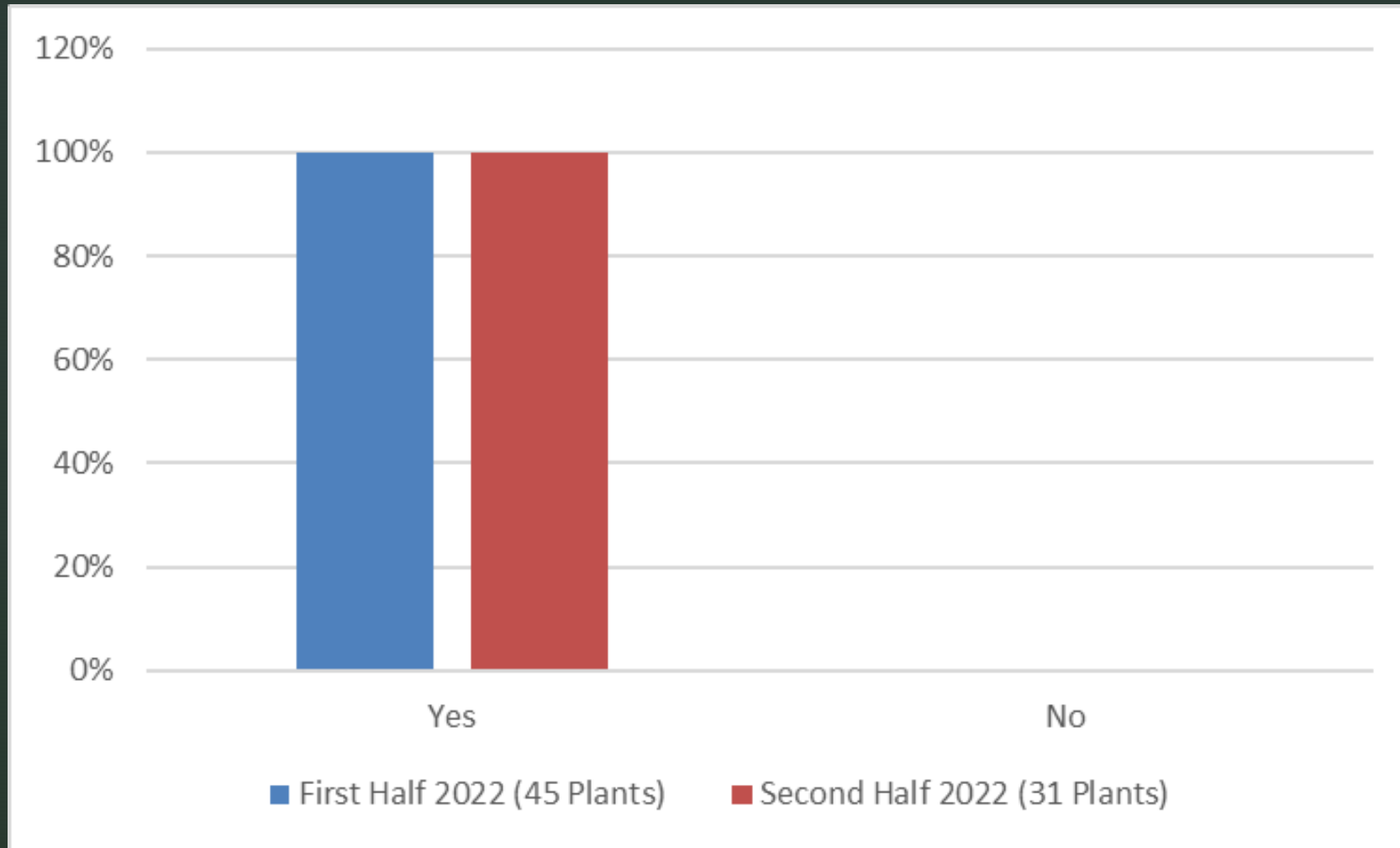
A Touchstone Energy® Cooperative 

Sixth On Time Performance Utility Shipper Survey

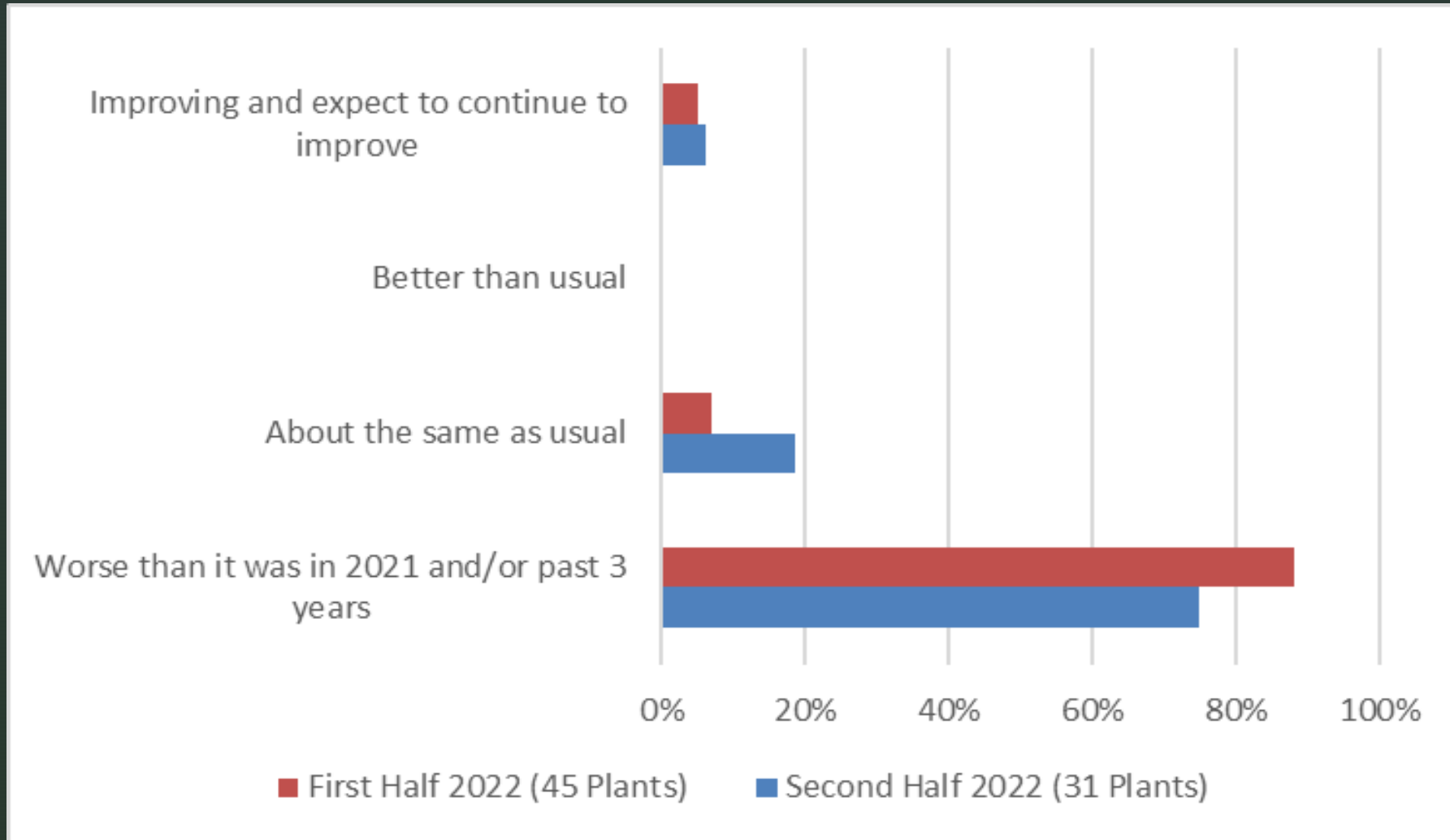
July 2022-December 2022

- First Survey: August 2019-July 2020, Second Survey: August 2021-December 2020 , Third Survey: January 2021- June 2021, Fourth Survey: July 2021-Dec 2021, Fifth Survey Jan 2022-June 2022.
- Sixth Survey: July 2022-December 2022
 - ✓ Represents 31 Plants
 - ✓ 6 Coal Supply Regions: SPRB, NPRB, Rockies, NAPP, CAPP, ILB
 - ✓ Class I Railroads, Multi Line & Short-line Movements
 - ✓ Mine to plant transit time per serving railroad and coal mine
 - ✓ Voluntary participation - Utility member identity confidential

