

Surface Transportation Board
Virtual RETAC Meeting Minutes
October 7, 2020, 8:00 AM EDT

Meeting commenced at 8:00 AM with opening welcome by **Chairman Ann Begeman**, followed by remarks from **Vice Chairman Martin Oberman** and **Board Member Patrick Fuchs**.

RETAC Members in attendance at the meeting were:

George Duggan, BNSF – Committee Co-chair
Daniel Sabin, IANR – Secretary-Treasurer

Brian Fuller, Southern Co. – Committee Co-chair

Ginger Adamiak, KCS
Jeff Eliason, CHS
Garrick Francis, CSX
Brad Hildebrand, Cargill
Mark Huston, Louis Dreyfus Corp.
Phillip Obie II, Santee Power
Barb Porter, Arch Coal Sales Co
Bill Ragen, SCH Services/Calumet Terminal
Tony Reck, Paducah & Louisville Railway
Bette Whalen, Lower Colorado River Authority

Kent Avery, PBF Refining
Steve Ewers, Norfolk Southern Railway
Robert Guy, Smart TD
Robert Hulick, Trinity
Lee Johnson, Hess Corporation
David Owens, TVA
James Rader – Greenbrier Management
Emily Regis, Arizona Electric Power Coop
Brad Thrasher, Union Pacific
Scott Yaeger, Peabody Energy

STB staff in attendance:

Kristen Nunnally, RETAC, DFO
Ellen Erichsen
Amanda Gorski
Mike Higgins

Lisa Novins
Valerie Quinn
Stephanie Borges

Opening remarks by Brian Fuller.

Oil Industry Segment Update

Lee Johnson of Hess Corporation presented the Oil Industry Segment Update.

Oil Industry Segment Market Environment

- Global production/consumption was balanced except for Q2 drop in consumption due to the COVID-19 Pandemic.
- US Crude Oil Production was at a high of 12.86 Million Barrels Per Day (MBPD) in November 2019 to a low of 10.20 MBPD in May 2020.
- US land rig count down from 904 in August 2019 to 265.

- Texas, New Mexico, and Oklahoma production stayed nearly level from 6.06 MBPD in October 2019 through February 2020, then dropped to 4.44 MBPD in April 2020.
- Crude by Rail (CBR) within PADD 3 and to West Coast dropped from a high of 45.58K carloads in August 2019 to about 12.5K carloads in October 2019 leveling at 6.03K carloads in June 2020.
- Williston Basin production dropped from 1.58 MBPD in October 2019 to 0.9 MBPD in May 2020 with modal share CBR remained at a low level of slightly higher than 0.2 to about 0.05 during the same period with pipelines handling most of the production.
- Total U.S. and Canadian CBR dropped from 829K barrels per day (KBPD) in January 2020 to 182 KBPD in June 2020.
- Canadian CBR to U.S. destinations dropped from 388 KBPD in January 2020 to 42 KBPD in June 2020.

Summary

- Global crude oil consumption fell faster than production in Q1 and Q2 2020
- WTI and Brent pricing fell as the inventory surplus grew; pricing still volatile
- US production reduction was mostly land-based; rig count down dramatically
- US Southwestern production fell; primarily in Texas; recovery started in June
- Southwest CBR dropped dramatically and remains a minor export factor
- Williston Basin production fell dramatically; pipeline largest export loser initially
- ND shut-in well count situation improved in May and June
- Total CBR in the U.S. and Canada down 78% from January to June
- CBR volumes from Canada to U.S. are down 89%; biggest reduction to the Gulf
- PHMSA ruled in May that federal law preempts Washington State's SB 5579
- DAPL's future remains unresolved as the shutdown/empty court order has been stayed pending an additional environmental impact study

Railcar Segment Update

Robert Hulick of Trinity provided the Railcar Segment Update

Industry order activity was severely hampered by COVID-19 and energy market collapse.

Freight Car Activity

Freight car orders remained strong in 2018 with a drop off in orders continually in 2019 and first half of 2020 but with an increase in deliveries in 2019. Backlog has been reduced significantly since 2015.

