

Utility Update

Rail Energy Transportation Advisory Committee

October 9, 2024

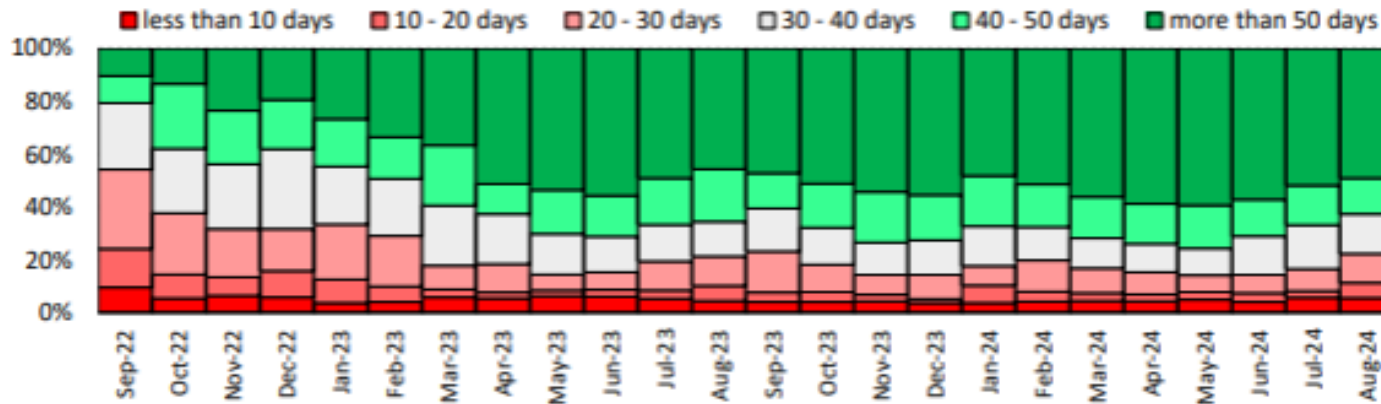
Utility Perspective

- ▶ Inventory Updates
- ▶ Rail Metrics
- ▶ On Time Performance Survey
- ▶ Key Takeaways / Asks

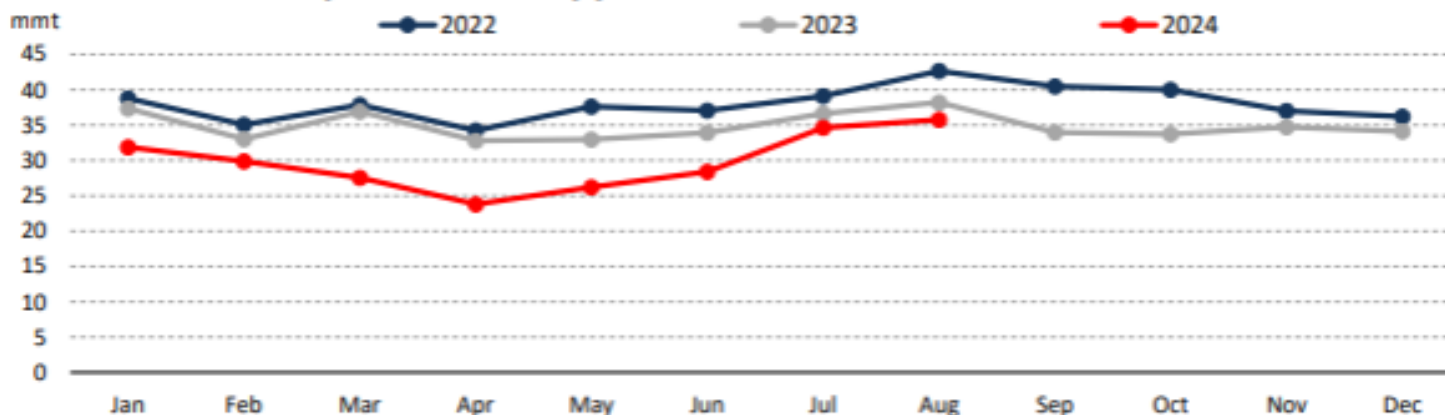
Inventory Updates

- Stockpiles near record levels due to low NG market
- Trending lower after hot summer 2024