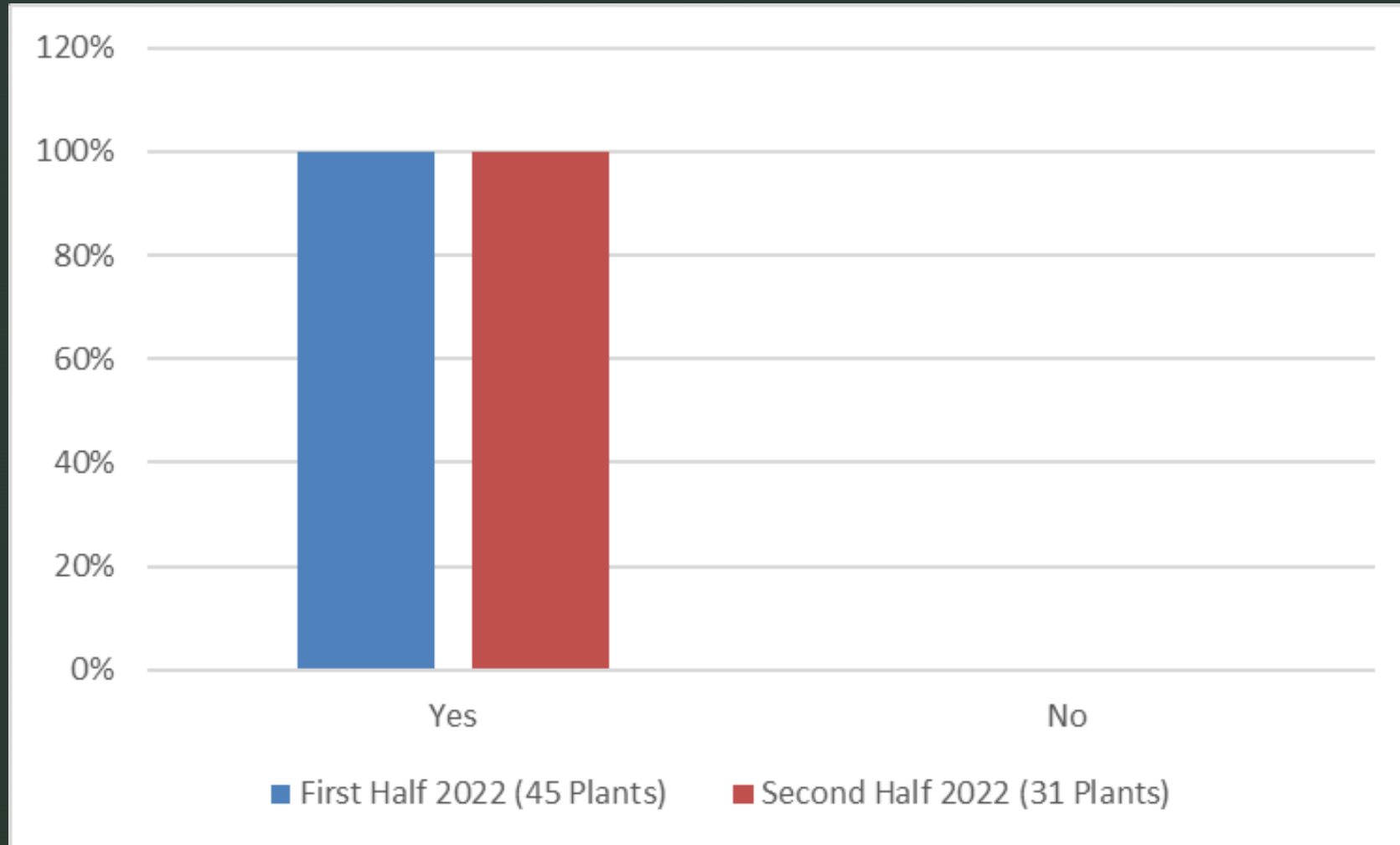
Q1: In 2022 Have Railroad Service Issues Impacted your Company's Coal Transportation?



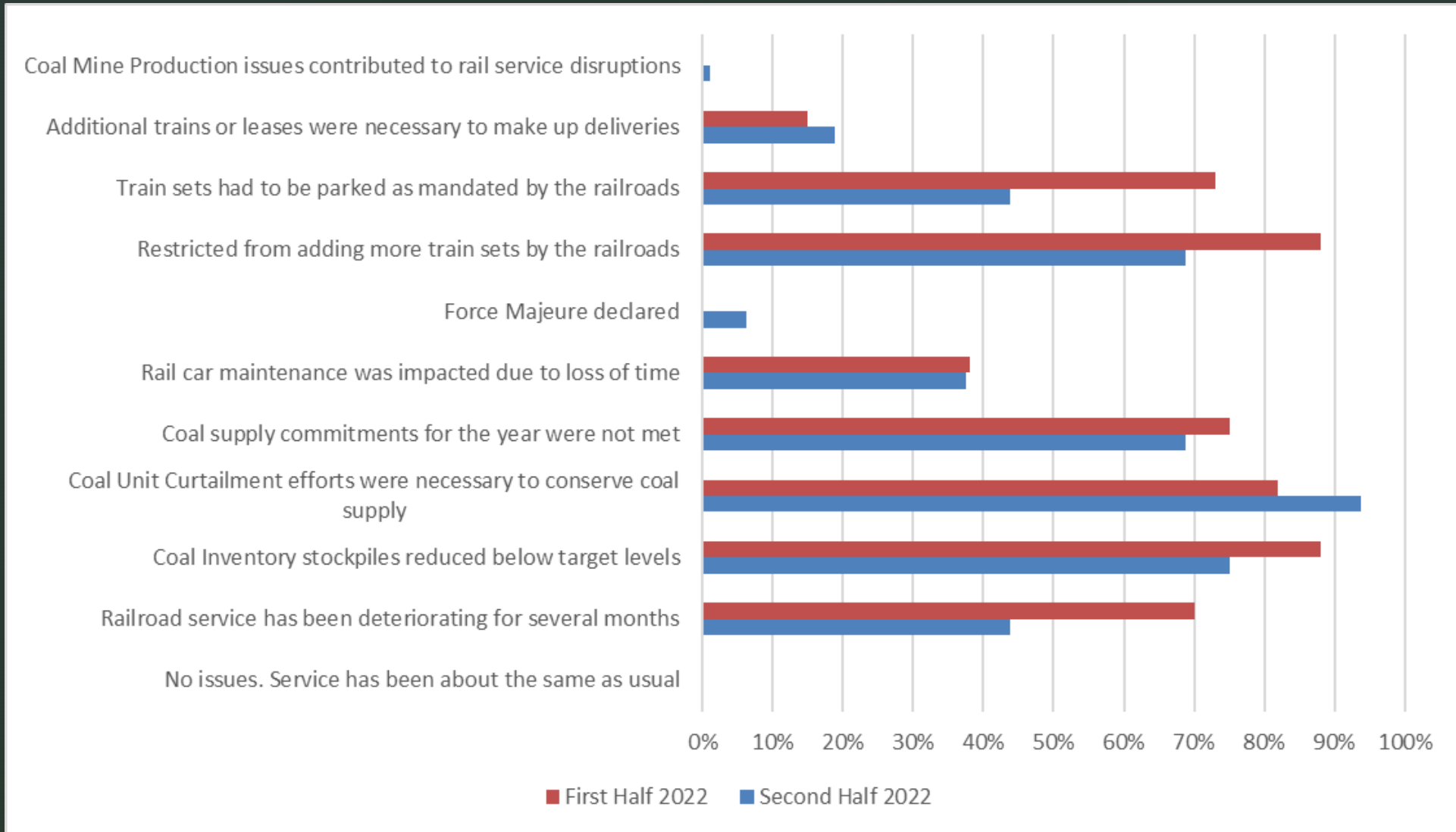
Q 2: How would you describe your railroad service in 2022?



