

Distinguished STB Board Members and RETAC members,

The shippers on this committee appreciate the opportunity to meet with each and all of you to discuss current aspects of railroad service for utilities, coal producers, biofuels producers, energy groups, and rail car owners. We are here today to present the Board and the Committee with an updated perspective on the rail service that our sectors have been experiencing.

The energy industry remains complex and volatile. I know you are aware of the many unpredictable pressures that impede the industry's ability to predict and forecast the demand for energy and energy commodities with any certainty. Our mission as shippers for the energy industry is to maintain an adequate and reliable flow of commodities to support the growing and insatiable demand for energy of this country. As we have explained previously, the energy industry is held to a rigorous standard for reliability and resiliency. The commodities that our industry uses consist largely of heavy haul traffic that the majority cannot move by any means other than rail. That dependency leaves our sectors extremely vulnerable to the railroads and their service issues.

We readily acknowledge that both the energy supply and rail freight sectors are not on-demand resources that can be called upon to perform instantly without adequate preparation. Despite the use of the best forecasting models in the industry, predictions of volume demand and the market often fall short of reality. Our concerns presented in these last several RETAC meetings continue to point out the fallout on our industry when most of the Class1 carriers keep operating personnel at low numbers and limit locomotive availability, which causes delays and service shortages for many shippers. The railroads remain far more responsive to investor desires than to customer requirements. We urge the Board to address the resulting market dysfunction that has become the unfortunate norm in the railroad industry.

We want to again stress the need for accumulating and maintaining robust reporting metrics to provide transparency as to the adequacy of service and carrier resources and to help the Board and shippers be able to identify issues earlier and prepare. Reliable rail service is critical if energy shippers are to maintain stability of the grid and support the economic growth of the country.

We want to note again the issues that have been previously highlighted by this group, and that remain critical for the stability and growth of this industry. The issues that the shippers highlighted previously include:

- The impact of Precision Scheduled Railroading practices on the ability of rail carriers to meet shipper needs and respond to changes in demand.
- The continued collection of data on railroad service metrics.
- The need to define the common carrier obligation with clarity and consequences when it not met.
- The need for the railroad carriers to have better communication and transparency with customers and with other carriers to facilitate preparedness and efficiencies in the network

The shippers of RETAC respectfully request the Board continue to require railroad service metrics that enable the parties to engage in real data-driven discussions in these committee meetings and otherwise as an indicator of preparedness.

Thank you for your engagement and concern regarding rail service and shipper issues.