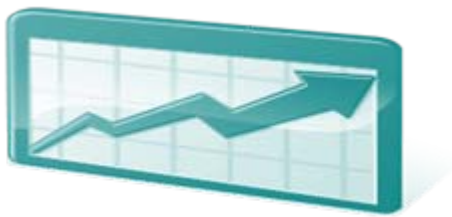
Surface Transportation Board – Rail Energy Transportation Advisory Committee Meeting

Performance Measures Subcommittee Update



December 2, 2008

Subcommittee goal & activities

- **Dashboard/supply chain metrics**
  - Goal is to provide a set of supply chain metrics utilized to:
    (1) Support fact-based RETAC meeting discussions regarding issues relating to the rail transportation of energy resources
    (2) Support efforts of other RETAC subcommittees
  - Intensive review of EIA coal data-production, consumption, and inventories
  - Continued review of AAR data
    - Originated Carloads, Coal
    - Average Train Speed, Coal
    - Cars On Line, All
    - Terminal Dwell Time, selected (related to coal)
  - Further review of ethanol/biofuels data is needed
- **Reporting Characteristics of Data for Dashboard**
  - Timeframes: continued assessment of best available measures
  - Geographic Regions: breakdown beyond national desired

EIA data – reporting characteristics

- **Coal Production/Supply**
  - Production available by coal-producing region
    - Appalachia (total of Northern, Central, and Southern)
    - Interior (total of Eastern Interior, Western Interior, & Gulf lignite)
    - Western (total of PRB, Rocky Mountain, & other West)
  - Aggregate data also reported by coal rank
  - Total Imports and Total Exports also available
- **Coal Consumption**
  - Consumption available by end-use sector, and state & census division
- **Coal Inventories**
  - Inventories available by end-use sector, and state & census division
- **Reporting Issues**
  - Data: common basis & timeframes for reporting regional production and consumption may not be available
  - Lag: generally 2-4 months, depending on EIA report frequency
  - Historical data: differences between EIA reports as to timing of when data is characterized as historical
  - Continued revisions/corrections to EIA data over time: “historical” characterization generally maintained, rather than “actual”

Sample & comparisons - various EIA data

U.S. COAL SUPPLY, CONSUMPTION, AND INVENTORIES

(Data from EIA Short Term Energy Outlook 11-12-08 and Electric Power Monthly 11-17-08)