Tank Car Activity

Strong tank car orders commencing in 2018 resulted in both increased deliveries and backlog of cars to be delivered with few cars ordered by Q2 2020 and a backlog reduced to under 20,000 cars.

Railcar Delivery Outlook Expected to Contract

- Forecasted delivery reduction due to economic downturn oversupply of certain fleets.
- Tank cars, 3,500-5,500 cf covered hoppers for grain, >5,500 cf covered hoppers for plastics and intermodal flat cars are expected to support future deliveries.
- Non-energy tank cars will drive new tank car demand.

Coal demand continues to decline, leading to older cars being scrapped

- Coal carloads are down 27.2% year-to-date in 2020
- 30% of gondolas and 34% of open hoppers in the North American fleet are in storage as of September 2020.
- The railcar fleet servicing coal will see continue attrition in the coming years.
- About 35,000 coal railcars are over 35 years old.

Percent of coal railcars in storage rose sharply starting in late 2019 before recent reductions in idle rates

- Retirements are not expected to lead to demand for new cars in the near term.
- The coal fleet consists of
 - 96k hoppers
 - 102k gondolas

Energy Related Cars Returning to Storage

- Lower frac sand by rail demand has led to significantly larger storage of covered hoppers.
- Tank car storage increased over the last few months due to reduced carloads in crude oil, ethanol, and refined products.

Liquified Natural Gas by Rail

- NPRM, October 24, 2019
- The current HMRs do not authorize the bulk transport of LNG in rail tank cars.
- LNG production and consumption trends are related to international fuel prices, mainly crude oil, diesel, and coal.
- Between 2010 and 2018, in the United States:
 - The number of facilities increased by 28.7%, and the total storage and vaporization capacities increased by 21 and 23 percent, respectively.
 - Total liquefaction capacity increased by 939% due to new LNG export terminals.

PHMSA, June 2020

- PHMSA and the FRA issued their final rule, allowing the transport of LNG in DOT-113 specification tank cars with enhanced outer tanks of thicker carbon steel.
- Enhanced liquefaction capacity and lack of pipelines could support LNG-by-rail growth.

Crude Oil Fleet Size & Composition

	Total Fleet	% DOT 111	% CPC-1232	% 117/120
2013	40,333	54%	46%	0%
2014	50,803	33%	67%	0%
2015	48,920	14%	82%	4%
2016	24,865	3%	81%	16%
2017	21,569	1%	74%	25%
2018	25,470	0%	54%	46%
2019	32,361	0%	31%	69%
2020	25,307	0%	19%	81%

Ethanol Fleet Size & Composition

	Total Fleet	% DOT 111	% CPC-1232	% 117/120
2013	27,109	98%	2%	0%
2014	30,734	93%	7%	0%
2015	34,910	88%	11%	1%
2016	36,069	81%	10%	10%
2017	38,885	66%	9%	25%
2018	37,676	50%	8%	42%
2019	36,970	34%	5%	62%
Q2 2020	34,392	28%	4%	68%

Other Flammable Liquid Fleet Size & Composition

	Total Fleet	% DOT 111	% CPC-1232	Pressure	% 117/120
2013	40,205	71%	8%	21%	0%
2014	40,934	66%	13%	21%	0%
2015	41,893	66%	15%	19%	0%
2016	42,549	61%	18%	17%	3%
2017	42,844	54%	22%	16%	7%
2018	43,321	47%	24%	14%	14%
2019	52,870	42%	26%	12%	19%
Q2 2020	48,659	40%	26%	11%	24%

DOT 117J & DOT 120J Fleet Growth

July 2020 – Fleet size increased by 3,878 cars, or 10% to 41,521 from January 2020

DOT 117R Fleet Growth

July 2020 – Fleet size increased by 3,827 cars, or 13% to 32,379 from January 2020

