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September 23, 2022

The Honorable Martin Oberman, Chairman
United States Surface Transportation Board
395 E Street SW
Washington, DC 20423

RE: National Mining Association EP 770 Response

Dear Chairman Oberman:

I am writing in reference to the September 13, 2022 letter submitted to the Surface Transportation Board by the National Mining Association (NMA) concerning rail service to coal customers. CSX always encourages customers to reach out directly when they are experiencing service issues. Unfortunately, the commentary provided in the NMA letter is without attribution and anecdotal, making any legitimate customer-specific concerns difficult to resolve. The letter also contains a number of inaccuracies and unfounded allegations to which CSX feels compelled to respond.

NMA's letter suggests that railroads are principally responsible for disruptions in the coal supply chain "while mines are running full speed ahead." While it is both convenient and disingenuous for NMA to scapegoat the railroad industry,¹ the reality is that low coal stockpiles are evident across many utilities, including those served by barge, truck and even some mine mouth plants. The primary driver is a shortfall in coal production amidst strong demand. Demand for both domestic and export thermal coal is very high due to the elevated price of natural gas, which along with high steel and met coal prices has led to an increase in overall coal volume on U.S. railroads of 3.5% thus far in 2022. These volume gains have been achieved even as railroads have faced unprecedented disruptions in coal production from the mines, leading to erratic scheduling and unplanned outages. These issues have been magnified by the tight labor market and broad supply chain challenges, causing downstream effects on other customers due to the interconnected nature of the rail network.

NMA's characterization also disregards several other factors contributing to shortfalls in coal deliveries, including constraints and labor issues at terminals, underinvestment at mines, customer infrastructure limitations at both origins and destinations, tight truck capacity, and poor customer inventory management practices. Despite these challenges, CSX has worked closely with our partner mines and utilities to manage the situation and avoid blackouts during peak summer utility demand.

¹ Roslyn Layton, *Up 700%, China's Consumption of U.S. Coal Drives Shortages, Not Railroads*, available at <https://www.forbes.com/sites/roslynlayton/2022/06/01/up-700-chinas-consumption-of-us-coal-drives-shortages-not-railroads/>

We have also partnered with customers on operational solutions to provide more control over their pipelines.

NMA's letter also includes unfounded allegations about false or unreported data, which mischaracterize the nature and performance of CSX's unit train service.² As we explained to the Board in our initial Service Recovery Plan, CSX does not schedule unit train service (which includes coal service) to destination in the same manner as manifest traffic and does not have a corresponding trip plan compliance metric for unit train service. This is because CSX typically does not control coal train scheduling or pipeline management and must try to adapt to customer requests and real-time changes from customers or mines. As a result, we measure customer service performance using a different set of metrics better aligned with unit train service, which have improved alongside our other service metrics even as coal volumes have continued to increase.

As the Board knows, CSX has been making significant strides towards getting our service back to pre-pandemic levels. We are on pace to move more utility coal trains in August and September than in any two-month period over the past year. On the export side, CSX is on pace to move more tons of coal this year, out of fewer mines, than we have since 2019. CSX continues to move coal effectively and partner with both producers and utilities to keep the lights, heat and air conditioning on, and the roads, bridges and buildings repaired.

As ever, we value customer input and remain ready and willing to work together with NMA's member companies to address any of their individual concerns.

Please do not hesitate to let me know if you have any questions or would like to discuss further.

Sincerely,



Adam Longson

² It is unclear whether these anonymous allegations are even being levied at CSX, but given the gravity of the claims we feel compelled to respond.