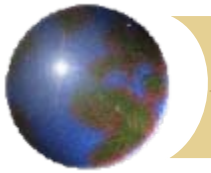


Best Practices Sub-committee

RETAC Update

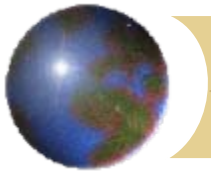
September 17, 2008



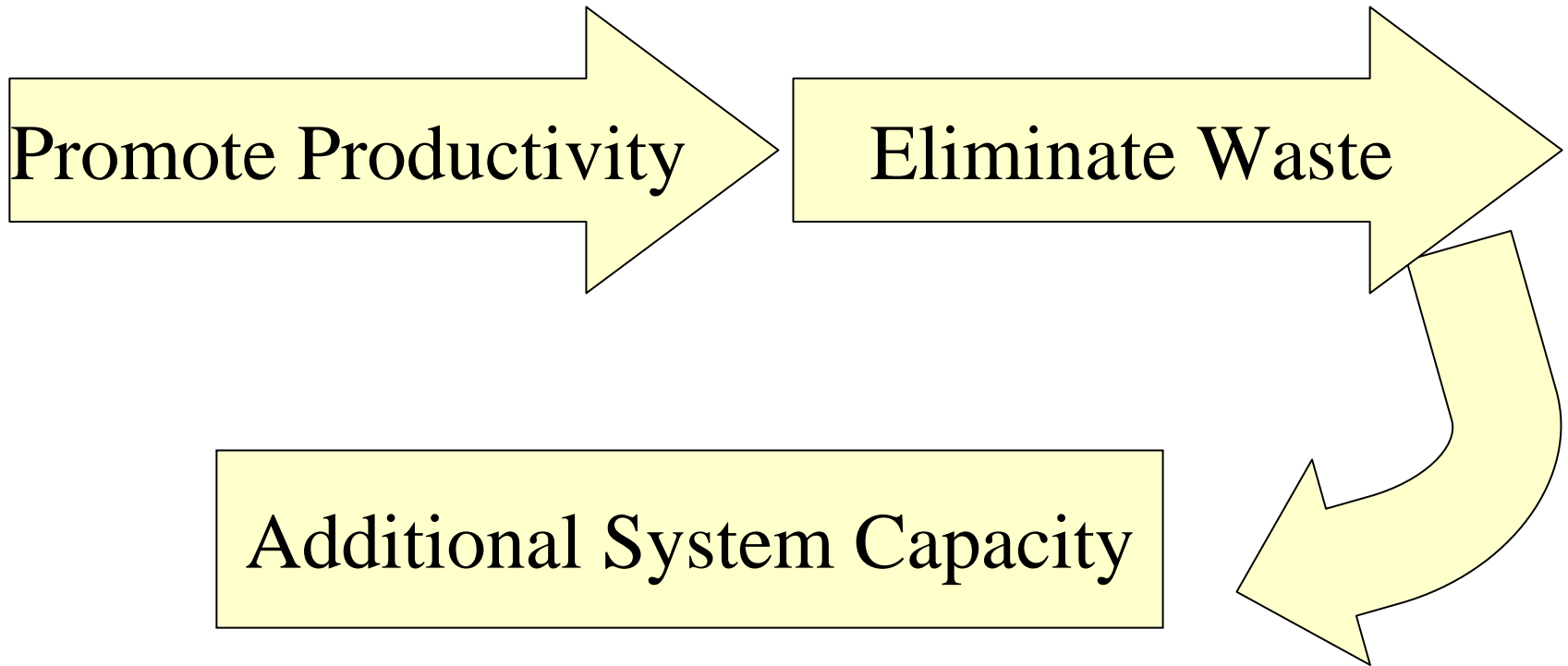
Best Practices Sub-committee

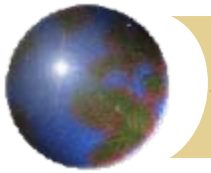
Activities to Date

- Recruited participants
 - Dave Rohal, Kent Smith, Henry Rupert, Alan Shaw
- Aligned with other sub-committees
- Drafted mission and goals
- Developed best practices model
- Sub-committee to meet in November



Best Practices- Why?





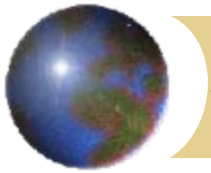
Best Practices

Mission:

Identify best practices in the energy supply chain that promote the efficient and reliable delivery of energy resources.