Over 59,000 Tank Cars Required to Replace/Retrofit by 2029

Commodity/Car Type	2023	2025	2029	Total
Ethanol All DOT-111	9,635			9,635
Non-Jacketed CPC-1232	1,062			1,062
Crude Oil, Ethanol Jacketed CPC-1232		4,808		4,808
Other Flammable Liquids Packing Group I, II, & III			37,385	37,385
Total	10,697	4,808	37,385	52,890

Cars per Month Required vs. Last Month Actual Production

Production	Cars/Month
Cars/Month to Meet Deadlines	492-678
DOT-117 Production Avg. Last 3 Months	625
DOT-117R Production Avg. Last 3 Months	762
Total Production Last 3 Months Average	1,387
Surplus Production	402-587

Ethanol/Biofuels Segment Update

Mark Huston from Louis Dreyfus provided the Ethanol/Biofuels Segment Update:

The presentation began with a U.S. map indicating that 21 of the 43 corn growing states had corn production lower in 2020 than in 2019. Several of those states with reduced production were in the key production area of the upper Midwest, including North Dakota, Nebraska, Kansas, and Iowa. Production increased in corn typical high production states of South Dakota, Missouri Minnesota, Illinois, Wisconsin, Indiana, Michigan and Ohio.

US Corn Supply and Demand Charts for Years 2017-2019:

	2018	2019	2020
Total Supply	16,508	15,883	17,178
Total Use	14,288	13,630	14,675
Carry Out	2,221	2,253	2,503

In millions of bushels

US Ethanol Production vs. Milling Margin

September 2020 Weekly Ethanol Production average 14.318 billion gallons with margins up 2.6 cents per gallon to 39.8 cents per gallon.

In-Transit Inventory vs. Rail Performance

- Dwell time in terminals and train speeds influences the ethanol inventory on wheel adjustments, which requires more cars to handle the same volume levels. Four week rolling

average in transit ethanol inventory is increasing as production has been somewhat restored from a 50% drop in gas consumption due to the pandemic.

Monthly Biodiesel Production

Production volumes YTD through June 2020 are running slightly higher than 2019 volumes and lower than 2018 volumes.

Summary

- Ethanol production drops by close to 50% during pandemic, as did gas consumption
- Ethanol exports thru July 860MGals, est. total for 2020 1.25B Gals
- China is still on sidelines on ethanol purchases as part of Phase 1
- EPA has rejected 54 of 68 refinery exemptions; remaining 14 under review
- Margins in ethanol have improved from negative levels during pandemic
- Margins in bio diesel have been suppressed due to feed stock pricing
- No major issues with rail service today
- Lease cars are available, and pricing is somewhat soft

Utilities Segment Update

Emily Regis of Arizona Electric Power Cooperative, Inc., presented the Utilities Segment Update.

Discussed sampling of 22 shippers with reported average annual transit time:

Changes in Forecasting and Performance:

- Environmental and market factors have resulted in less coal consumption
- Coal industry consolidating
- Less equipment being used
- Shipments becoming more seasonal
- Challenges for both carriers and shippers to maintain efficiencies
- Transit time service metrics are a value as:
 - Benchmark data
 - Logistics and planning tool for shippers
 - Educational metrics for STB-RETAC and RSTAC
 - Reference in dialogue regarding PSR and rulemakings

NCTA/FRCA/NRECA Utility Members On-Time Performance Survey Data

- Allied shipper groups with overlapping utility members
- Survey represents 22 plants
- Five coal supply regions
- Class I railroads, multi-line & short line movements
- Mine to plant transit time by railroad and coal mine source with one-way miles
- August 2019-July 2020 round trip transit time data
- Forecasting methods - in house or railroad forecast
- Voluntary participation - utility member identity confidential

How Do Shippers Forecast Transit Time?

Many factors involved in developing transit time forecast:

- Inventory size, coal tonnage needed to serve load, energy load forecast
- Seasonal operational considerations
- Number of train sets/cars; type of cars
- Railcar maintenance planning; plant outages
- Dumping Operations at Utility, Staging and Placement of trains
- Free time for unloading and loading –hours, days...
- Geographic location of plant and miles from the mine source
- Single Railroad – Multi RR
- Round trip transit time forecast – In House or Railroad?
- Adjustment of the forecast - How often and why?

