

Utility Update

Rail Energy Transportation Advisory Committee

October 18, 2023

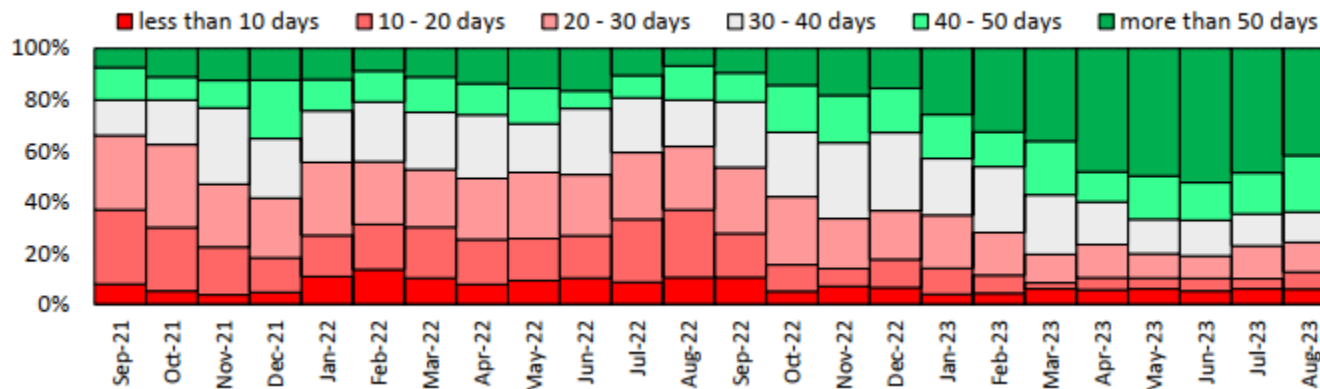
Utility Perspective

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

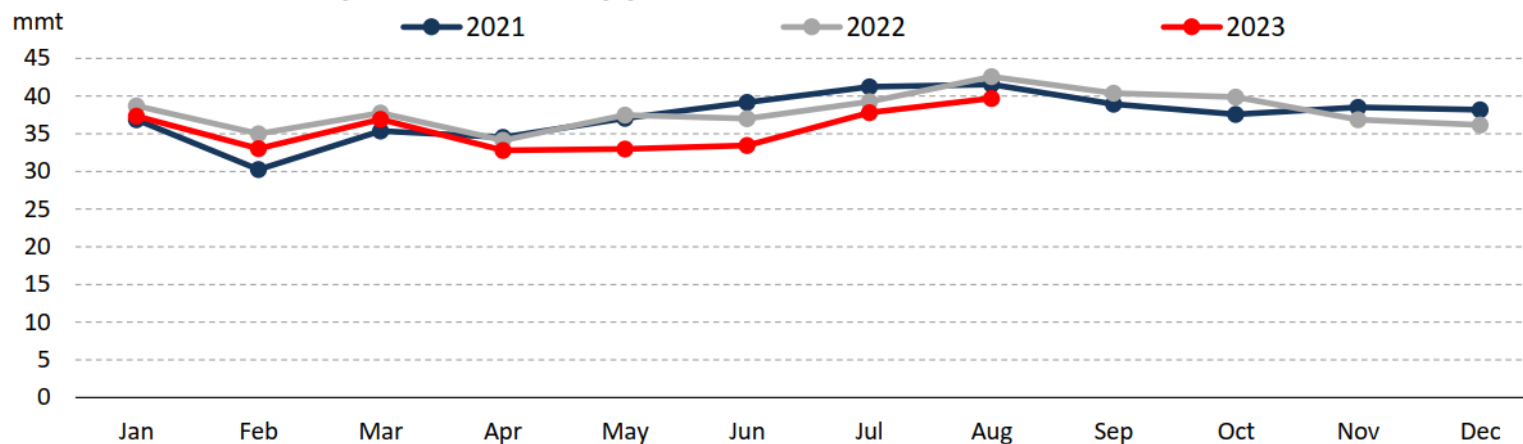
Inventory Challenges

- ▶ The percentage of Utilities with days of inventory of 40-50 days has improved in YTD 2023 due to mild winter weather and market conditions. Deliveries lower on demand.