Distribution of plants by days of full-load burn - Total utilities



Total utilities - monthly coal deliveries by year



Rail Metrics

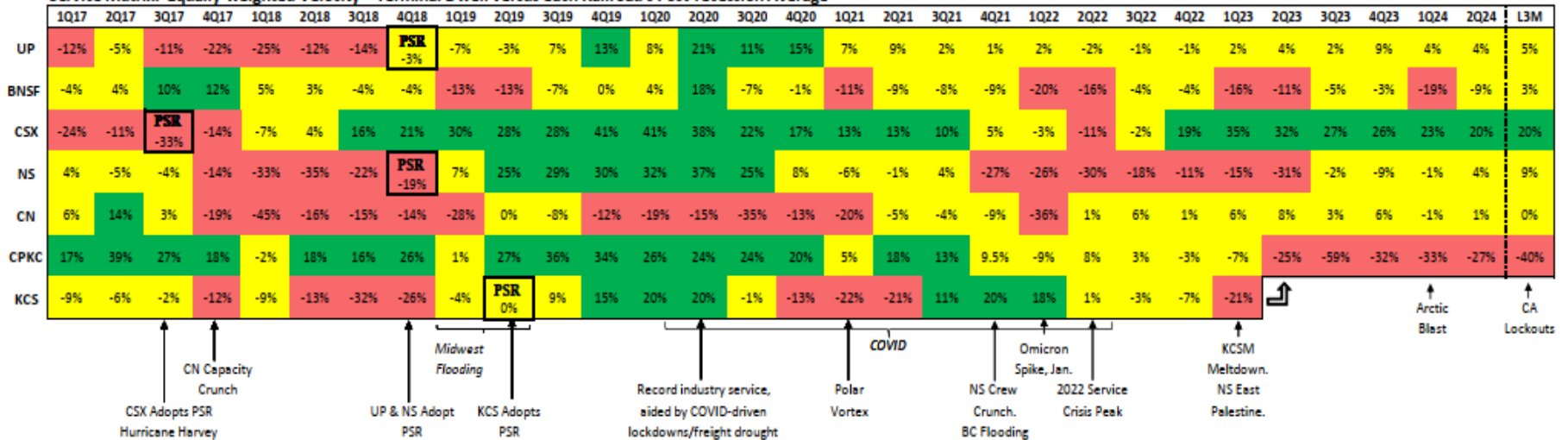
The State of the Rails

Running well/fast: CSX.

Running OK/normal: Canadian National, Norfolk Southern, Union Pacific, BNSF.

Running poorly/slow: Canadian Pacific KC (relative to pre-KCS acquisition; i.e., CP standalone).

Service Matrix: Equally-weighted Velocity + Terminal Dwell versus each Railroad's Post-recession Average



- Railroad is turning assets within 10% of its post-recession average
- Railroad is turning assets >10% faster than its post-recession average
- Railroad is turning assets >10% slower than its post-recession average

How does the chart work?

e.g. Velocity 10% better than its post-recession average + dwell 10% better than its post-recession average = 20%.

Velocity 10% worse + Dwell 10% worse = -20%.

Velocity 10% better + Dwell 10% worse = 0%.

Velocity and dwell are equally weighted.

