304539

ENTERED
Office of Proceedings
May 12, 2022
Part of
Public Record

CSX CORPORATION

May 12, 2022

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

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

Dear Ms. Brown:

CSX respectfully requests that the Surface Transportation Board (STB) accept this letter as part of the written record for the hearing on urgent issues in freight rail service held in April, and to supplement the record on issues raised by Tampa Electric Company's (TECO) letter of May 9th.

CSX is surprised by TECO's claims regarding CSX's purported unwillingness to serve them. In recent years TECO has had little interest in CSX's service, primarily relying on natural gas and barge transported coal to generate power. When they recently approached CSX for service, CSX committed to honoring its tariffs and providing common carriage service at the rates established by its tariffs.

CSX suspects the real issue has been buried in a footnote. While coal supply issues have occurred intermittently across CSX's network, Foresight Energy's Sugar Camp has faced significant challenges over the past year. As background, a mine fire halted production at the Sugar Camp mine from August 2021 – February 2022. The mine eventually returned in mid-February 2022, but at only 50% of its original production capacity.

Upon its return, Sugar Camp advised that CSX should expect to load an average of just under one unit train per day for domestic utilities. Yet since it resumed loading, Sugar Camp has demonstrated that it is unable to load trains in line with these expectations. CSX trains have encountered numerous instances where an arriving empty train is forced to wait extended durations because the mine is out of coal.

Sugar Camp is an essential mine to CSX utility customers in the southeast. With over 14 million tons of annual production capacity, Sugar Camp is the primary supplier for several large utilities in South Carolina, Georgia and Florida. There are very few coal supply alternatives for these customers in the current environment. Thus, the loss of this large Illinois Basin producer for over six months was a serious challenge for several utilities in the region and substantially drained coal inventories. Many of the Sugar Camp mine's utility customers now sit with critical inventory levels. This is not our subjective assessment as TECO alleges – we have been on the ground and seen our customers' stockpiles.

It is our understanding that the Sugar Camp mine is having to balance the needs of a number of different customers in its allocation of coal supply given its insufficient production. It is also important to note that TECO is not dependent on CSX for its fuel supply and has certain advantages relative to other Sugar Camp utility customers in its vicinity. The Big Bend plant has three natural gas fired units and only one coal unit. It currently receives a substantial amount of coal by barge. If CSX was the sticking point, Sugar Camp could simply barge the coal down to Tampa.

Please understand that CSX would like nothing more than to move additional coal to TECO, but as of now, that is not within our control. While TECO may bury the loading delays at Sugar Camp in a footnote, from our perspective Sugar Camp is at the heart of the difficulties TECO is facing. Until Sugar Camp demonstrates an ability to fulfill the needs of the domestic utility market, we will not be able to tell if our current resources can match our customers' needs. We will continue to stay in close coordination with both TECO and Sugar Camp and support them in every way we can through these challenging conditions.

Sincerely,

Adam Longson

Adam Longson
Vice President,
Energy Sales & Marketing