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



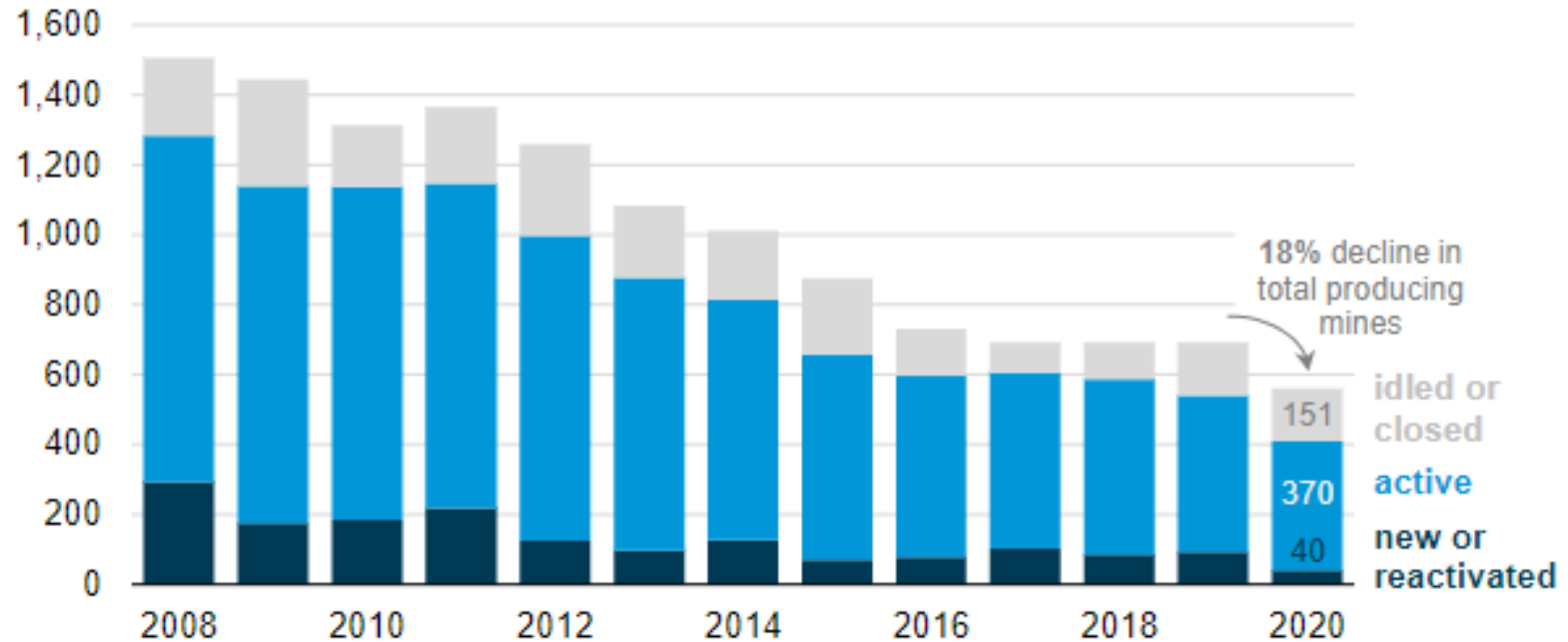
Total utilities - monthly coal deliveries by year



Active US Coal-Producing Mines Declining since 2008

U.S. coal-producing mines by status (end of year, 2008–2020)