Shippers Reported Forecast Methods

- Round trip transit time calculated – how is it done?
 - Mine source manifest: train empty/load – arrival/release date time stamp
 - Plant: train load/empty – arrival/release date time stamp
 - Actual hours = days train is in transit: “round trip” per shipment
- Forecast – does it include loading and unloading free time hours?
 - 10% Included 90% Excluded
 - 85% In House 15% Railroad
- How often does the shipper adjust the forecast?
 - 9% Annually 52% Monthly 4% Weekly 35% Keep Same

Railroads Serving Plants as Reported

BNSF	55%
CSX	5%
Multi	27%
NS	5%
UP	14%
Short Line	5%

Sources as Reported

SPRB	65%
ILB	17%
Rockies	9%
NAPP	4%
NPRB	4%

Average Annual Transit Time Above Forecast:

BNSF	48%
CSX	7%
Multi	15%
NS	0%
UP	14%
Short Line	0%

Average Annual Transit Time Below Forecast:

BNSF	10%
CSX	0%
Multi	13%
NS	21%
UP	10%
Short Line	1%

Shipper Quotes: Observations and Concerns:

- “Performance time has improved with 2020 YTD cycle time mostly equal to forecast average”
- “We never know when RR crew will show up to pick up empty - Can be 2-4 hours after empty train release”
- “Projected ETAs are continuously slipping”
- “‘Train bunching issues’ and ‘Combination Trains’ with 300 cars arriving at once!”

Mines Segment Update

Brian Fuller from Southern Company presented the Mines Segment Update:

State of Coal Mining Industry from a Utility Perspective

- Hundreds of mines still in operation
- Financial health is an ongoing concern
 - Some prolonging life due to high back-end costs
- Production: On track for worst year since the 1960’s
 - Q2 2020 was abysmal (weather, gas, COVID-19)
 - YTD 2020 is 30% below YTD 2019
 - Top 50 Coal Companies produce ~90% of the U.S. Tons
- Top 10 Coal Companies produce ~65% of the U.S. Tons

•Source: *Energy Ventures Analysis (EVA) August 2020 Update*

State of Coal Mining Industry from a Utility Perspective

- **West** YOY thru Q2 Change -29%
 - Mainly PRB, some Rockies
- **Big Players**
 - Peabody
 - Arch
 - NTEC
 - Keiwit
 - FM Coal
 - Wolverine
 - Signal Peak
 - Murray
- **IB** YOY thru Q2 Change -37%
 - Primarily Illinois, Indiana, KY
- **Big Players**
 - Foresight/Murray
 - Alliance
 - Peabody
 - Prairie State
 - Sunrise
 - White Stallion
 - Knight Hawk
- **CAPP** YOY thru Q2 Change -55%
 - Primarily Virginias, Kentucky, Ohio
- **Big Players**
 - Contura
 - Black Hawk
 - Arch
 - Coronado
 - United
 - Ramaco
- **NAPP** YOY thru Q2 Change -38%
 - Pennsylvania, West Virginia, Ohio
- **Big Players**
 - Murray
 - Consol
 - Alliance
 - Contura
 - Arch
 - Rosebud
 - *Source: Energy Ventures Analysis (EVA) August 2020 Update*

Railroad Segment Update

George Duggan from BNSF provided the Railroad Segment Update:

Why Freight Rail?

Safe and Always Working to be Safer

Train accidents 2000-2019: down 30% (per million train-miles).

Railroad employee injuries 2000-2019: down 46% (per 100 employee equivalents).

Railroads are safer than most other industries (injuries per 200,000 employee-hours). Industries compared: railroads; mining; all private industry; inland water freight transportation; manufacturing, trucking; food and beverage stores; agriculture and air transportation. List in order of safety performance.

Coal Generation Continues to Slide

Percentage of U.S. coal generated electricity generation:

2000-52%; 2005-50%; 2010-45%; 2015-33%; 2019-23%; 2020 (Jan-July) 18%.