	2005	2006	2007					2008							2009					
	Q4	Q4	Q1	Q2	Q3	Q4	Total or Ave	Q1	Q2	Q3	Q4	Total or Ave	Q4 2008 v 2007	Year 2008 v 2007	Q1	Q2	Q3	Q4	Total or Ave	Year 2009 v 2008
Supply (Million short tons)																				
Production Total	**281.6**	**291.4**	**286**	**285.7**	**286**	**288.9**	**1146.6**	**289.1**	**283.9**	**297.2**	*300*	*1170.2*	*3.8%*	*2.1%*	*285.3*	*280.5*	*289.2*	*309.8*	*1164.8*	*-0.5%*
Appalachia	**97.5**	**93.8**	**99.5**	**95.5**	**91.6**	**91.9**	**378.5**	**97.8**	**99.1**	**97.4**	*95.3*	*389.6*	*3.7%*	*2.9%*	*96.5*	*97.1*	*94.7*	*98.4*	*386.7*	*-0.7%*
Interior	**37.8**	**38.2**	**38.1**	**36.4**	**37**	**35.6**	**147.1**	**35.5**	**35**	**36.5**	*37*	*144*	*3.9%*	*-2.1%*	*35*	*34.6*	*35.5*	*38.2*	*143.3*	*-0.5%*
Western	**146.3**	**159.4**	**148.4**	**153.8**	**157.4**	**161.4**	**621**	**155.8**	**149.8**	**163.3**	*167.7*	*636.6*	*3.9%*	*2.5%*	*153.8*	*148.8*	*158.9*	*173.1*	*634.6*	*-0.3%*
Imports Total	**7.8**	**8.9**	**8.8**	**8.4**	**10.6**	**8.6**	**36.4**	**7.6**	**9**	**8.3**	*8.7*	*33.6*	*1.2%*	*-7.7%*	*7.9*	*9.1*	*9.1*	*8.9*	*35*	*4.2%*
Exports Total	**12.4**	**12.9**	**11.1**	**14.7**	**16.2**	**17.1**	**59.1**	**15.8**	**23.1**	**19.6**	*23.6*	*82.1*	*38.0%*	*38.9%*	*15.5*	*22.3*	*24.5*	*24.2*	*86.5*	*5.4%*
Metallurgical Coal	**6.9**	**7.1**	**6.7**	**7.9**	**9.2**	**8.4**	**32.2**	**9.1**	**12.6**	**10.2**	*11.3*	*43.2*	*34.5%*	*34.2%*	*9*	*13.7*	*13.8*	*12.1*	*48.6*	*12.5%*
Steam Coal	**5.5**	**5.8**	**4.4**	**6.8**	**7**	**8.7**	**26.9**	**6.7**	**10.5**	**9.3**	*12.3*	*38.8*	*41.4%*	*44.2%*	*6.5*	*8.6*	*10.7*	*12.1*	*37.9*	*-2.3%*
Consumption (Million short tons)																				
Electric Power Sector[b]	**257.4**	**255.8**	**257.4**	**247.1**	**284.3**	**257.6**	**1046.4**	**262.9**	**248.2**	**278.6**	*257*	*1046.7*	*-0.2%*	*1.5%*	*258.5*	*243.3*	*281.3*	*259.3*	*1042.4*	*-0.4%*
Retail and Other Industry	**17.1**	**16.2**	**15.6**	**14.8**	**14.4**	**15.3**	**60.1**	**15.1**	**14.6**	**15**	*16.6*	*61.3*	*8.5%*	*1.2%*	*16.7*	*14.1*	*15.1*	*16.7*	*62.6*	*2.1%*
Coke Plants	**5.8**	**5.7**	**5.6**	**5.7**	**5.7**	**5.7**	**22.7**	**5.5**	**5.6**	**5.3**	*5.4*	*21.8*	*-5.3%*	*-4.0%*	*5.3*	*5.6*	*5.7*	*5.7*	*22.3*	*2.3%*
Discrepancy[c]	**-3.2**	**-4.6**	**10**	**3.4**	**-5.1**	**-5.5**	**2.8**	**7.7**	**-1.3**	**6.7**		*13.1*								
End-of-period Inventories (Million short tons)																				
Primary Inventories[d]	**35**	**36.5**	**34**	**32.5**	**30.1**	**34**	**32.7**	**32.5**	**31.4**	**30.2**	*27.3*	*30.4*	*-19.7%*	*1.2%*	*28.9*	*31.9*	*24.3*	*24.7*	*27.5*	*-9.6%*
Secondary Inventories[e]	**109.3**	**150.4**	**151.2**	**164.4**	**151.7**	**158.7**	**156.5**	**153.6**	**161.3**	**146.6**	*159.3*	*155.2*	*0.4%*	*1.5%*	*158.7*	*163.7*	*146.8*	*162.9*	*158.0*	*1.8%*
Electric Power Sector	**101.1**	**141**	**143**	**156.4**	**143.9**	**151.1**	**148.6**	**147**	**154**	**139.1**	*152*	*147.9*	*0.3%*	*1.4%*	*151.3*	*156.1*	*138.8*	*154.8*	*150.3*	*1.6%*
Bituminous Coal	**52.9**	**67.8**	**69.9**	**75.8**	**68**	**64.3**	**69.5**	**60.4**	**63.7**											
Sub-Bituminous Coal	**44.4**	**68.4**	**68.1**	**75.5**	**71.1**	**82.2**	**74.2**	**83.7**	**85.8**											
Retail and General Industry	**5.6**	**6.5**	**5.8**	**5.7**	**5.8**	**5.6**	**5.7**	**4.8**	**5**	**5.1**	*5.3*	*5.1*	*-5.4%*	*-23.2%*	*5.1*	*5.2*	*5.4*	*5.6*	*5.3*	*5.4%*
Coke Plants	**2.6**	**2.9**	**2.4**	**2.4**	**2**	**1.9**	**2.2**	**1.5**	**1.8**	**1.8**	*2*	*1.8*	*5.3%*	*-11.7%*	*1.9*	*1.9*	*2*	*2*	*2.0*	*9.9%*

(b) Coal used for electricity generation and (a limited amount of) useful thermal output by electric utilities and independent power producers.

(c) The discrepancy reflects an unaccounted-for shipper and receiver reporting difference, assumed to be zero in the forecast period.

(d) Primary stocks are held at the mines, generation plants, and distribution points.

(e) Secondary stocks are held by users. It includes an estimate of stocks held at utility plants sold to nonutility generators.

Note: The approximate break between historical and forecast values is shown with **historical data printed in bold**; *estimates and forecasts in italics* .

Other information - recent NERC study

- NERC's 2008/2009 Winter Reliability Assessment
  - Inventories at western utilities as of Sept 2008 are 61 days (20 days above normal)
  - Inventories at eastern utilities as of Sept 2008 are 45 days (3 days above normal)
    - Noted inventories of CAPP coal as of Sept 2008 were lowest, at 39 days burn (3 days below normal). Stated that the supply of CAPP coal should be adequate for winter.