Goals:

- Productivity improvement and alignment among the supply chain partners
 - Identify best use of technology and improved information flows
- Identifiable economic benefits from a supply chain perspective



Energy Supply Chain

Increase

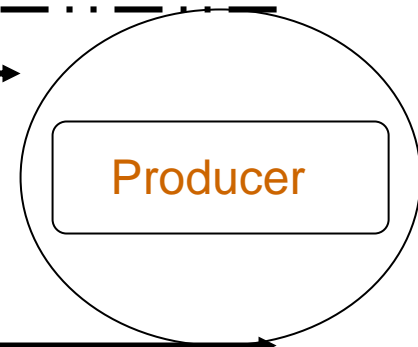
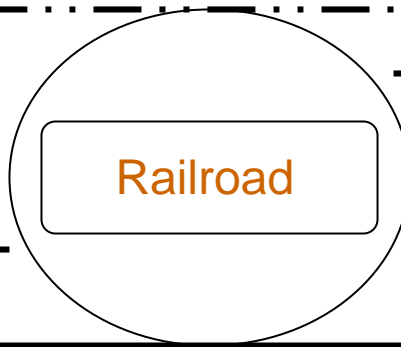
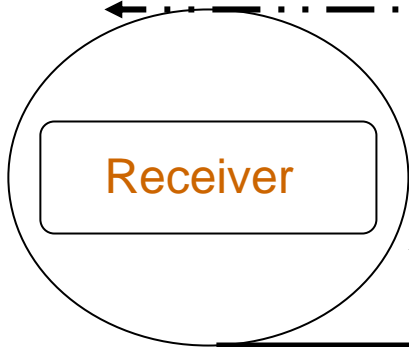
Best Practices

- Balanced purchasing
- Adequate stockpiles
- Unload upon arrival
- Diversified supply
- Employ strong traffic team
- Preventative maintenance
- Communication-lead time for coal sourcing shifts

- Supply/demand balance
- Sufficient resources
- Good execution (crews)
- Ratable shipments
- Maximize slots
- Efficient scheduled network

- Balance production and sales
- Loading on arrival 24/7
- Computerized batch weigh
- Adequate stockpiles at mine

Reliability



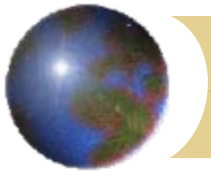
- Coal not available
- Spikes in demand
- Shifting coal sources
- Forced outages
- Limited unloading schedules
- Unloading equipment breakdowns

- Scheduling conflicts
- Source change/lane shift
- Lane congestion
- Mechanical breakdowns
- Curfews
- Interchange coordination

- Production problems
- Staging limitations
- Coal quality deviations
- Coal availability

Decrease

Problems



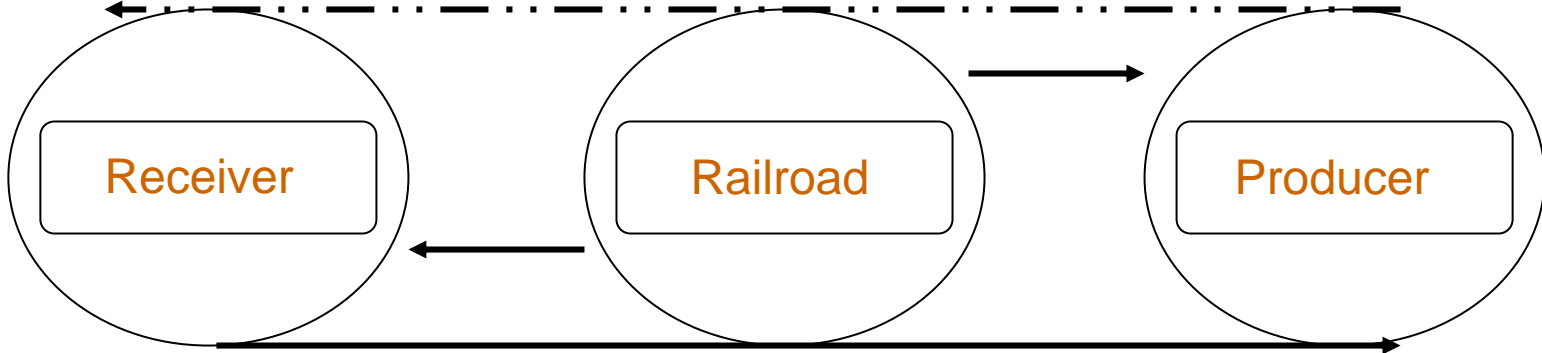
Energy Supply Chain

Increase

Whole Supply Chain Best Practices

Cycle time analysis
Shipment calendars
Mid-month assessment of deliveries and corrective action
Rolling stock optimization
Technology updates