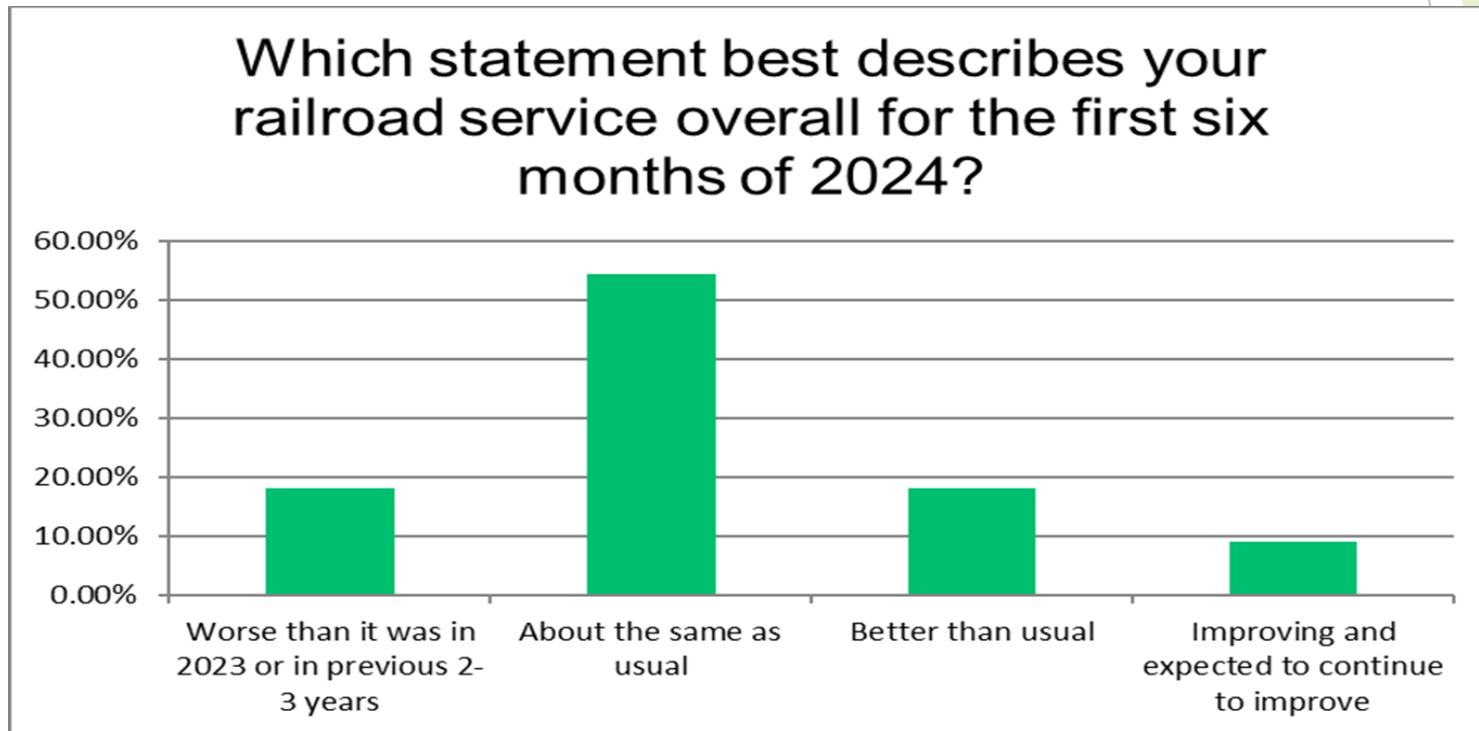
Source: Company reports and Loop Capital Markets estimates.

Post-recession defined as Q1 2010 through the present.

L3M = Last 3 Months (last 13 weeks trailing average).

