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Ms. Cynthia Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0111

Dear Ms. Brown:

Re: Docket No. EP 724, United States Rail Service Issues
Comments of Otter Tail Power Company

This letter provides Otter Tail Power Company's written comments in the above-referenced matter. We request that they be included in the docket record.

As President of Otter Tail Power Company, I am writing to express my increasing concern about the Burlington Northern Santa Fe's inability to deliver sufficient coal to our Big Stone Plant at Big Stone City, South Dakota. My company is the operating agent for this 475-MW plant that we own jointly with Montana-Dakota Utilities Co. and NorthWestern Energy. The plant has single carrier rail service from the BNSF.

Big Stone Plant implemented coal-conservation measures on June 19, 2014, in response to declining stockpile levels. The plant owners decided to curtail the plant's generation voluntarily in an effort to conserve coal. This was not an easy decision to make because it can expose our customers to higher-cost replacement energy. In June BNSF indicated that its service should improve after the Fourth of July holiday weekend. This improvement--which we measure in cycle time, or the time it takes for a train to run from the plant to the mine and back to the plant--did not occur. In fact, we have not seen any consistent signs of improvement all summer. Current cycle times from the BNSF are 70 percent higher than what they should be, with our trains parked for extended periods of time during their trips to and from the Powder River Basin.

These longer cycle times mean that BNSF is not able to deliver the coal needed to keep the plant operating at full load and with normal stockpile levels. The plant provides monthly forecasts to the BNSF for its coal needs for the next month. During the last 12 months the BNSF has delivered only 80 percent of what the plant has forecasted, forcing the plant to go into its emergency stockpile to make up for the

shortfall in deliveries. While some plants have stockpiles that were designed for frequent access, Big Stone's inactive coal stockpile was designed for true emergencies, such as a bridge failure on the rail system that would impact deliveries for an extended period or a coal-delivery system failure at the plant, etc. Unfortunately, Big Stone has been pressed into using its coal stockpile to meet daily operational needs. This is an inefficient, labor-intensive effort that results in higher costs for our customers.

While there has been a great focus on BNSF service issues in this past year, it is important to note that Big Stone Plant has experienced coal-delivery issues on and off for the last decade. In fact, it has implemented coal conservation five times in the last eight years. This is not just a recent phenomenon.

What is equally concerning is that the true severity of the current situation is being masked not only by the moderate summer weather but also by the actions taken by the utility coal shippers themselves—primarily coal conservation but also hauling coal by truck and switching to alternate fuels. These actions, intended to protect our customers' interests in the long term, not only come at higher cost to customers but also enable the BNSF to be more confident in its claims that it will not allow plants to run out of coal.

We have had success in the past working with the BNSF through enhanced communication and coordination at various levels. Through these measures we have managed to avoid single-digit stockpile levels that other plants have reported. However, we remain at below-normal stockpile levels with no relief in sight. We estimate that coal conservation this summer has reduced the output of the plant by up to 20 percent. If our coal conservation would have been coupled with improved service from the BNSF, we would have expected to see stockpile levels rise to the point where coal conservation no longer would be necessary. But this has not happened, and it is greatly concerning as we head into what possibly could be a record grain harvest and our winter peak season.

Otter Tail Power Company respectfully requests that the Board take action now to remedy this situation. The evidence shows that doing nothing is no longer an acceptable option. About a year ago the BNSF acknowledged that they did not deliver on service in 2013 and needed to do better. The BNSF presented a plan for 2014 to remedy the situation. It has not resulted in service improvements as of yet, nor is it expected to anytime soon because the BNSF has indicated that this situation is expected to continue into 2016. The BNSF needs to restore cycle times to normal levels. Measures need to be put in place to allow an assessment of BNSF's progress toward restoring coal delivery service.

Respectfully submitted,



Tim Rogelstad
President
Otter Tail Power Company