Sharp Decline in Rail Carloads of Coal

Millions of originated carloads of coal for Class I railroads:

2007-7.5
 2008-7.7
 2009-6.8
 2010-7.1
 2011-7.1
 2012-6.2
 2013-6.0
 2014-6.1
 2015-5.3
 2016-4.2
 2017-4.5
 2018-4.4
 2019-4.0

U.S. Rail Revenue from Coal

(\$ billions) AAR chart showed annual gross revenue for Class I railroads from 2007 through 2019. 2007 coal revenue about \$11.8 billion, peaking in 2011 at about \$16.2 billion, falling annually to about \$9 billion in 2016 with slight upticks in 2017 and 2018 to about \$10.2 billion, then dropping to about \$9.1 billion in 2019.

Coal as a % of Rail Revenue

AAR chart showed annual coal % of revenue for Class I railroads from 2007 through 2019. 2007 at 21%, peaked in 2009 at about 24.7%, dropping annually to about 12.3% in 2019.

U.S. Rail Carloads of Crude Oil by Quarter

Chart-Annual Totals:

	<u>Originated</u>	<u>Terminated</u>
2015	409,949	482,525
2016	211,986	271,154
2017	128,967	208,036
2018	173,159	313,478
2019	213,563	387,430

U.S. Rail Carloads of Industrial Sand by Quarter

Chart showed 2012-2019 about 75,000 in 2012 climbing annually to about 140,000 in 2014; dropping annually to about 74,000 in 2015; climbing back to about 190,000 in 2017; then dropping continually to about 25,000 in 2019.

U.S. Rail Carloads of Ethanol

Chart showed mostly continual growth from about 65,000 in 2005 to about 340,000 in 2011; slight drop in 2012 to about 305,000, with a peak of about 370,000 in 2017 and ending at about 360,000 in 2018.

Massive Spending on Infrastructure & Equipment*

Chart showed \$ billions for Class I railroads:

2010-20.7
2011-23.3
2012-25.5
2013-25.1
2014-28.0
2015-30.3
2016-25.9
2017-24.8
2018-24.9
2019-25.1

*Capital spending + maintenance expenses.

Railroad Spending on Infrastructure and Equipment:

Chart showed breakout of Class I spending by infrastructure vs. equipment.

2001 nearly even between infrastructure and equipment at about \$7.5 billion each. Continual increase to 2015 with about \$14 billion in equipment and about \$16.2 billion in infrastructure. Slight drops in

both categories with 2019 spending at about \$10.9 billion in equipment and \$14.1 billion in infrastructure.

U.S. Rail Carloads of Coal vs. U.S. Electricity from Coal

Chart showed direct correlation of weekly coal carload originations with millions of megawatt hours produced by coal.

Total U.S. Rail Carloads

Chart showed six-week moving average showed significant drop in Q2 2020 carloads compared to same period 2018 and 2019, (maintained nearly level above 260,000 carloads in 2018 and about 250,000 carloads in 2019 vs. dropping to about 187,000 carloads in 2020). Traffic in second half 2020 is restoring but still significantly below 2018-2019 second half.

Total U.S. Rail Intermodal Units

Chart showed six week moving average showed significant drop in Q2 2020 intermodal units compared to same period in 2018 and 2019, although a significant increase in Q3 2020 exceeded 2019 levels of about 267,000 units and met higher 2018 performance of greater than 280,000 units in Q3. 2020 is currently trending to exceed levels of both prior years.

U.S. Rail Carloads of Coal

Chart showed six week moving average with 2018 in range of 78,000 to 92,000 carloads; 2019 in range of 72,000 to 83,000 carloads; and 2020 dropped from 70,000 carloads in week to 46,000 carloads in week 22. 2020 is climbing gradually to reach over 60,000 carloads by week 40.

Average Weekly U.S. Rail Carloads of Coal: January 2014-September 2020

Chart showed the average weekly carloads of coal dropped from a high of about 112,000 in 2014, dropping substantially in 2016 to a low of about 62,000 and slight increases through 2018 then dropping to a low of about 45,000 in early 2020. Ending week shown for 2020 showed an average of about 62,000 carloads.