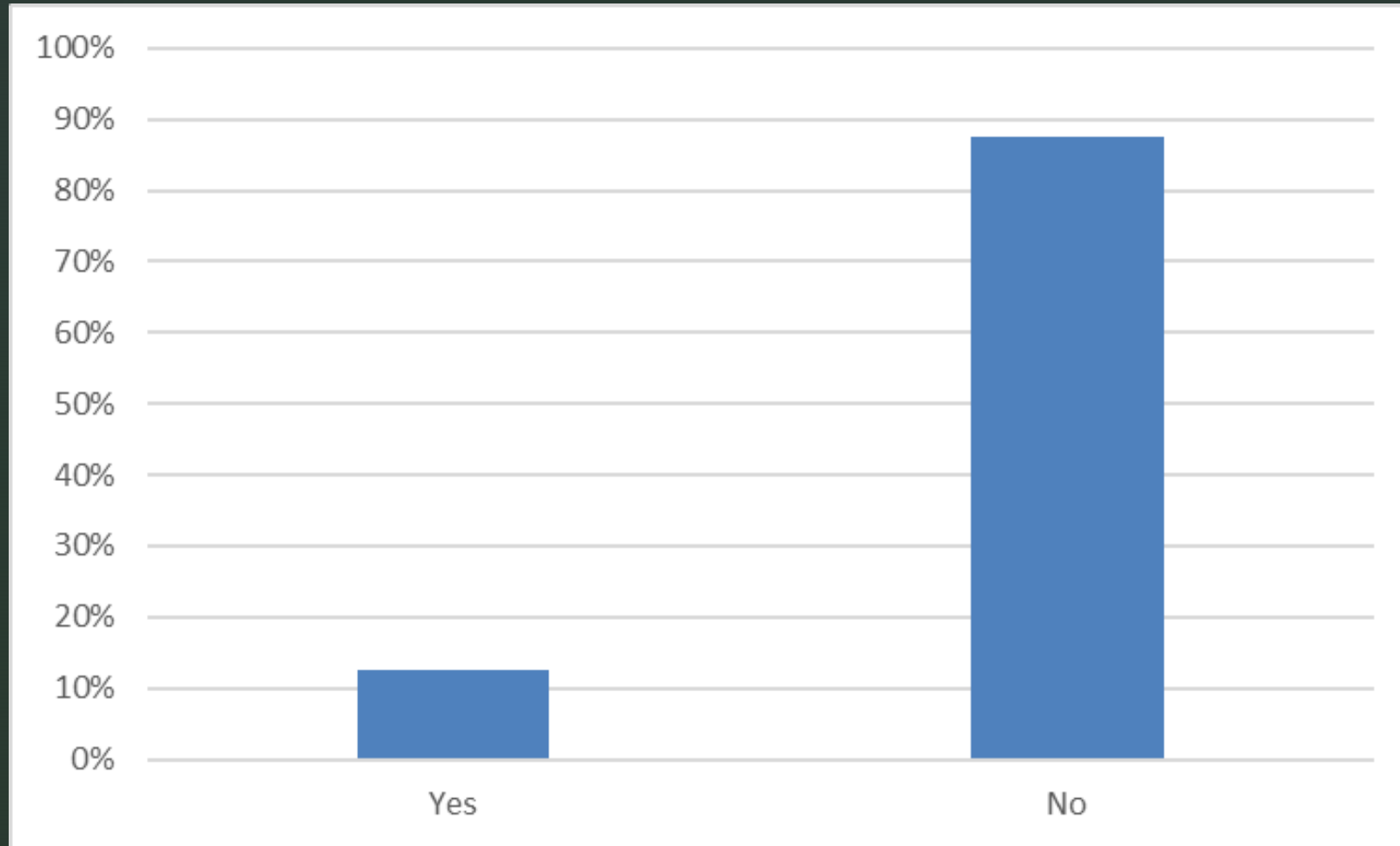
Q3: Has your company modified its operations in the year 2022 due to railroad transportation service issues, disruptions and delays?



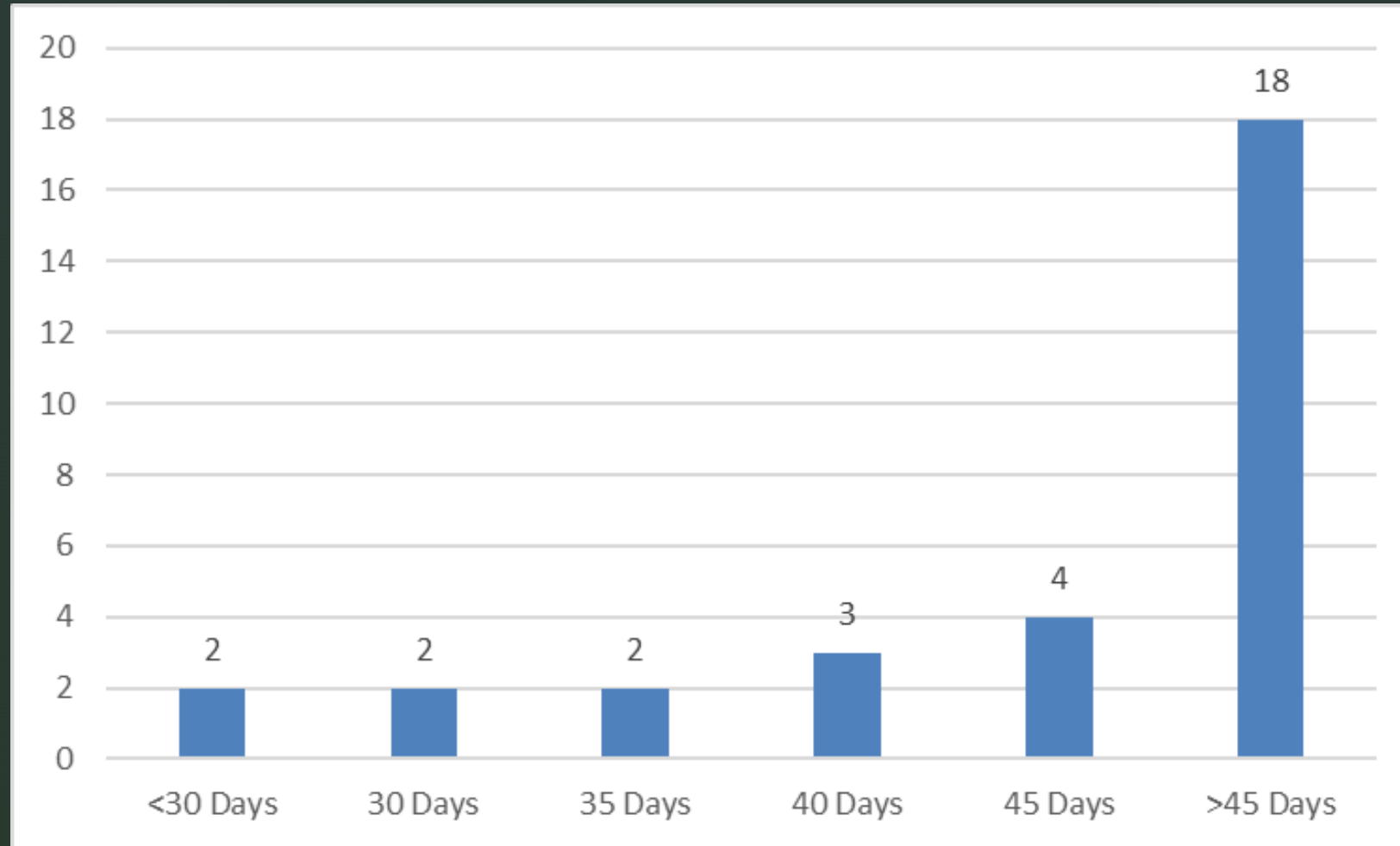
Q4: In what way have your operations been impacted by railroad service issues? Check all that apply: Year 2022 compared



