Surface Transportation Board
Rail Energy Transportation Advisory Committee (RETAC) Meeting
October 9, 2024, Meeting Minutes

STB Members in attendance:
Chairman: Robert Primus
Vice Chair: Karen Hedlund
Members: Patrick Fuchs and Michelle Schultz
DFO: Elizabeth McGrath

RETAC Members in Attendance:
Electric Utilities:
Jason Fannin – Ramaco Resources
Phillip Obie II – Santee Cooper – Co-Chair
Emily Regis – Arizona Electric Power Cooperative

Railroads:
Angela Caddell- Co-Chair- BNSF Railroad
Sandra Ellis- Canadian National Railroad
Steve Ewers – NS Railroad
Edwin McKechnie – McKechnie & Company LLC
Edward Quinn – R.J. Corman

BioFuels:
Sean Brewer – ADM
Dave Slade – Chevron Renewable Energy Group

Railcars owners, lessors, and manufactures:
Adam Anderson – Western Fuels Association – Treasurer / Secretary
Robert Zmudka – GATX

Coal Mining:
Paul Lang – Arch Coal
Jason Plett – Navajo Transitional Energy Co.

Petroleum:
John Hack – Marathon Petroleum

At Large:
Bryan Boaz – ExxonMobil
Robert W. Guy – State Director, Illinois Legislative Board, SMART – Transportation Division

Renewable Energy:
John Haysbert – Achis Group
David Peschong – POET

Labor:
Christopher Hand – Brotherhood of Railroad Signalmen

Committee Co-Chair Angela Caddell called the meeting to order at 9:35.

Opening remarks and welcome were given by Chair Robert Primus. Welcomed everyone and was looking forward to hearing the comments of the committee today. Looking forward to hearing any impacts that the hurricane (Helen) has had on the networks, if any, and hearing if any shippers have had any delivery issues in general.

Vice Chair Karen Hedlund offered opening remarks echoing the same comments as the chair. Had some concerns with NS and some of the changes taking place there with the executive management turmoil going on.

Members Patrick Fuchs and Michelle Schultz offered a welcome and looking forward to hearing the committee updates as their opening remarks.

Co-Chair Angela Caddell offered her opening remarks and noted the impacts of low natural gas, international crisis abroad, recent hurricanes, high interest rates and the dock workers strike as all issues that are affecting rail transportation and the energy markets in general.

Introductions were given for new members present, Jason Fannin with Ramaco and John Hack with Marathon Petroleum.

The Co-Chair seat was open since Brain Fuller rolled off the committee. Phillip Obie II volunteered to take on the role, no other nominations from the floor were submitted. The committee voted and elected Phillip Obie II so serve as the co-chair.

Treasurer update was given by Phillip Obie II: at the April 15, 2024 meeting, $760.00 was collected from members with $770.15 for expenses for coffee and lunch from Chick Fil A. The difference in what was collected versus expenses was – $10.15 which was covered by the Treasurer. This left an ending balance of $0.00.

Chairman Robert Primus welcomed the new Committee DFO, Elizabeth McGrath. He also thanked Mark Huston for his time on the committee working with the Ethanol industry.

Committee Updates. **Start 9:45 am**

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

- NS and CSX employment levels are up while CPK, CN and BNSF levels have remained flat while UP employment levels continue to decline.
- A few of the Class 1's, CSX, NS, and BNSF have already reached tentative agreements ahead of the national bargaining round. This is unprecedented but appreciated.
- Discussion on the use of wayside hot boxes as the industry standard to detect hot wheel axle bearings. Noted that it is their goal to identify additional technologies to help identify defects earlier and prevent failure.

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

- The energy industry remains complex and volatile and external pressures make it difficult to predict and forecast energy demand and needs.

- Reporting metrics are important to help identify adequate service and carrier resources which can help the Board and shippers identify and prepare for carrier issues.
- Continued human communication between Railroads and Shippers is important noting that online bots do not provide the timely information shippers need.
- Some discussion around:
    - The impact of data centers on the energy industry in general
    - Discussions around the rail metrics and data that is out there and what trends and reporting can be derived from that data

Railroad Overview as given by Steve Ewers. Some key points were as follows:

- Smart growth is in the Railroads best interest and helps to provide for the right resources in the right places to meet shipper needs.
- They all share the goal of wanting to provide safe, reliable, efficient service.
- Coal carloads are down 55% over the 2008-2023 period and continue to decline which has caused a reduced number of resources and assets across the coal supply chain.
- US rail carloads of crude oil continue to remain relatively flat which has been the trend since 2020.
- Noted that T&E employment is back to where it was immediately prior to the pandemic (2020).
- Some discussion around:
    - How much business railroads are losing to the trucking industry because they cannot fulfill shipper needs
    - There is new growth for the railroad out there and they need to be able to meet and serve that growth noting that interest rates will play a big role in the timing of that growth

Break for lunch at approximately 12:05 pm and started again at 12:35pm

Industry Segment Presentations: **Start at 12:35 pm**

Presentations are available on RETAC website.

1. Coal Overview- Given by Paul Lang. Key Points were as follows:
    - Data centers will create new load growth for the electric industry. Some of that growth will be served by existing coal plants, potentially increasing their capacity factor.
    - Global coal consumption is at an all time high in 2023 and is expected to be the same in 2024. The use is lead by China and India.
    - US coal is a better quality than overseas producers thus US coal is more desirable but US lacks the port capacity to ship the tons needed.

2. Utilities Overview- Given by Phillip Obie II. Key points were as follows:
    - Coal stockpiles are healthy and continue to remain in the 40 plus days of inventory on hand for full load burn.
    - Rail data shows that CSX is running above recession averages and CPKC is below the recession average. All other class 1 railroads remain within 10% of the recession average.

- Survey data indicates that utility service remains about the same, and some have seen improved service from the last survey.
- Top 3 issues shippers reported in the survey are lack of crews, delayed pickups, and longer transit times.

3. Railcar Overview- Given by Rob Zmudka. Key points were as follows:
   - Older cars are being replaced with new cars.
   - Maintenance availability is still constrained which is compounded by the car build bubble that took place between 2014-2016.
   - Cars in storage remain at approximately 20%
   - All railcars must be air brake tested with new 4 port adapter starting July 1, 2025, based on new AAR rule.
   - Difficult for railcar industry to pivot so changes require a phased in approach

4. Ethanol / Renewables – Given by Dave Slade. Key Points were as follows:
   - Seed / grain is produced throughout the year, so supply is ratable.
   - Intermediate crop planting is an emerging market.
   - Recent port strikes continue to have an impact on the supply chain.
   - Uncertainty remains with the sunset of the Blender's Tax Credit and the onset of the new Clean Fuel Production Credit.

Written Comments-

Written comments from the National Mining Association were distributed to members.

Presentation and discussion of Industry Segments ended at 2:35 pm

Roundtable-

Nomination and acceptance for Adam Anderson to be elected as Secretary / Treasurer was made and vote on and approved.

The meeting concluded at 2:40 pm.

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