U.S. Carloads Excluding Coal

Chart showed the six-week moving average of non-coal carloads which had considerable decline in Q2, 2020, dropping from a high of about 170,000 carloads in Q1 to under 140,000 carloads. Traffic levels have restored to about 162,000 by the end of Q3, but substantially under 2018 and 2019.

Mr. Duggan then provided the rail industry statement:

Industry Statement for the October 7, 2020 RETAC Meeting

Chairman Begeman, Vice Chairman Fuchs, Commissioner Oberman, and fellow members of RETAC, good morning.

2020 started out much like 2019 ended: trade disputes continued to impact intermodal volumes; manufacturing output was flat; and consumer spending was moderately higher. Overall economic growth was slow, but positive. Overall rail traffic was down, but not excessively.

In early March, Saudi Arabia and Russia entered into an oil price war that sent U.S. oil prices plummeting downward by roughly 30%.

A few weeks later, the pandemic came. When much of the economy shut down beginning in the second half of March, U.S. GDP, consumer spending, and industrial output all plunged.

U.S rail volumes followed suit. Total U.S. rail carloads fell 25% in the second quarter of 2020 from the same quarter in 2019, their biggest quarterly decline on record. Intermodal volume fell 13%.

Because of the pandemic, carload volumes fell across most commodity categories. For example, year-over-year carloads of chemicals fell 13% in the second quarter (in part because of a big decline in ethanol volumes); carloads of petroleum products fell 25%; carloads of lumber and wood fell 13%; and carloads of motor vehicles and parts fell 65% as the North American auto industry essentially shut down for a number of weeks.

Railroads established three main goals in their response to COVID-19. The first is employee safety. Railroads and their chief medical officers have been working together to update and adapt their plans to specifically address the need to contain, mitigate, and respond to the coronavirus outbreak and protect their employees. My understanding is that because of these efforts, the number of confirmed COVID-19 cases among rail employees has been relatively low. I am not aware of any instances in which Class I railroads have suffered meaningful business interruptions due to pandemic-related crew shortages. Railroads have been able to continue to deliver the service our customers and our country depend on — at the onset of the pandemic and continuing all the way through today as our economy begins to recover.

Railroads' second main goal is to continue to provide safe, reliable service. Virtually every railroad customer has adjusted its operations because of the pandemic, and railroads have partnered with them all along the way. This collaboration has been critical in their success, given that recovery has varied by sector, with some (for example, energy) still well below pre-COVID-19 levels and others (for example, e-commerce) now exceeding pre-COVID-19 levels.

Railroads' third main goal is to preserve their financial stability. One way they have done this is by continuing to improve their operating practices, resulting in more resilient rail networks that are better able to adapt to marketplace changes. Thanks to these changes and close coordination with their customers, America's freight railroads are, by and large, running extremely smoothly, despite the pandemic. Railroads will continue to work very hard to keep it this way.

Thankfully, rail volumes have been heading higher in recent months as the economy has slowly reopened. On the intermodal side, volumes are actually now above where they were before the pandemic, thanks to surging activity at ports and robust consumer spending on goods. On the carload side, rail shipments of motor vehicles are back to pre-pandemic levels while carload levels for most other commodities are well above where they were in April and May. Most, though, are still well below where they were before the pandemic.

Coal has continued to lose share in the electricity market. Coal accounted for 18% of total U.S. electricity generation in the first seven months of 2020, down from 23% in 2019 and 27% in 2018. U.S. coal exports, much of which move by rail, are down significantly this year as well. As a consequence, U.S. rail coal volumes were down 27% in the first eight months of 2020 compared with the same period in 2019.

