

The statements below represent Energy Transfer's responses to the bulleted questions posed by the Surface Transportation Board on pages 3 and 4 of the notice with the docket number EP 754 issued by the Surface Transportation Board on 04/08/2019.

Bullet Question #1 Response:

The single greatest driver and causation of railcar demurrage is the unratable delivery of railcars throughout a period of time. The "Bunching" of railcars by the Railroad and the shipping behavior of a Shipper are the two most significant causes for railcars to be unratably delivered into a receiving Terminal. Bunching of railcars at an upstream storage yard in the Railroad Supply Chain can occur as a result of various issues and problems that are outside of the Terminal's control. We often see a healthy supply of railcars sitting in Abrams on the Norfolk Southern system or at the Philadelphia East Yard on the CSX system, while the Terminal is sitting idle due to a lack of supply of railcars to service. One recent example of this occurred on April 27th of 2019 when the Railroad missed an entire 12 hour switch at our Terminal due to their lack of manpower to perform the switch.

Shippers are also at fault when they fail to execute on the agreed upon nomination and schedule with the Terminal. We are currently in a situation where a Shipper failed to ship at the origin in the first 10 days of April 2019, but they still shipped their entire monthly nominated volume before the end of April. This type of behavior increases the risk for the Bunching of railcars and unratable deliveries into the receiving Terminal. The Terminal is then liable and exposed to demurrage when the backlog cannot be processed in the required amount of time by the Railroad. It can take over 3 weeks for the backlog to be cleared even if the Terminal is able to exceed the nominated obligation of 10 cars per day by processing 14 cars per day without any operational upsets. The Railroads start the demurrage clock as soon as 1 to 2 days after the arrival of the cars.

Bullet Question #2 Response:

The Railroads just recently reduced the amount of time allowed for railcars to sit at a Constructively Placed location from 2 days to 1 day. This reduction increases the exposure a Terminal has when the railcar supplies are delivered unratably. In addition, the Railroad has the full authority to pick and choose which Terminal it will service first in every shift. As a result, a Terminal can be unfairly exposed for demurrage if the Railroad ineffectively and inefficiently schedules the Switch Crew to perform service switches to one Terminal over another. There have been plenty examples of our Terminal missing an entire 12 hour switch due to the Railroad's inability to show up on time to perform the switch. These types of incidents are beyond our control and they contribute to the creation of a backlog of supply in the supply chain.

Bullet Question #3 Response:

The system is currently set up to penalize the receiving Terminal, while the Railroads and the Shippers are not held liable for their actions. There needs to be an equal distribution of liability amongst all parties. Until such time, the Shippers and Railroads will not have an incentive to change their behaviors and the burden will continue to fall on one party even if that party was not the cause of the problem.

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