



Via electronic filing

April 22nd, 2022

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Cynthia Brown, Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

ENTERED
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Re: STB Ex Parte No. 770, Urgent Issues in Freight Rail Service

Dear Ms. Brown:

The supply of electricity in northern Indiana could come under a significant strain this summer during peak system usage in light of severe rail service shortages being experienced by the Northern Indiana Public Service Company (“NIPSCO”). Although this shortage has affected multiple NIPSCO facilities, the most deleterious impacts are currently impacting the Michigan City Generating Station (“MCGS”) in Michigan City, IN. The coal-fired unit at MCGS is supplied primarily from the Powder River Basin (“PRB”), with certain eastern coals as a minor supplement. All coal deliveries occur via rail. NIPSCO relies on the Union Pacific Railroad Company (“UP”) for nearly the entire PRB coal movement, but UP has been unable to provide adequate service or adequate assurances of future service for several months.

Historically, PRB shipments to MCGS utilized three sets of locomotives to cycle three-NIPSCO owned unit train sets. In late 2021, a severe early winter storm affected UP service, resulting in only one set of locomotives being utilized for MCGS service. NIPSCO repeatedly raised its objections to UP regarding this dramatic reduction in locomotive availability, as it caused a harmful reduction in coal deliveries to MCGS. In fact, the resulting low coal stockpiles forced NIPSCO to completely shut down and remove the MCGS coal unit from electricity generation in late 2021. Eventually, UP temporarily provided a second set of locomotives for MCGS service from the PRB just prior to the removal of the generating unit from service and NIPSCO was able to re-build its stockpile at MCGS in late 2021 and early 2022.

The MCGS coal unit is back in service, generating electricity. Unfortunately, with the summer season looming, UP has only made a single set of locomotives available. This is unsustainable, and a dramatic deviation from the three sets that were historically utilized before the fall of 2021. With only a single set in service, MCGS is projected to seriously deplete its coal supply in approximately six to eight weeks under average electricity generation. If MCGS is forced to shut down again, NIPSCO would be forced to rely on market purchases and the resulting economic impact could be severe to the hundreds of thousands of NIPSCO electric customers, including residences, schools, hospitals, businesses,

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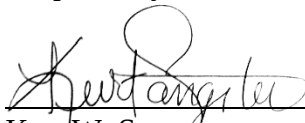
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and others. Given the current high cost of wholesale power prices, the financial impact could be substantial if the MCGS coal unit is forced out of service yet again. This issue is particularly acute given the economic environment already plagued by high inflation.

NIPSCO understands that it is not alone, and that supply chain and employee retention issues have been affecting businesses throughout the country. In addition, NIPSCO has had a productive relationship with UP for many decades and appreciates the rail service provided by UP during that time. As mentioned above, NIPSCO has attempted to work within the resource-constrained environment of the past year, and NIPSCO has taken a reasonable position in its discussions with UP. NIPSCO removed the MCGS coal unit from service late last year in light of dwindling coal supplies. Even though three sets of locomotives were historically provided for PRB service to MCGS, NIPSCO was then and is now willing to accept the use of two sets of locomotives for the time being. Two sets are the absolute minimum, however, to provide the supply required for Michigan City to remain available to provide necessary energy to our customers. UP is only providing one set of locomotives right now, with a tentative “estimate” that a second set might be available at the end of May. This is unacceptable, as it will again cause the shutdown of electricity generation from the MCGS coal unit. Prompt action from UP is necessary to remedy this untenable situation.

NIPSCO appreciates the Board’s attention to the service crisis affecting the freight rail industry, and NIPSCO urges the Board to exercise strict oversight and employ all measures within its power to ensure that adequate freight rail service is provided to MCGS.

Respectfully submitted,



Kurt W. Sangster
Vice President Electric Generation
Northern Indiana Public Service Company