The pandemic has led to a global oil and gas glut, causing reduced transportation demand for a variety of oil-related products, including steel for pipes, frac sand, crude oil, and certain industrial chemicals. Originations of crude oil on U.S. Class I railroads peaked in the third quarter of 2014 at 132,257 carloads. In the second quarter of 2020, they were down to 30,884 carloads, a 77% decline from the peak. Carloads of industrial sand, which is mainly frac sand, peaked in the second quarter of 2018 at 188,526 carloads. In the second quarter of 2020, they had fallen to just 33,539 carloads, an 82% decline from their peak, because of lower demand as drilling has fallen off and because of the substitution of locally sourced sand in place of sand that had been shipped in by rail.

The course of rail traffic volumes for the rest of 2020 will depend on how quickly the economy recovers, which in turn will depend on how quickly the coronavirus is brought fully under control. Recent business surveys offer some encouragement. For example, in September the National Association of Manufacturers released its third quarter business outlook survey. Two-thirds of respondents reported having a positive outlook for their own company. That's up from only one-third in the second quarter survey.

As reported at the last RETAC meeting, the railroads and their employees initiated a new round of national collective bargaining under the Railway Labor Act by exchanging Section 6 notices in November 2019. This triggers a lengthy process that may include direct negotiations, mediation, arbitration, several cooling off periods, and in some cases, presidential appointment of an emergency board to recommend settlement terms. This process works: there have been no service disruptions arising from rail bargaining since 1992.

National negotiations pursuant to the Section 6 notices formally began in early 2020. After a brief pandemic-related interruption, the carriers and unions involved in the national negotiations have resumed a regular meeting schedule and are engaged in direct negotiations.

Like firms in every other industry, railroads must manage their resources — including locomotives, freight cars, and employees — based on business needs. Railroads will continue to work hard to ensure that they have the resources in place to safely and reliably meet the transportation needs of their customers.

From time to time, though, demand for rail service exceeds expectations. When this happens, railroads do the best they can to meet the needs of their customers as quickly and efficiently as possible. This goal is made much more difficult to achieve when extraordinary events occur. The nature of railroading

is such that major derailments, bad weather, serious maintenance issues, and many other events can and do inhibit the ability of railroads to function effectively for days, weeks, or, in the worst cases, even months. In addition, railroads rely to a large extent on the accuracy of forecasts of future demand from their customers.

Because of the need to bring back workers and rolling stock where they are required and the need to manage the network impacts of additional demand, rail service cannot be turned on like a spigot. In addition, railroads must be confident that traffic and revenue levels will remain sufficiently high over a long-enough period to justify the costs of the additional resources. In this regard, railroads are no different than the vast majority of their customers.

This concludes my comments on behalf of the rail sector. I now invite individual railroads to offer their own comments.

No further comments from the railroads. Brad Hildebrand asked what the railroads planned to do to restore service back to the previous levels. George Duggan responded that the service levels are based on customer forecasts and the railroad would respond to greater demand as needed.

The railroad industry updates concluded at 10:44 AM.

Summary of Written Public Comments from Kristen Nunnally.

There were none.

STB Update

Chairman Begeman provided a brief statement of progress being made in getting the other Board members in place after the first of the year. Martin Oberman, Vice Chairman, provided a working update regarding actions of the STB on demurrage, rate reforms with market dominance, a hearing regarding revenue adequacy, and other decisions. STB Board Member Patrick Fuchs provided some information on the COVID-19 impact on the STB and weekly calls with the FRA and Class I carriers. In April, STB released a statement of support to the rail industry, and in May sent a letter to Class I CEO's regarding resources in place. In August, STB requested information regarding grain harvest issues, equipment, and workforce. Going forward STB will continue monitoring rail issues. Presentations concluded at 1056 am.

Additional comments:

Bette Whalen commented that estimated arrival times of coal trains to utilities was critical with third party unloaders at many locations.

Generally, service was going well.

Brad Hildebrand asked if consideration could be made to having at least one virtual meeting per year. Chairman Begeman indicated that she felt the virtual meeting worked well, and Vice Chairman Oberman added that it was a new experience, but personal contacts are still important. Tony Reck added that the meeting went well.

The next meeting date TBD.

The meeting concluded at 11:05 AM.

Daniel R. Sabin, Secretary and Treasurer for RETAC