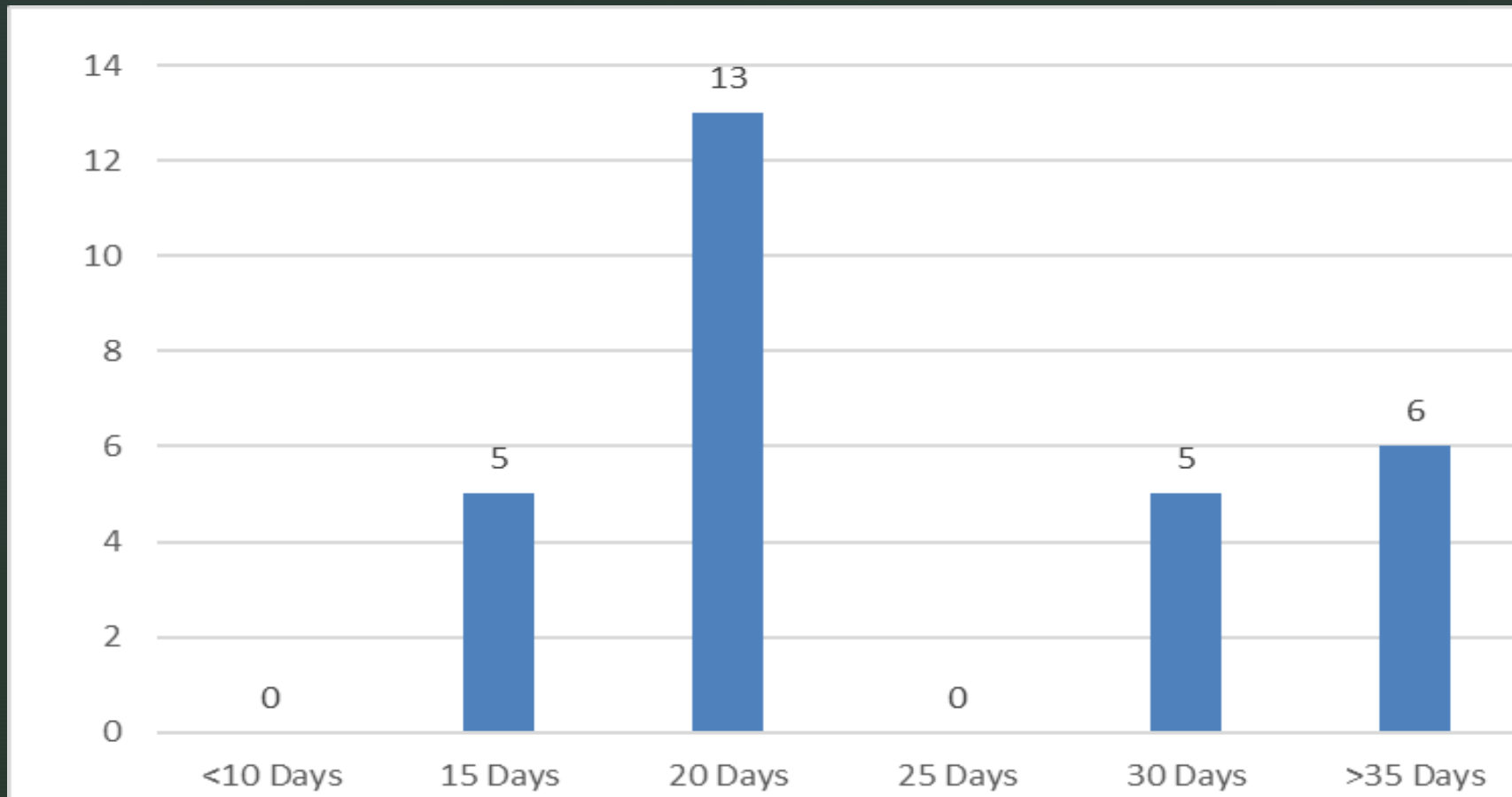
Question 5 & 6: Did coal mine production issues contribute to rail service disruptions for your facility in 2022?



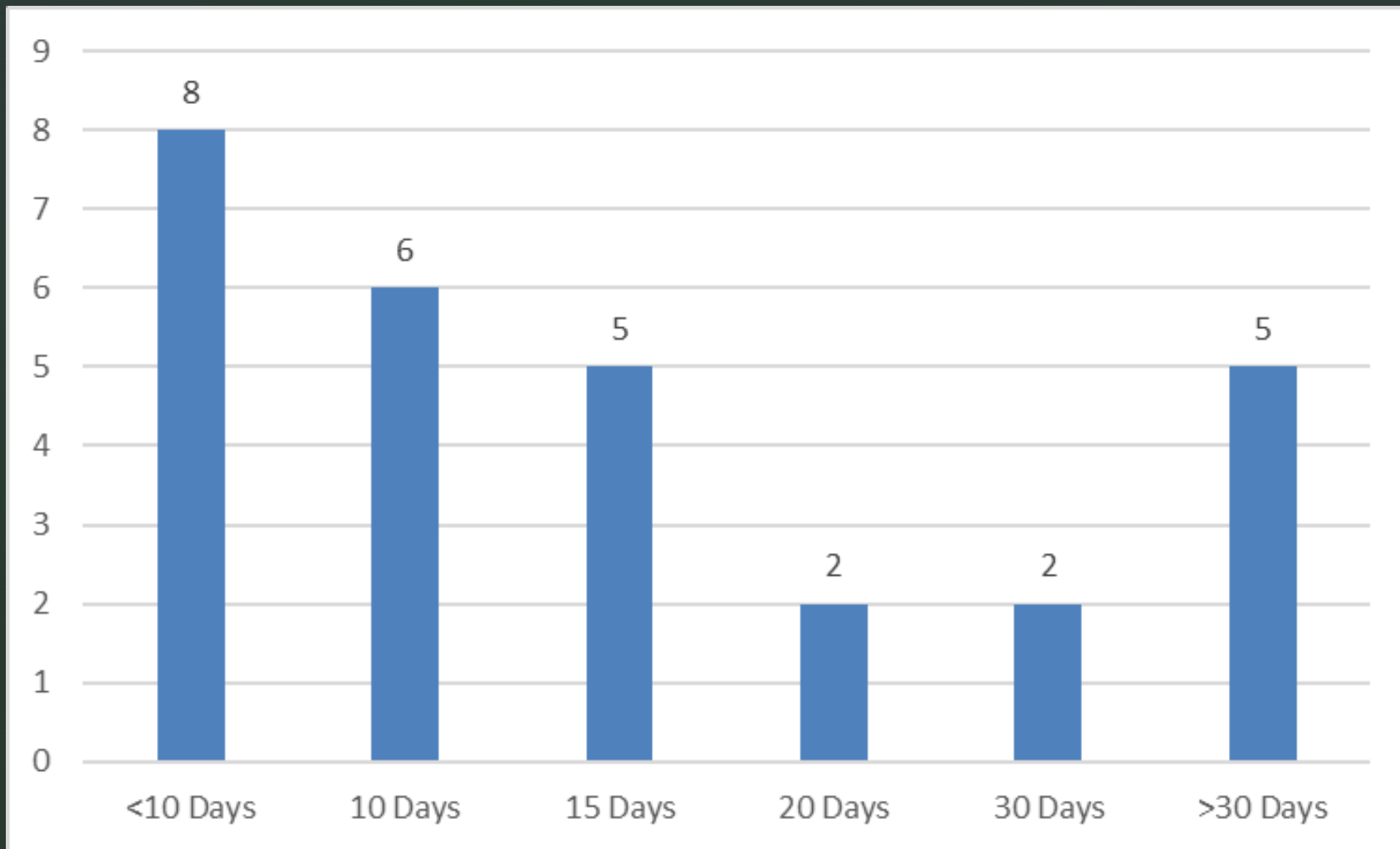
Question 7: What is your target inventory using maximum days of inventory ? 31 Plants Responded



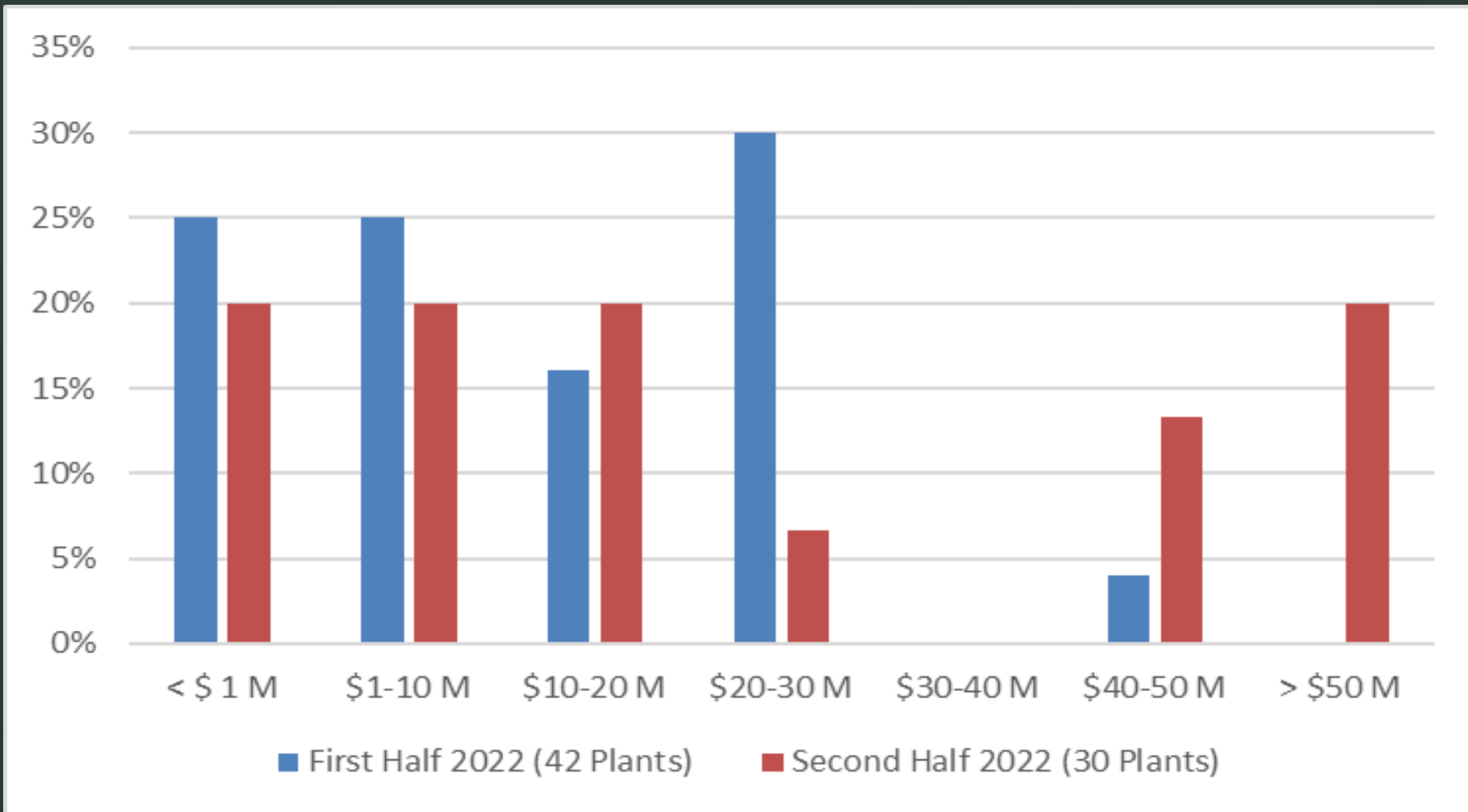
Question 8: What is your threshold inventory for implementing coal conservation using maximum days of inventory? 29 Plants responded



