

Distinguished STB Board Members and RETAC members,

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

The energy industry grows ever more complex and volatile. Fluctuations in weather, domestic and international political conditions, public policy, and associated economic forces and conditions all combine to make it challenging to predict and forecast the demand for energy and energy commodities with any certainty, despite our best efforts. What remains constant is that the commodities that fuel our industry consist largely of heavy haul traffic that cannot move by any means other than rail. At the same time, our ratepayers, customers, and regulators require the energy industry to provide reliability and resiliency. That dependency leaves our sectors extremely vulnerable to the railroads and their service performance.

We gratefully acknowledge the improvement in railroad operations and service achieved in recent months. Shippers remain concerned that the improvements may be only temporary, particularly if rail volumes return or critical segments experience weather or other disruptions.

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. In that regard, we are also aware of recent headcount reductions in not only operating personnel, but also rail management positions at some of the Class I carriers. These cutbacks concern the shipper community because of the service problems that followed the pre-Covid headcount reductions tied to Precision Scheduled Railroading. We are also aware of the ongoing pressures from activist investors on the railroads to cut operating costs, as detailed by STB Chairman, Marty Oberman in recent TRAINS articles, Board Member Karen Hedlund in her recent presentation to the American Short Line and Regional Railroad Association, and Board Member Robert Primus in his February guest column for Progressive Railroading. Will the rail carriers be able to provide adequate service when demand rises again or overcome unexpected shocks due to climatic events and geopolitical developments?

We want to stress the importance of accumulating and maintaining robust reporting metrics to provide transparency as to the adequacy of service and carrier resources and to be able to identify issues early with this data. Reliable rail service is critical if energy shippers are to maintain stability of the grid and support the general health of the country's industrial growth and GNP.

The issues that the shippers highlighted previously include:

- The impact of Precision Scheduled Railroading practices on shipper needs and the ability of rail carriers to meet changes in demand.
- The continued collection of data on railroad service metrics.
- Common Carrier responsibility of the carriers needs to be clearly defined.
- The need for better communication and transparency from the rail carriers to help customers be better prepared for any changes affecting their operations

Again, the shippers of RETAC readily acknowledge that rail service has improved so far in 2024 and recognize the ongoing efforts of the Class I rail carriers to address shipper concerns discussed within this committee.

Those improvements do not eliminate the need for railroad service metrics, but actually increase it. Trends established during favorable conditions will establish the baselines to detect when service begins to lag. 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.