NCTA/FRCA/NRECA On Time Performance Survey

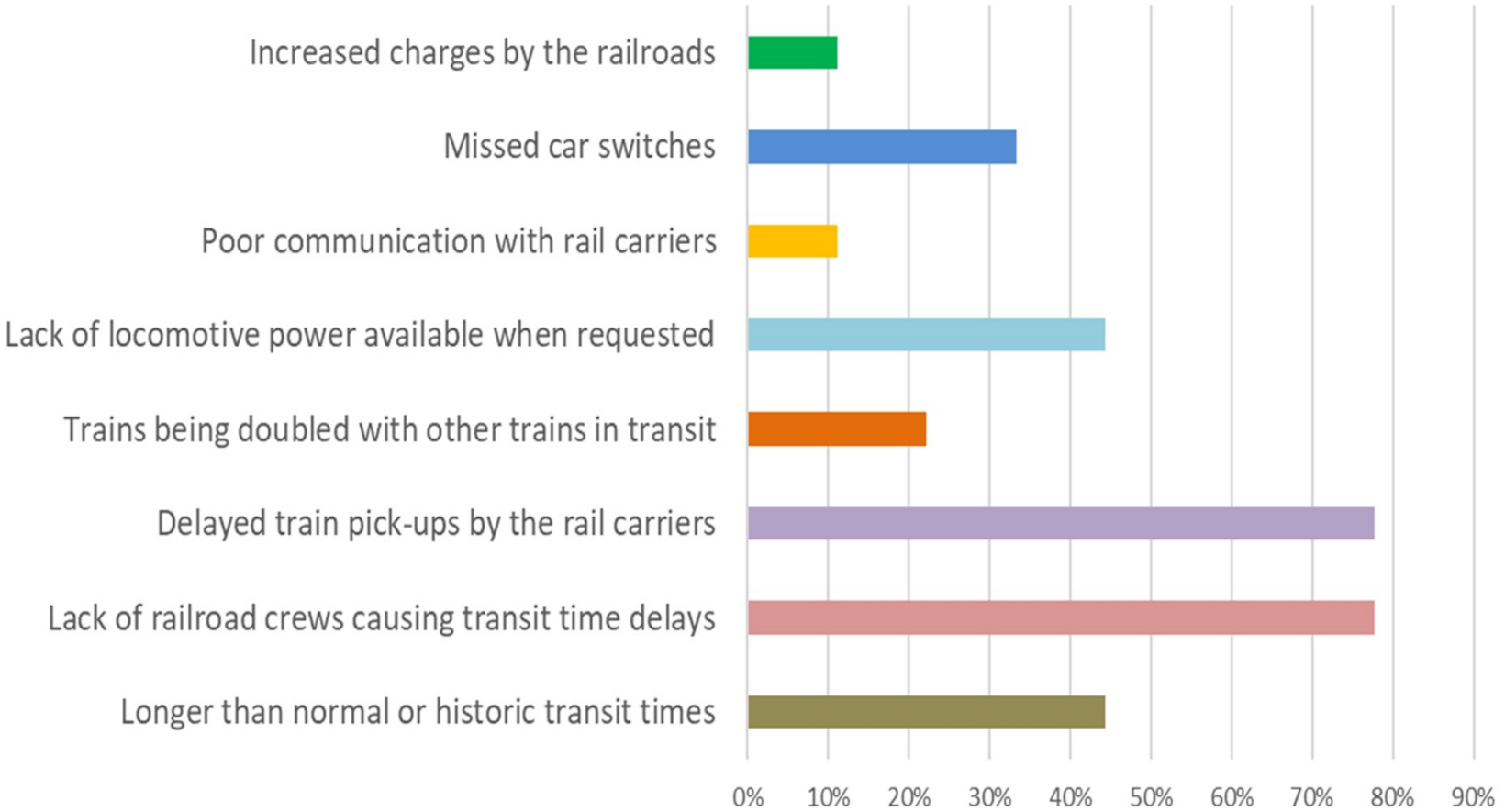
- ▶ Survey Data Collected from Utility members since Aug 2019 to June 2024 per 6-month periods
- ▶ 26 Plants Reported Shipper Perspective Railroad Performance Data in latest survey for the period Jan 2024-June 2024
- ▶ Railroad Service Overall for first half of 2024