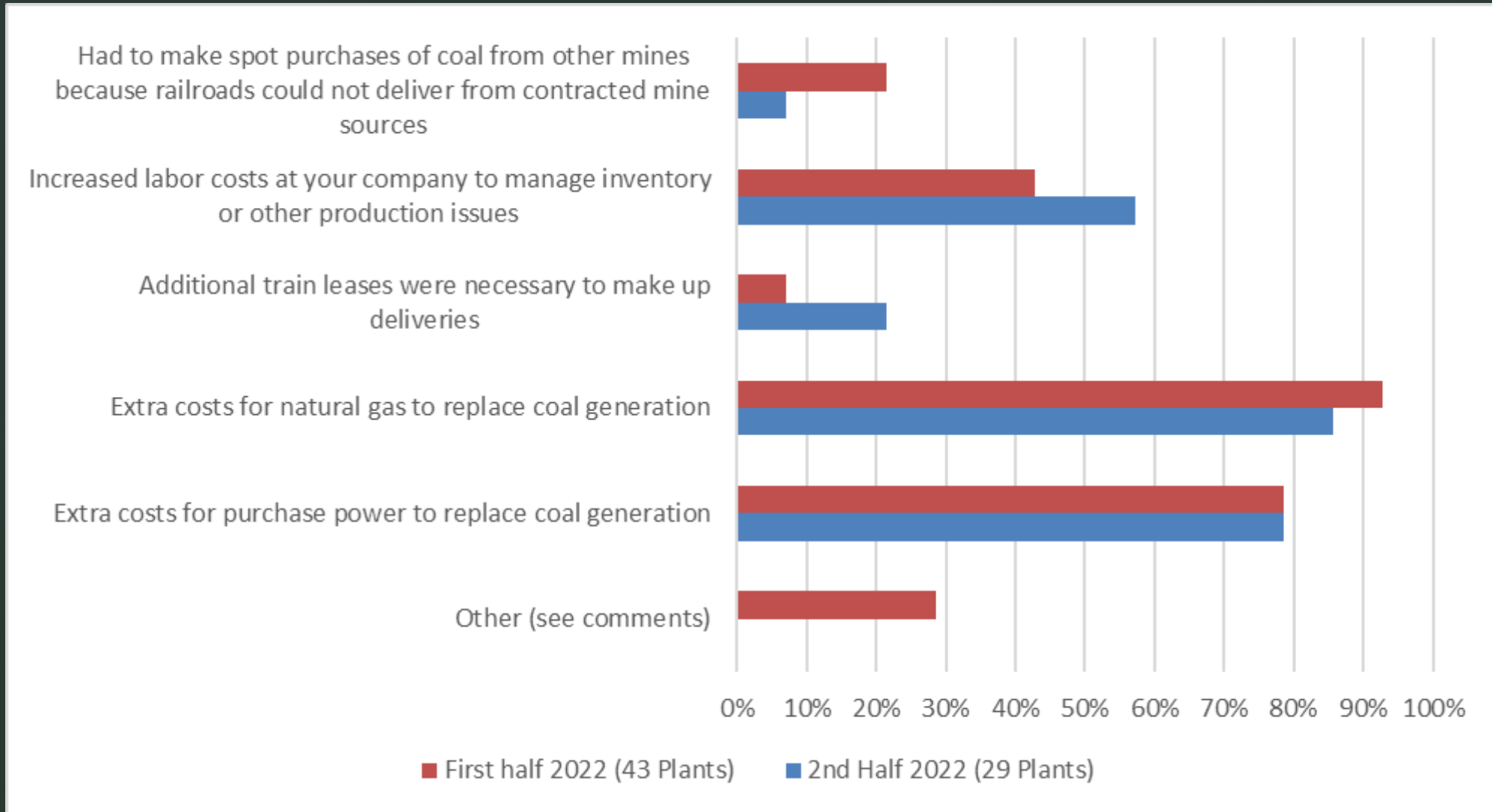
Question 9: What do you consider “Out of Coal” days of maximum burn inventory? 28 Plants Responded, 3 Declined



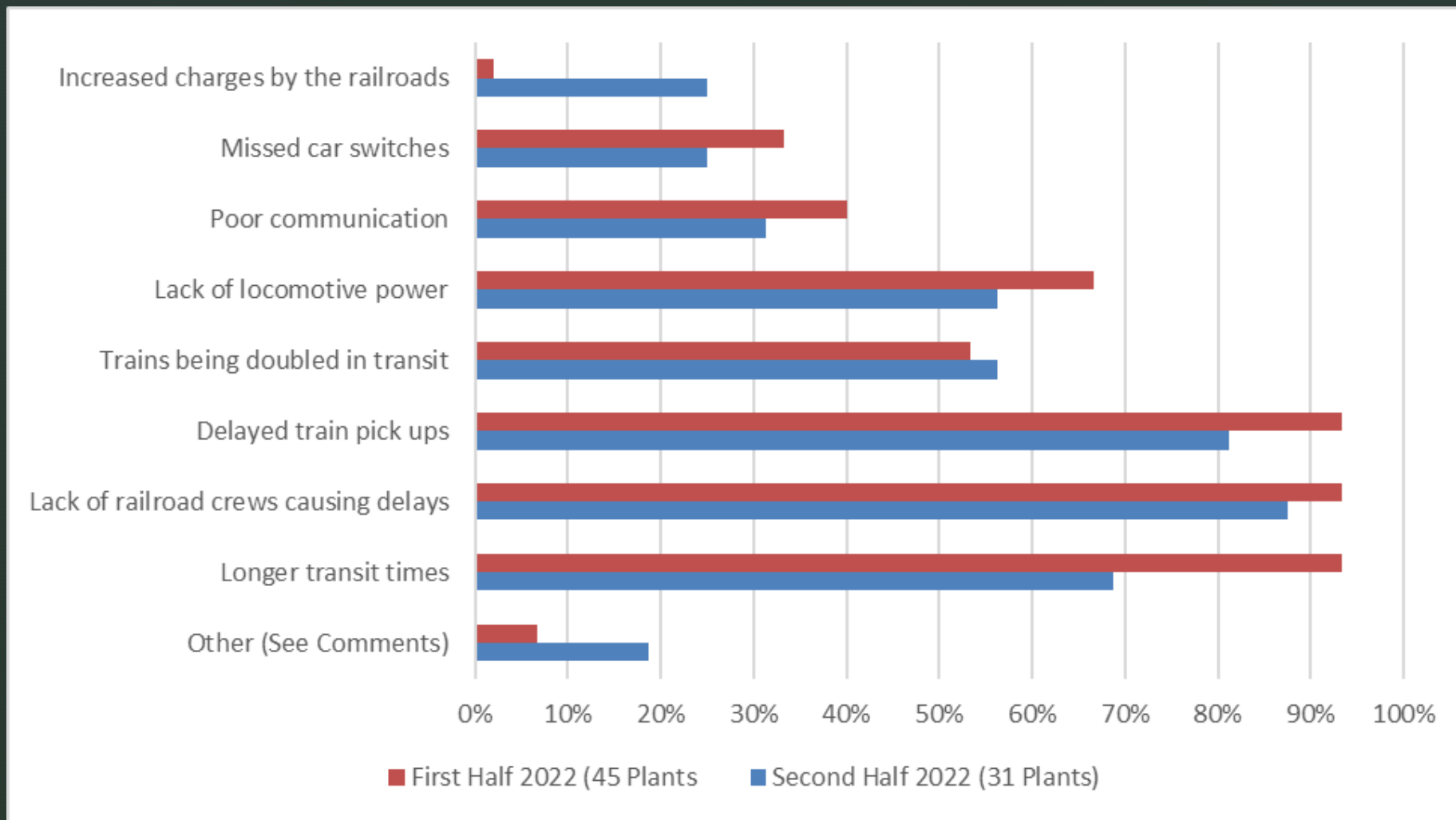
Q10 and 11: Have railroad service issues caused an increase in costs for your company? First Half 2022: Yes: 87% No: 13%
Second Half 2022: Yes: 94% No: 6% \$ Ballpark Estimate?