count of mines



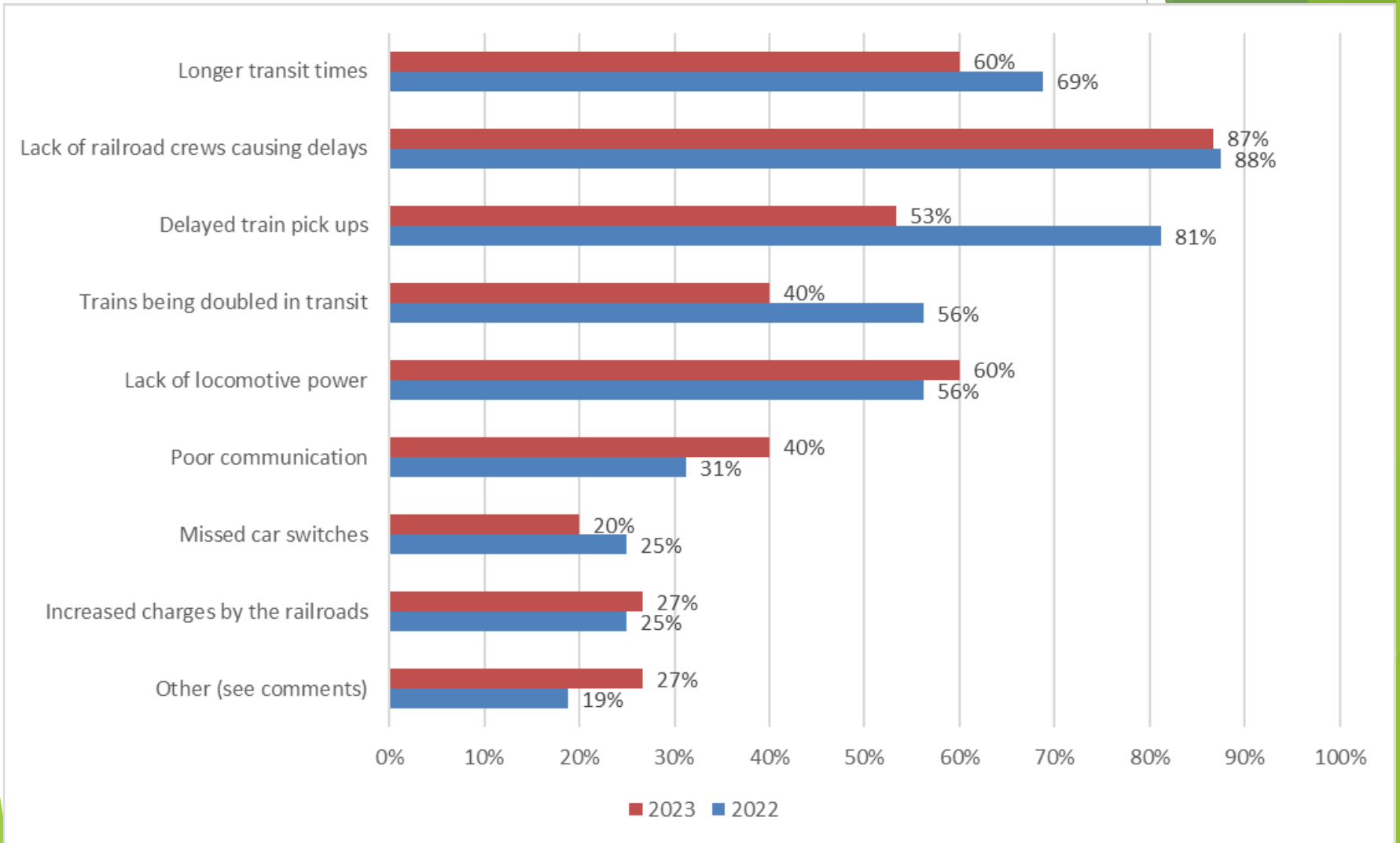
Source: Graph by the U.S. Energy Information Administration (EIA), based on U.S. Department of Labor, Mine Safety and Health Administration, Form 7000-2, *Quarterly Mine Employment and Coal Production Report*

NCTA/FRCA/NRECA On Time Performance Survey Jan-June 2023

- ▶ NCTA/FRCA/NRECA: OTP Survey Data Collected since Aug 2019 to June 2023 in 6-month periods
- ▶ 36 Plants Reported Shipper Perspective Railroad Performance Data in latest survey (was 39 in 2022)
- ▶ 41% reported their company experienced improving rail service in the first half of 2023 (was 7% in 2022 survey). 35% said the service was about the same compared to 7% in 2022. 0% said that service was worse in 2023 than in 2022 (was 87% in 2022)
- ▶ 60% in 2023 said they were experiencing longer transit times compared to 69% in 2022
- ▶ 87% said that lack of railroad crews were causing delays compared to 88% in 2022
- ▶ 53% said they were experiencing delayed train pick ups in 2023 compared to 81% in 2022
- ▶ 60% said they were experiencing a lack of locomotive power in 2023 compared to 56% in 2022

Railroad Service Issues experienced by coal shippers

First half of 2023 and first half of 2022 compared



Key Takeaways and Asks

- ▶ Utility forecasting for coal deliveries continues to be challenging for Utilities, Producers and Rail Carriers
- ▶ Utility stockpiles afford Rail Carriers a generous cushion to allow for coal deliveries and burn forecasts/actuals
- ▶ Coal deliveries continuing to trend at or above monthly nominations in 2023. Resulting in:
 - ▶ Stockpiles improving but mostly due to mild weather and market conditions
 - ▶ Utilities continue to be conservative about managing target inventory and coal conservation planning
 - ▶ High operational costs for utilities to replace energy/fuel and production issues still a concern for utilities when rail service becomes an issue
 - ▶ Railroads still working to restore service and maintaining labor workforce
- ▶ Asks:
 - ▶ Continued need for better communication from RRs in meeting shipper forecasts and equipment planning and scheduling
 - ▶ Updates on Railroad crew workforce/hiring and preparedness
 - ▶ Continued accountability and reporting service metrics from RRs

Questions / Discussion