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Surface Transportation Board
Attn: Docket No. EP 742
395 E Street SW
Washington, D.C. 20423-0001

Re: Surface Transportation Board – Public Listening Session Regarding CSX Transportation, Inc.’s Rail Services Issues

The purpose of this letter is to submit comments from the National Propane Gas Association (NPGA) on the propane industry’s concerns as it relates to the recent rail service issues experienced by CSX Transportation (CSXT).

As a matter of background, NPGA is the national trade association of the propane industry with a membership of about 2,800 companies, and 39 state and regional associations representing members in all 50 states. NPGA’s membership includes retail marketers of propane gas who deliver the fuel to the end user. Propane gas is used in millions of installations nationwide for home and commercial heating and cooking, in agriculture, in industrial processing, and as a clean air alternative engine fuel for both over-the-road vehicles and industrial lift trucks.

The peak demand for propane typically occurs in the winter heating season with its primary usage as space heating for residential and commercial applications. With the winter heating season quickly approaching, CSXT’s recent rail service issues have caused considerable concern as to whether the railroad can meet the upcoming winter demand for propane.

Rail transport of propane is critical in the overall propane supply infrastructure, along with pipelines and truck transport. Recent changes, such as reversal of flow patterns for pipelines that had previously served the propane industry, have resulted in an increased reliance on rail transportation to meet the industry’s supply needs. Further to this, increased rail activity due to the shipment of other commodities from new production in shale areas has created the need for additional railcars, potentially impacting overall system capacity.

The aforementioned factors, among others, highlight the importance of rail transportation of propane and timely delivery of railcars. However, the propane industry has seen increased railcar transit times on the CSXT network from 20-25 percent over the last 3-6 months. This trend is alarming and suggests that if the railroad is having difficulty meeting performance requirements in the summer, then our industry could be in a dire situation for the upcoming winter if these deficiencies are not corrected.

As a result of this decrease in service, NPGA deemed it imperative to meet directly with senior officials at CSXT to bring our concerns to their attention. This meeting occurred on Friday, October 6, 2017 at CSXT's headquarters in Jacksonville, FL.

At the meeting, NPGA discussed the logistical impacts that have resulted from changes at CSXT within their management and network operational structure. We also highlighted the ineffectiveness of customer service in addressing the decrease in rail performance. NPGA then provided data that showed the expected increase in the required average carloads shipped per day for the first quarter (Q1) of 2018 for three primary shipping lanes within CSXT, i.e. the Northeast region, Southeast region and Florida. The purpose in doing so was to learn whether CSXT will be able to meet the increased demand for propane as we approach winter.

In response, CSXT first described the recent changes that resulted in decreased performance from both an operational perspective and customer service perspective. They acknowledged that this decreased performance has jeopardized the confidence of shippers/customers in the railroad's ability to meet industry's needs.

However, CSXT also indicated they have seen improved transit times since early September, and they believe these improved times will continue to trend in a positive direction. They are also confident the railroad can accommodate the forecast demand for propane for the upcoming winter heating season and that they have sufficient capacity on the network to accomplish this.

Although not committing to change its operational plans, CSXT committed to work with each shipper/customer, as appropriate to comply with NPGA's request for monthly service reports including exceptions. They also indicated they will reach out to affected NPGA members to report on the railroad's top five most important rail lanes to determine the trend progression as it relates to railcar transit times. The importance of shippers/customers being able to view transit time data along with the exceptions is absolutely critical for the propane industry in planning for their supply as well as determining what adjustments may be needed to ensure adequate supply.

NPGA appreciated the opportunity to meet with the senior staff at CSXT, and we remain committed to working together as necessary to ensure our members' needs are met. While we remain cautiously optimistic, there is no question that their performance over the next 30-45 days will be critical in restoring our industry's confidence that they can meet the winter propane supply demand.

Sincerely,

A handwritten signature in dark ink, reading "Michael A. Caldarera". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael A. Caldarera
Vice President, Regulatory & Technical Services
NPGA