Q 12: Were increased costs incurred due to any of the following? Check all that apply?

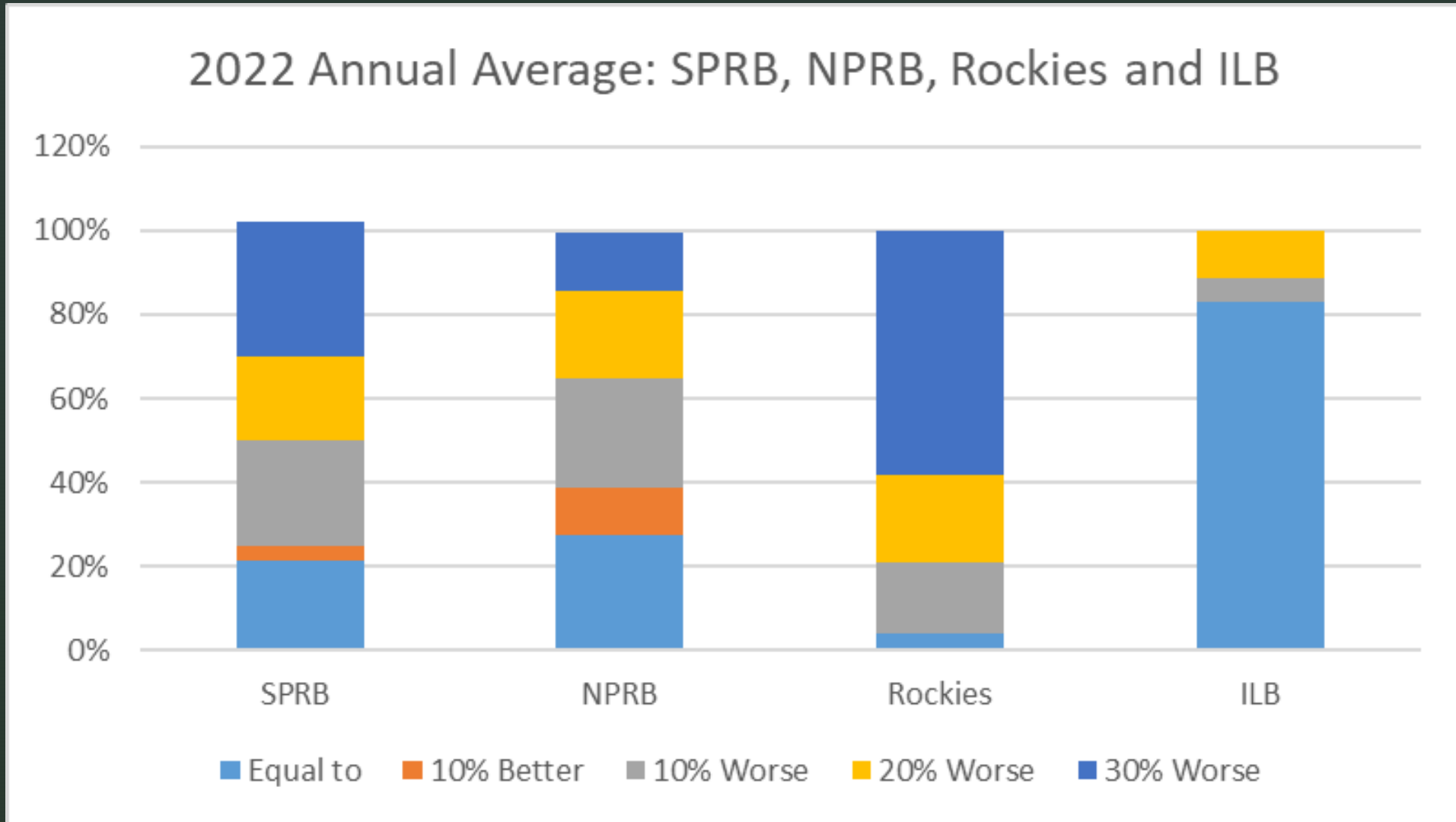


Q 13: What kind of railroad service issues have you experienced? Check all that apply

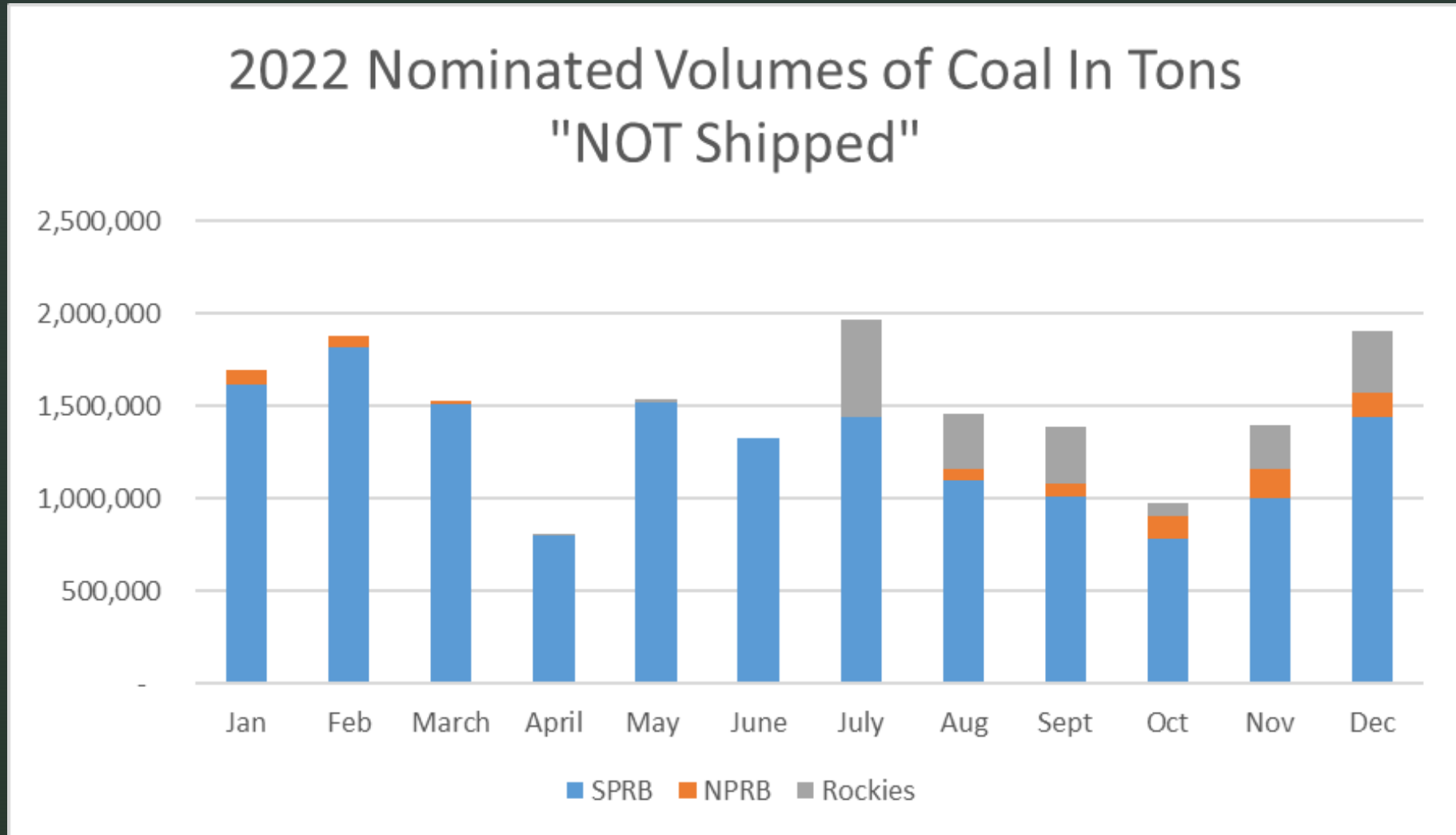


Railroad Service as Compared to Plant Forecast

- First Half of 2022: 45 Plants
- Second Half of 2022: 29 Plants (2 declined)



