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The Honorable Martin Oberman  
Chairman, Surface Transportation Board

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The Honorable Michelle Schultz  
Vice Chairman, Surface Transportation Board

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The Honorable Patrick Fuchs  
Member, Surface Transportation Board

EP 770

The Honorable Robert Primus  
Member, Surface Transportation Board

The Honorable Karen Hedlund  
Member, Surface Transportation Board

*Via electronic mail*

**Re: Rail Service Issues Continue to Cripple U.S. Supply Chains**

Dear Chairman Oberman, Vice Chairman Schultz, and Members Fuchs, Primus, and Hedlund,

The National Mining Association (NMA) writes to the Surface Transportation Board (Board) to urge immediate action on the ongoing unreliable and inconsistent freight rail service affecting our industry, and America's supply chains at large. The NMA appreciated the opportunity to provide testimony at the Board's hearing on April 26 and 27, 2022, regarding urgent issues in freight rail service, however these problems continue unabated. The breadth and severity of these problems are illustrated by the responses of NMA members to a recent survey that are summarized below.

**I. Introduction**

The NMA is a national trade association that includes the producers of most of the nation's coal, metals, industrial, and agricultural minerals; the manufacturers of mining and mineral processing machinery, equipment, and supplies; and the engineering and consulting firms, financial institutions, and other firms serving the mining industry. The NMA's members conduct mining operations throughout the United States and rely on Class I rail carriers to transport mined products, including coal.

Coal is America's most reliable and abundant energy resource—making up nearly 90 percent of U.S. fossil energy reserves on a Btu basis. The demand for coal, especially coal exports, is on the rise. Russia's invasion of Ukraine triggered a spike in U.S. thermal coal exports to spike to help alleviate Europe's tight energy supply and low natural gas reserves. The Energy Information Administration predicts exports of 88 million short tons in 2022, a three percent increase, and 91 million short tons in 2023.

Roads, railways, appliances, buildings, stadiums, bridges, airports, and other structures are supported by steel — a material dependent on metallurgical coal. 70 percent of the world's steel requires coal for its production. The U.S. is one of the largest metallurgical coal exporters in the world and demand is expected to increase 20 percent by 2030 to keep up with the pace of aging infrastructure.

As the NMA testified to in April, while coal is an inexpensive, efficient energy and infrastructure resource right here at home, mining companies are facing enormous difficulties getting coal to the consumer. Rail continues to be the primary mode of transportation for coal across the U.S. For example, coal produced in the Powder River Basin can be transported over 1,000 miles, and as far away as Georgia, Oregon, and Texas. These operations run 24 hours a day, 7 days a week, and 365 days a year to meet the needs of consumers.

## **II. NMA Member Survey Results**

However, while mines are running full speed ahead, the same cannot be said for rail, and our members desperately need relief. To better understand the criticality of the situation, the NMA conducted an anonymous member survey to allow companies to speak candidly and without fear of repercussion. Below is a sampling of survey questions and responses demonstrating the urgent need for further STB intervention:

Has your company curtailed production due to inability to ship products to customers?

*"We've had to curtail production at several of our mines due to oversized stockpiles. Poor rail service is the primary cause.*

*"We deal with both CSX and NS at multiple service points, both carriers have caused lost productivity as well as lost man hours due to their consistently poor service. To add insult to injury "PSR" is hardly PSR when both carriers will arrive hours if not days after their promised service windows. But of course these missed windows go unreported due to service being provided under "zero based" train symbols as to not impact carrier velocity nor show any system delays when reporting customer deliveries from the carriers perspective.*

Overall, are rail transportation related delays or service challenges getting worse?

*“Both CSX and NS continue to provide random service which seems to be getting worse from both carriers! CSX claims that their main challenge is locomotive availability. While the NS claims that their main hurdle is crew availability.*

Have you made any business modifications, such as adding rail cars to your fleet, or other modifications to address the challenges in rail transportation?

*“Engaged in the employment of Outside Contractors to load our trains at [deleted for anonymity] rather than using CSX and NS railroad crews. This eliminates the wait time on Re-Crews and other delays which might prevent re-crews from arriving at the cleaning plant timely. This includes late Taxi service, taxi breakdowns while in route as well as any weather delays. This engagement should also allow for Both railroad crews to be more plentiful and available to deliver our Empty rail cars more efficiently and timely.*

*“Service has been so random and unreliable from both CSX and NS that we have made a huge business decision to bring in a third party switcher to physically load the coal into the trains once they are delivered to the mine by the class 1 carriers.*

Please provide any additional comments or information that you would like to share.

*“Adequate rail service continues to be [a] daily struggle across the board for our business. Missed trains, large delays caused by their lack of crews or power, has forced us to curtail production at times, and put extreme financial burdens on our company. I believe that the Railroads need to [be] held accountable for their inability to fulfill their commitments. Those who provide oversight need to be better educated on the Railroads reporting so, they have a better insight into how they can help fix this nationwide problem.*

*“Hoping both railroads are working desperately to employ additional people to take care of the increased energy needs of the Nation based on the Critical lack of inventories at the various power plants our Nation is depending on.*

*“I recently left CSX after a 12 year career in all aspects of the transportation side of the operation. I can see many hurdles that could easily be overcome by the carriers simply trying to improve customer relationships. It seems as if both CSX and NS are so concerned with hiding behind false metrics that they have completely lost sight of their own business models.*

*“Although our rail service is terrible, we did not exaggerate our annual nominations to the railroads and they have delivered relatively ratable. Both*

*railroads are prioritizing their own equipment and an embargo for adding private railcars into service still exists. We have experienced lost opportunity due to railroad staffing.*

### **III. Immediate Action Needed**

These types of service issues described above by NMA members are threatening the U.S. energy supply and grid reliability. The failure of railroads to reliably deliver coal demanded by utilities has resulted in some utilities being forced to turn to natural gas at a time of exorbitant prices. And these high gas prices are expected to continue given the current geopolitical turmoil. In turn, higher fuel rates mean higher rates for electricity users.

After the April hearings, the Board ordered certain Class I railroad to submit service recovery plans and provide additional data. The NMA appreciates this initial step in holding Class I carriers accountable. However, rail service has not improved, as evidenced by the STB's own data provided by the railroads, and NMA members' candid responses to our survey. It is critical for Board to further hold Class I railroads accountable and to provide additional relief. The NMA urges the Board to take additional action to confront these ongoing service problems that cripple the U.S. supply chains. We need to be able to move responsibly sourced domestic coal to the utilities that keep the lights, heat, and air conditioning on. We need to be able to transport metallurgical coal to the industries that repair roads, bridges, and buildings to keep our infrastructure safe. We need to move coal, and that starts with efficient rail.

The NMA appreciates your attention to this urgent matter. If there are any questions, please reach out to me at [kmills@nma.org](mailto:kmills@nma.org).

Sincerely,

*Katie Mills*

Katie Mills  
Associate General Counsel