Reliability



Receiver

Railroad

Producer

Coal not available
Spikes in demand
Shifting coal sources
Forced outages
Limited unloading schedules
Unloading equipment breakdowns

Scheduling conflicts
Source change/lane shift
Lane congestion
Mechanical breakdowns
Curfews
Interchange coordination

Production problems
Staging limitations
Coal quality deviations
Coal availability

Decrease

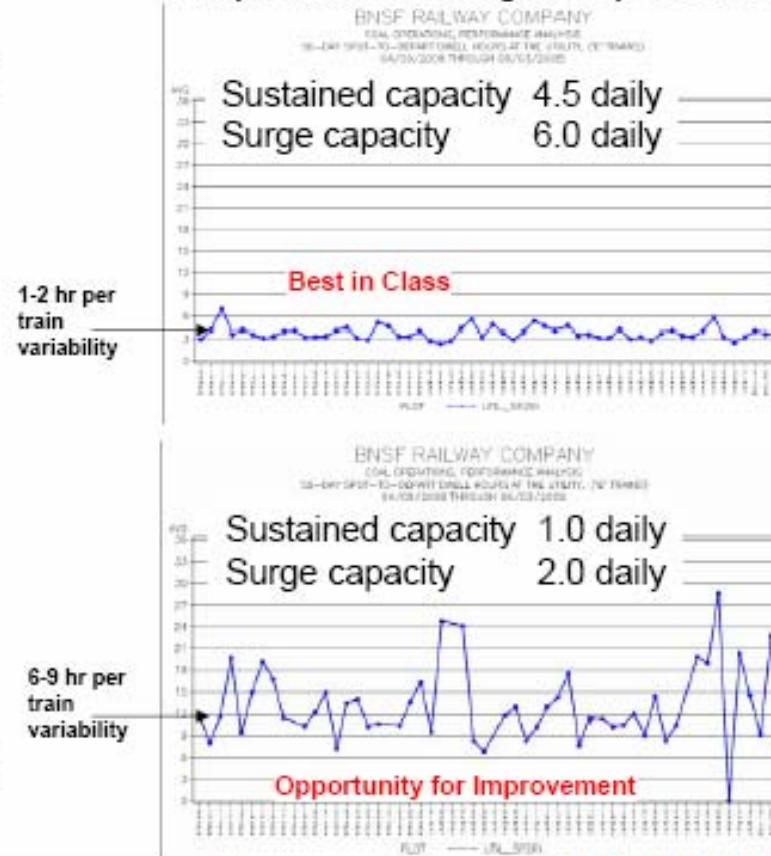
Problems

From Steve Bobb's presentation at June meeting:

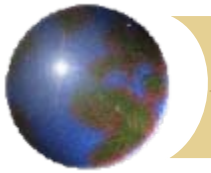
Unloading Best Practices – Investment and Management Matter

- Infrastructure investment and management of unloading operations
 - Key lever of supply chain
 - Vary widely across locations
 - Determine capacities
 - Sustainable
 - Surge
 - Add variability to the cycle

Sample Train Unloading Hrs: Spot to Release

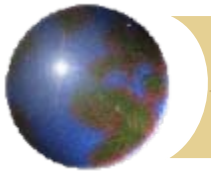


BNSF



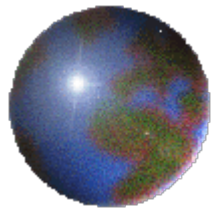
Best Practices Next Steps

- Validate
- Obtain additional input
 - Maintian alignment with other sub-committees
- Assess value options
- Identify primary issue/s to be addressed
- Provide change assessment



For Discussion

- ⊕ Expectations
- ⊕ Feedback on best practices model
- ⊕ Consider ethanol
- ⊕ Other considerations



Best Practices Sub-committee