Nominated Volumes of Coal per Plant Request by Month and by Coal Region



Lack Of Trains Cost Wyoming \$100 Million In Coal Revenue In 2022

Published on January 22, 2023 — in Energy/News/coal

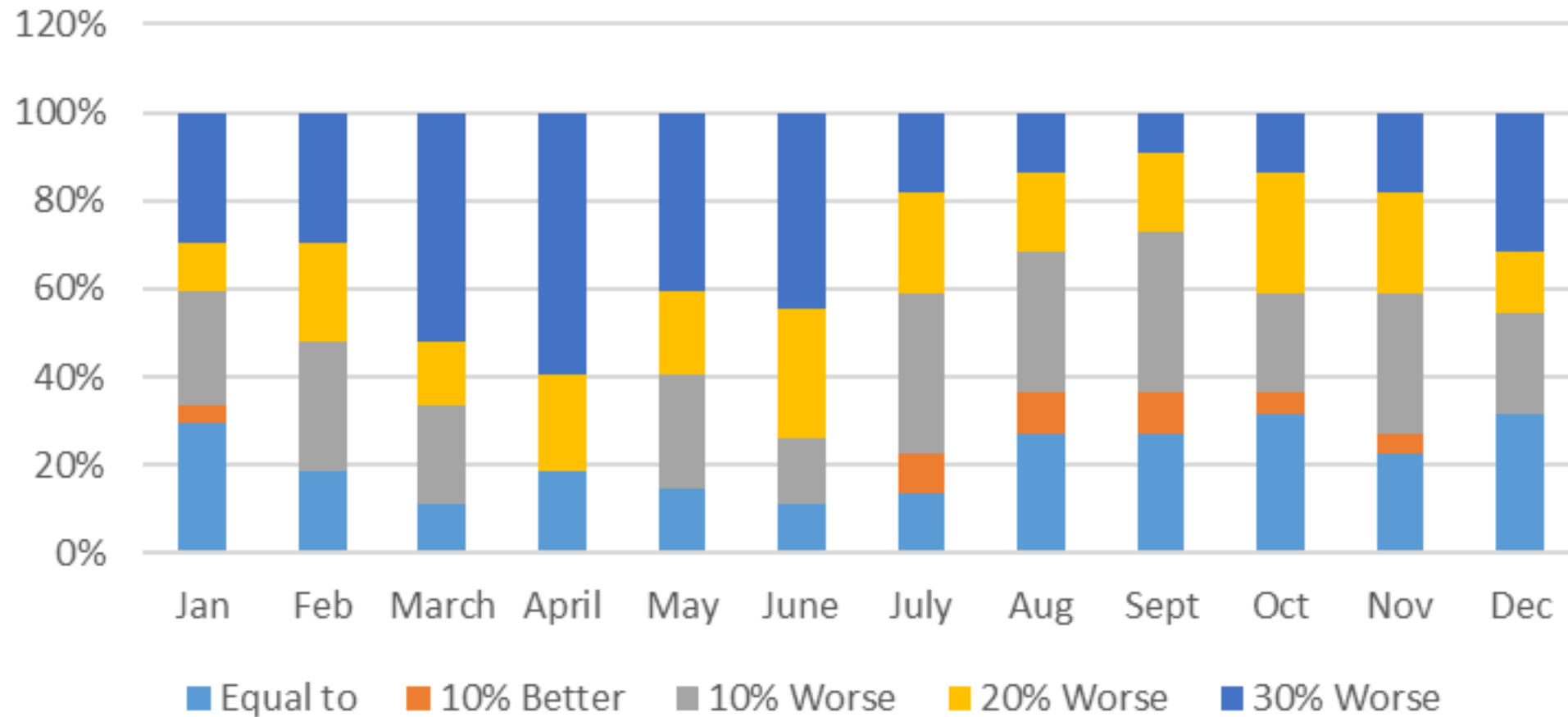
Cowboy State Daily

“...about 50 M tons of PRB production didn't happen due to lack of rail service...”

Wyoming coal mines produced an estimated 247 M tons in 2022...an increase of 10 M tons from 2021

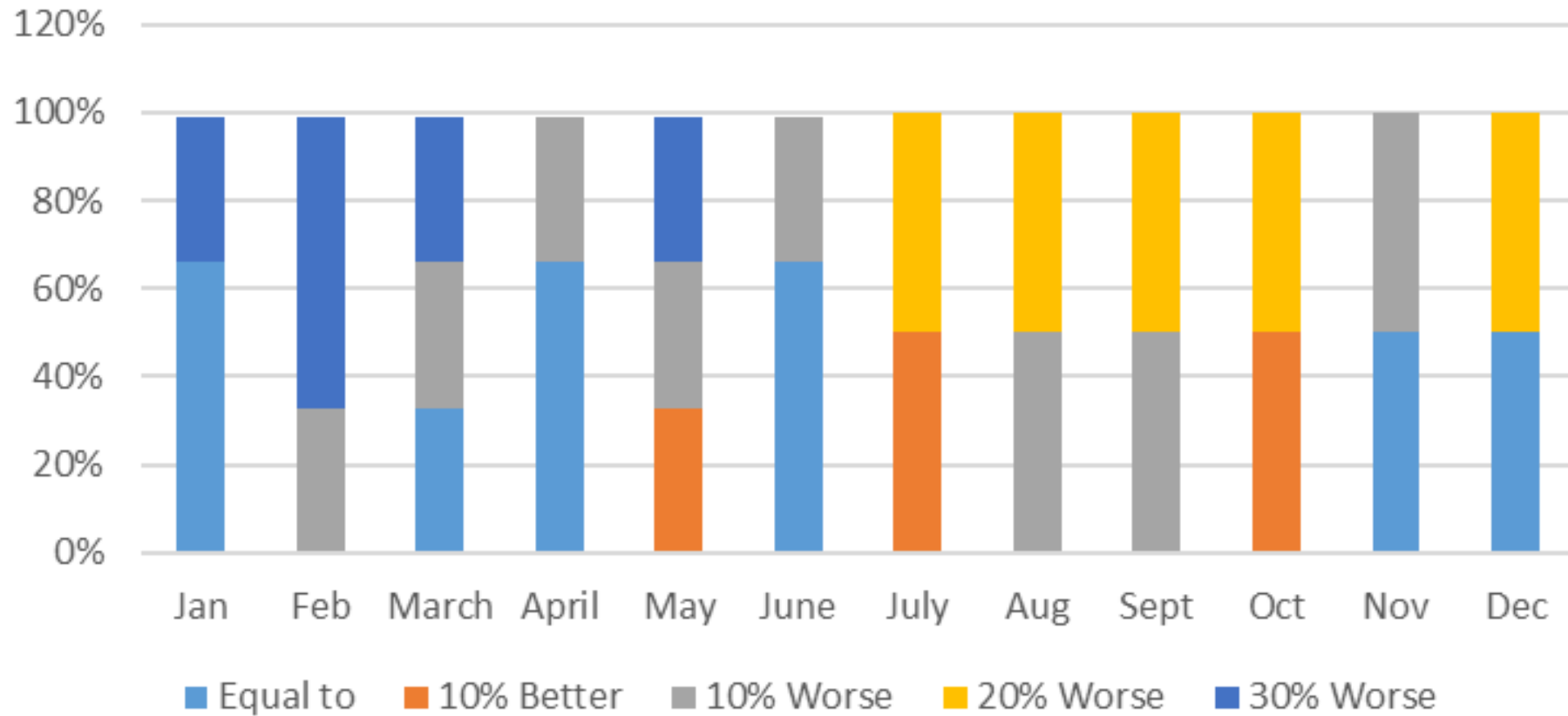
SPRB Served Plants Jan-Dec 2022

First Half (28) Second Half (22)



