

Surface Transportation Board
Rail Energy Transportation Advisory Committee (RETAC) Meeting
April 17, 2024, Meeting Minutes

STB Members in attendance:

Chairman: Martin Oberman

Vice Chair: Karen Hedlund

Members: Patrick Fuchs, Robert Primus, and Michelle Schultz

DFO: Kristen Nunnally

RETAC Members in Attendance:

Adam Anderson- Western Fuels Association

Brian Boaz- Exxon Mobile

Sean Brewer- ADM

John Bridson - Evergy

Angela Caddell- Co-Chair- BNSF Railroad

Sandra Ellis- Canadian National Railroad

Steve Ewers- NS Railroad

Monica Freedman – CHS Renewable Fuels

Leila Ford- Genesee & Wyoming Railroad

Brian Fuller- Co-Chair- Southern Company

James Grech- Peabody Energy

Christopher Hand- Brotherhood of Railroad Signalmen

John Haysbert- Hitachi Energy

Mark Huston- Louis Dreyfus Company

Lee K. Johnson- Hess Corporation

Paul Lang- Arch Coal

Vern Lund-Navajo Transitional Energy Company

Edwin McKechnie- McKechnie & Company LLC

Phillip Obie II- Santee Cooper

Edward Quinn- R.J. Corman

Emily Regis- Arizona Electric Power Cooperative

Dave Slade- Chevron Renewable Energy Group

Ben Sweat- POET

Bette Whalen- Lower Colorado River Authority

Bradly Moore- UP Railroad

Committee Co-Chair Brian Fuller called the meeting to order at 9:35.

Opening remarks and welcome were given by Vice Chair Karen Hedlund, with members Patrick Fuchs, and Robert Primus offering remarks. Chairman Martin Oberman and member Michelle Schultz joined shortly after and welcomed everyone to the meeting. Some of the general comments by the members centered around the potential take over of the board at NS, the shipping vessel accident in Baltimore that took out the Francis Scott Key Bridge and how CSX and NS have been proactive in helping customers find other routes and for their goods, the passing of former CSX CEO Jim Foote, and how service by the railroads has been much improved since our last meeting.

Co-Chair Fuller recognized five members who would be rolling off the committee later in the year; Jeff Eliason, Bette Whalen, Lee Johnson, Phillip Obie and Brian Fuller. Comments were also made about the low natural gas pricing affecting coal burns / deliveries, crude oil pricing, and the affects international tensions have on the global supply chain in general.

Labor Overview was given by Christopher Hand. Some key points were as follows:

- Concerns about the decline of maintenance of way signal workforce which increases the workload of the remaining workforce. It was noted that since 2016 the big Four railroads have seen the track miles per employee increase between 17% to 22%.
- Exit interviews with employees show that the major issue for leaving was work-life balance with extensive travel being a concern and dissatisfaction with first line supervision. Of those leaving 90% said they were satisfied with the compensation and benefits.

Shippers Overview was given by Emily Regis. Some key points were as follows:

- Gratefully acknowledge the improvement in overall operations and service over the past several months.
- Reporting metrics are important as they provide the ability to identify trends and set baselines on data and can potentially identify service issues early on.
- Continued communication between Railroads and Shippers is important.

Railroad Overview as given by Leila Ford and Sandra Ellis. Some key points were as follows:

- Railroads work diligently to ensure they have the right resources in the right places to meet customer needs.
- Carloads are constrained because of slowing economic growth and global supply chain disruptions.
- Railroads continue to be three to four times more fuel efficient than trucks which equates to greenhouse gas emissions being reduced by up to 75% over trucking. Railroads continue to work to improve their own sustainability.
- They all share the goal of wanting to provide safe, reliable, efficient service.
- Comparing Q1 2023 to Q1 2024, total carloads are down 4.2% with coal being down 14.1%.
- Railroad capital spending is approximately 18.4% as a percent of revenue whereas all other manufacturing is approximately 3.0%.
- Total employment and T&E employment is up 10% and 16% respectively since 2022.
- Investment in labor, infrastructure and technology have enabled real, material improvements in rail service and customer experience.

Industry Segment Presentations:

Presentations are available on RETAC website. Presentations began at approximately 11:15 am

1. Oil Overview- Given by Lee Johnson. Key points were as follows:
 - o The price of oil will continue to be elevated until more production comes online.
 - o No one country dominates oil production.
 - o Production is limited by the amount of oil that can be refined.
 - o 97.3 million barrels moved by rail in 2023 (66.9% US, 33.1% Canada).
 - o 500k carloads of refined products are moving a year on the Class One's and it is continuing to grow.

2. Coal Overview- Given by Vern Lund. Key Points were as follows:
- The collapse of the Francis Scott Key bridge in Baltimore has caused issues with rail and coal exports. Army Corp of Engineers expects the port to be open by the end of May.
 - The mild winter resulted in significant stockpiling which has reduced the rail demand for coal.
 - Global coal consumption continues to increase with 2023 setting a new record at 8.5 billion tons.
 - The US has become the primary global source of high-quality coking coal for the manufacturing of new steel. Its importance is expected to grow.
 - CSX and NS quickly developed temporary routes after the Baltimore bridge collapsed.

Noted by Member Hedlund that Baltimore is an example of why we need railroads to be Resilient. Chairman Oberman praised the work of CSX to adjust routes and crews due to the bridge collapse.

Break for lunch at approximately 12:10 pm and started again at 1:20pm

3. Utilities Overview- Given by Bette Whalen. Key points were as follows:
- Coal stockpiles are healthy due to the mild winter weather and good railroad service. The increase in coal stockpiles has caused some utilities to run coal more than projected to help manage stockpile levels.
 - The need for continued data reporting by the railroad is needed and encouraged to help identify trends in service levels.
 - Survey data indicates that utilities have seen improved availability of locomotive power.
 - Forecasting can still be a challenge with changing weather and volatile market conditions.
4. Ethanol/Biofuels/ Renewables – Given by Sean Brewer. Key Points were as follows:
- Dwell time at origin continues to decline.
 - Biodiesel production is flat which Renewable diesel production is increasing.
 - Corn production saw an increase from 2022-2023 although it is down 4.6% in 2024 due to the flip back to soybeans.
 - Car repairs are delayed due to part supply and have not returned to pre-pandemic levels yet.
 - New DOT 117J tank cars remain in limited supply due to high demand thus lease rates are elevated.
5. Railcar Overview- Given by Adam Anderson. Key points were as follows:
- Cars in storage have declined since 2023 with 22,000 fewer cars in storage.
 - Railroad velocity and dwell have improved year over year.
 - 60% of the coal car fleet is less than 20 years old with no new coal cars being produced. Increased maintenance of coal cars due to ILB coal
 - Lead time on the production of new railcars remains elevated.

Written Comments-

There were no written comments.

Roundtable-

The RETAC members thanked Chairman Oberman for his service and wished him well in retirement.

The meeting concluded at 2:00 pm.

Minutes submitted by: Phillip Obie II, Secretary / Treasurer for RETAC