On Time Performance Survey

First half of 2024 - 26 Plants Responded

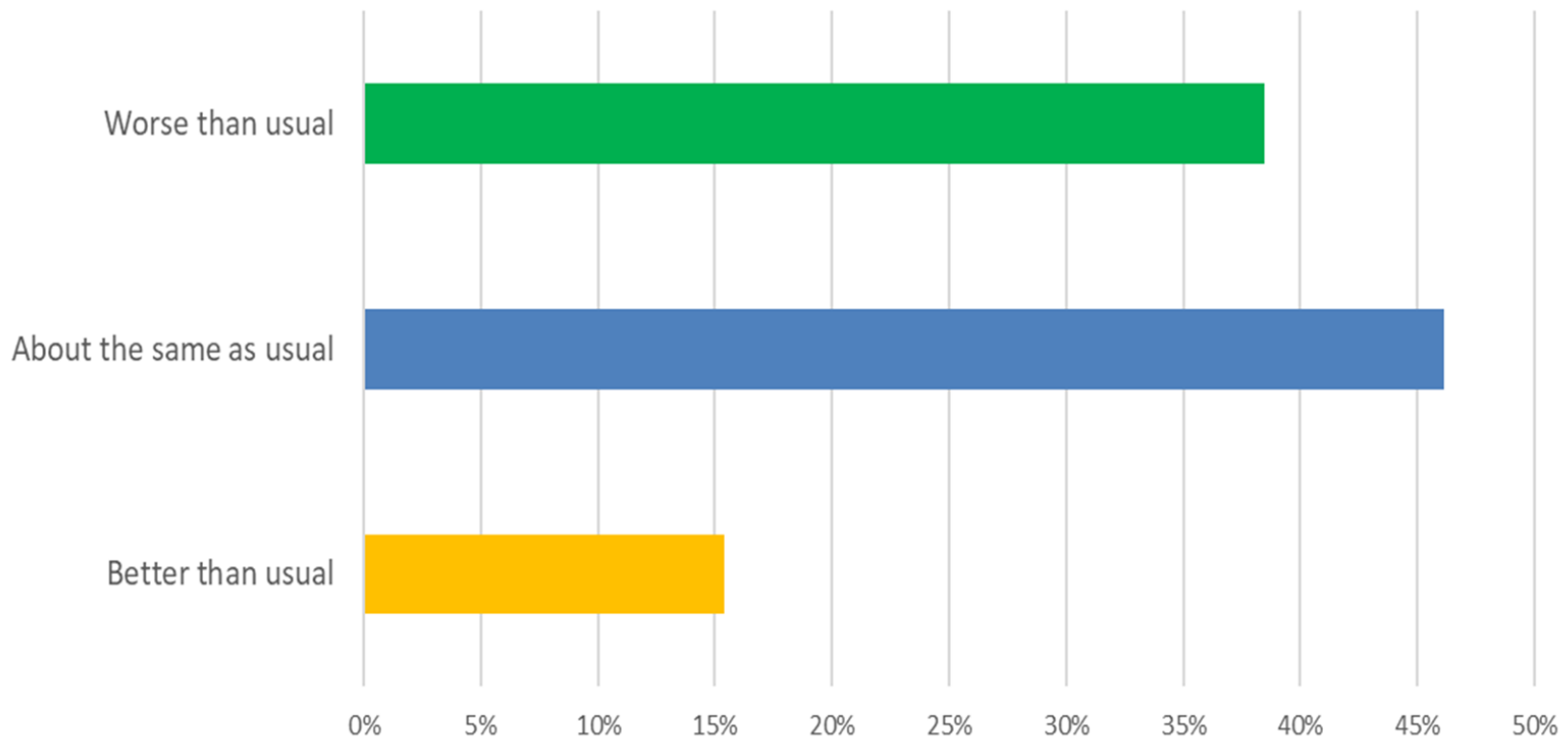
What Kind of Railroad Service Issues Have You Experienced so far in 2024?



On Time Performance Survey

First half of 2024 - 26 Plants Responded

Based on typical train cycle times for your plant(s), please rate your “average round trip cycle time” for each plant for the first half of 2024



Key Takeaways

- ▶ While Rail Service is improving for most shippers, there are still some who complain rail service has gotten worse.
- ▶ Over 40% of respondents say they are experiencing lack of locomotive power available and longer than normal or historic transit times
- ▶ Over 75% responded they experience delays with train pick up requests by the carriers, and a lack of railroad crews
- ▶ High stockpiles are main reason behind plants not able to take all of their coal nominations. However, 30% claim rail carriers are not keeping up with deliveries.
- ▶ Cycle time performance rating was worse for about 38% - only 15% said better than usual. 46% said about the same.
 - ▶ Continued Rail Service Metrics Reporting (including unit train) needed to help shippers forecast and plan
 - ▶ Resiliency in the network concerns regarding lack of crew and power availability

Questions / Discussion