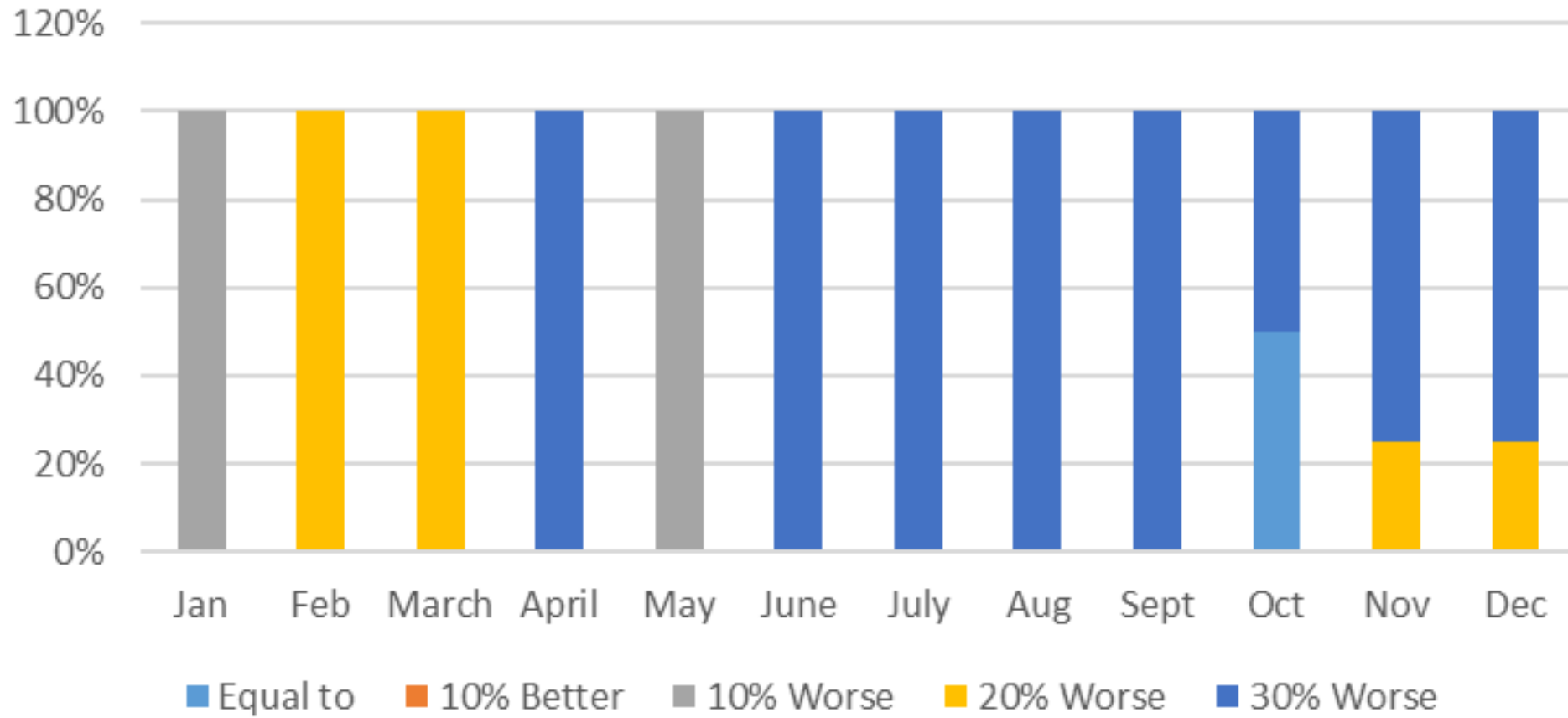
NPRB Served Plants Jan - Dec 2022

First half (3) Second Half (2)



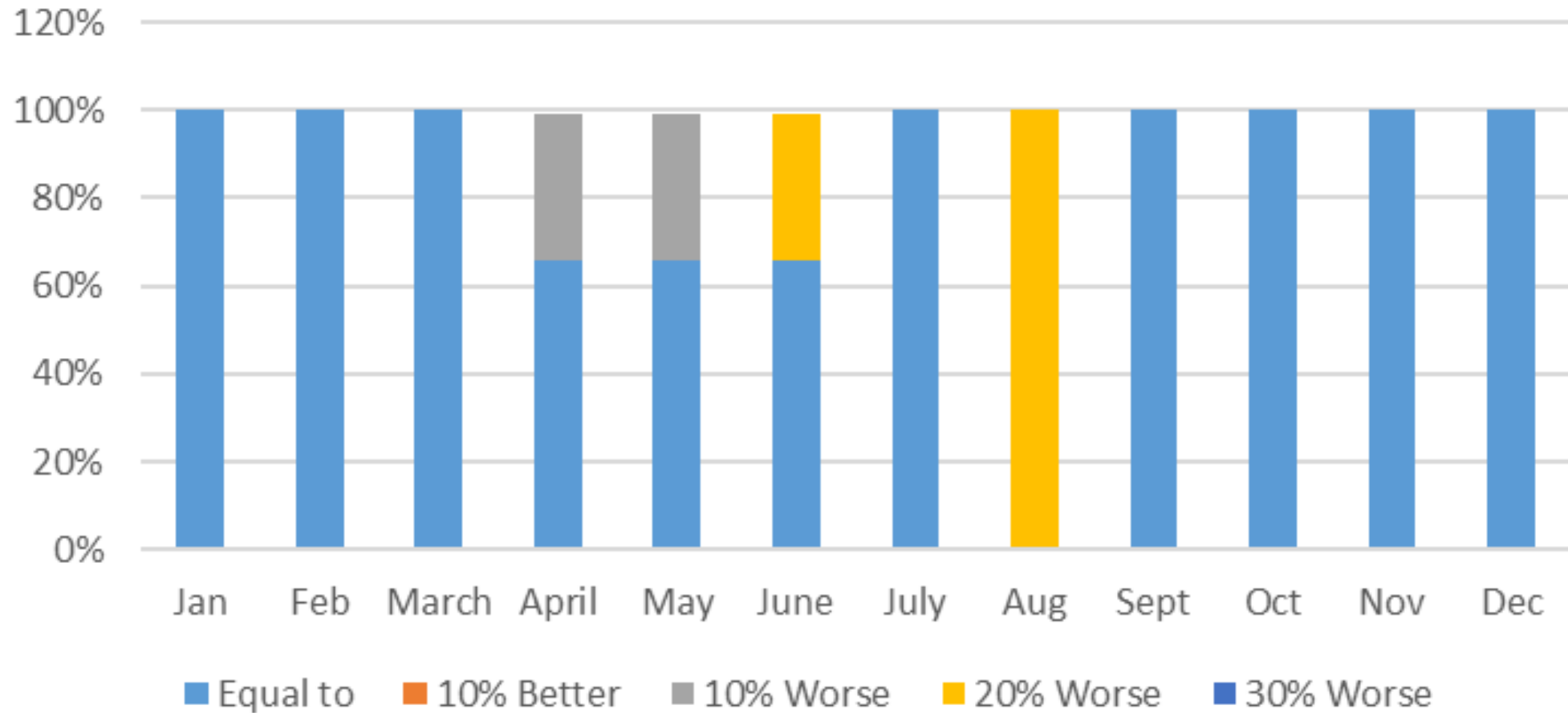
Rockies Served Plants Jan-Dec 2022

First half (1) Second Half (4)



ILB Served Plants Jan-Dec 2022

First half (3) Second Half (1)



Key Takeaways from the OTP Survey Results

- Utility forecasting for coal deliveries involves a great deal of planning and communication with Producers, Rail Carriers.
- Forecasts typically allow for some flexibility in deliveries.
- Utility Stockpiles already afford Rail Carriers a generous cushion in regards to on time deliveries of coal supply (not seen in the majority of other commodity groups)
- Coal deliveries continuing to trend 20% or 30% below monthly nominations. Resulting in:
 - Low stockpiles – although improving but mostly due to mild weather
 - Coal conservation and unit curtailment – many have had to implement conservation more than once
 - High operational costs for utilities to replace energy and added fuel and production issues
- Coal unit curtailment strategies mean the utility has essentially already run “Out of Coal”!
- Need better communication from RRs in meeting forecasts, more accountability & better reporting metrics

Shipper Quotes: Observations and Concerns

- Rail Service has been worse in Dec than it was earlier in 2022 and continuing into Jan-Feb 2023
- Empties sit on site several days waiting on RR crews. RR does not tell us when they will return our trains to service. No pro-active communication from RR anymore, they just do what they want & we find out when we see our trains not moving & call them about it.
- Poor federal fiscal policies have harmed US labor market and as a consequence RR Service
- Couldn't get additional trains in service and experienced longer train cycle times.
- We received 22% less coal in 2022 than in 2021 (and 2021 was less than 2020 and 2019)
- Still cannot get as many train sets on the rails as we desire.
- Cycle times have been near normal except for occasional weather delay.
- Shipments in 2022 fell short 27% of 2021. Minimal impact caused by supply availability...
- After some progress in Q 3 2022, RR Service degraded again in Q 4 after additional sets were parked
- Railroad service is getting worse!
- Curtailment efforts necessary. Had to extend annual outage over 2 weeks to conserve coal for higher forecasted market at year end.
- Had to curtail unit for over a month to conserve coal. Trip lease train was necessary to make up trips but increased our costs

Questions?



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