



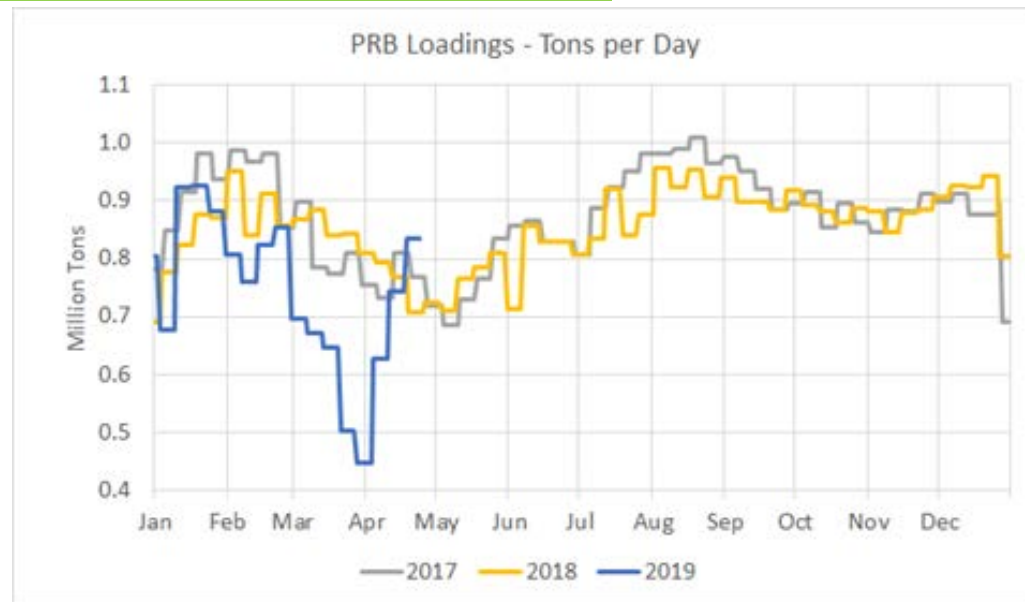
# Surface Transportation Board - RETAC Coal Producer Update

**Jenny Hood, VP Transportation**     **May 15, 2019**

# Effects of Flooding in the Powder River Basin

## PRB deliveries down 5.5mm tons as a result of flooding

- Railcar loadings out of the PRB have recovered since early April.
  - DTC estimates that April PRB loadings will only be about 1 mm tons behind April 2018 – where the first half of the month remained in deficit but recovered during the second half.



Flooding in Columbus, Nebraska

Air jam in Columbus, Nebraska



Flooding near Arlington, Nebraska

Flooding near Boone, Iowa

- Railcar loadings out of the PRB have recovered since early April.
  - DTC estimates that April PRB loadings will only be about 1 mm tons behind April 2018 – where the first half of the month remained in deficit but recovered during the second half.
- DTC estimates direct impact of the flooding close to 5.5 mm tons. Most of this occurred in March. Loadings can likely be made up, but it will take some time, especially since May and June are the wettest months of the year, on average, for Montana and Wyoming.

# Port of Hampton Roads Dredging

## Project Scope – Increase Port draft from 50 feet to 55 feet

- Project will be completed in 4 phases:
  - Thimble Shoals – West: 2020-2022
  - Norfolk Harbor Channel: 2021-2023
  - Thimble Shoals – East: 2022-2023
  - Newport News Channel: 2023-2024

## Project Timeline – Engineering/Design will be complete in June

- Preconstruction Engineering/Design Complete: June 15th, 2019
- Bid Phase Starts (First Constructible Element): July 7th, 2019
- Bid Phase Ends: August 7th, 2019
- Construction Starts: January 2020
- Construction Complete: 2025



The Port of Virginia – Norfolk Harbor Improvements

## Project Impact – Additional export coal volume per vessel loaded

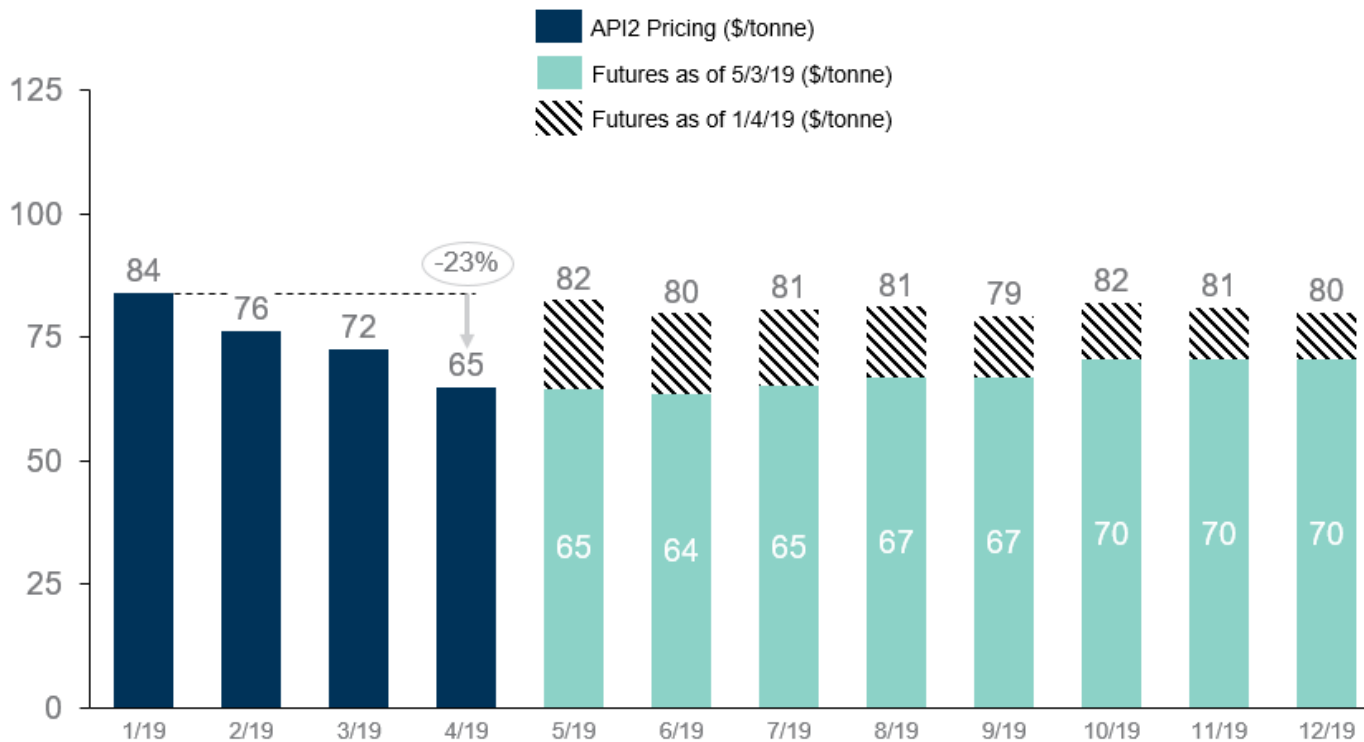
1 foot depth increase

Equals 4,200 NT  
Additional Cargo  
Intake



# Pricing Update - Thermal

API 2 prompt month pricing slid from peak \$102.60/MT in Oct 2018 to \$58.60/MT in April; however, API 2 forward curve is in contango

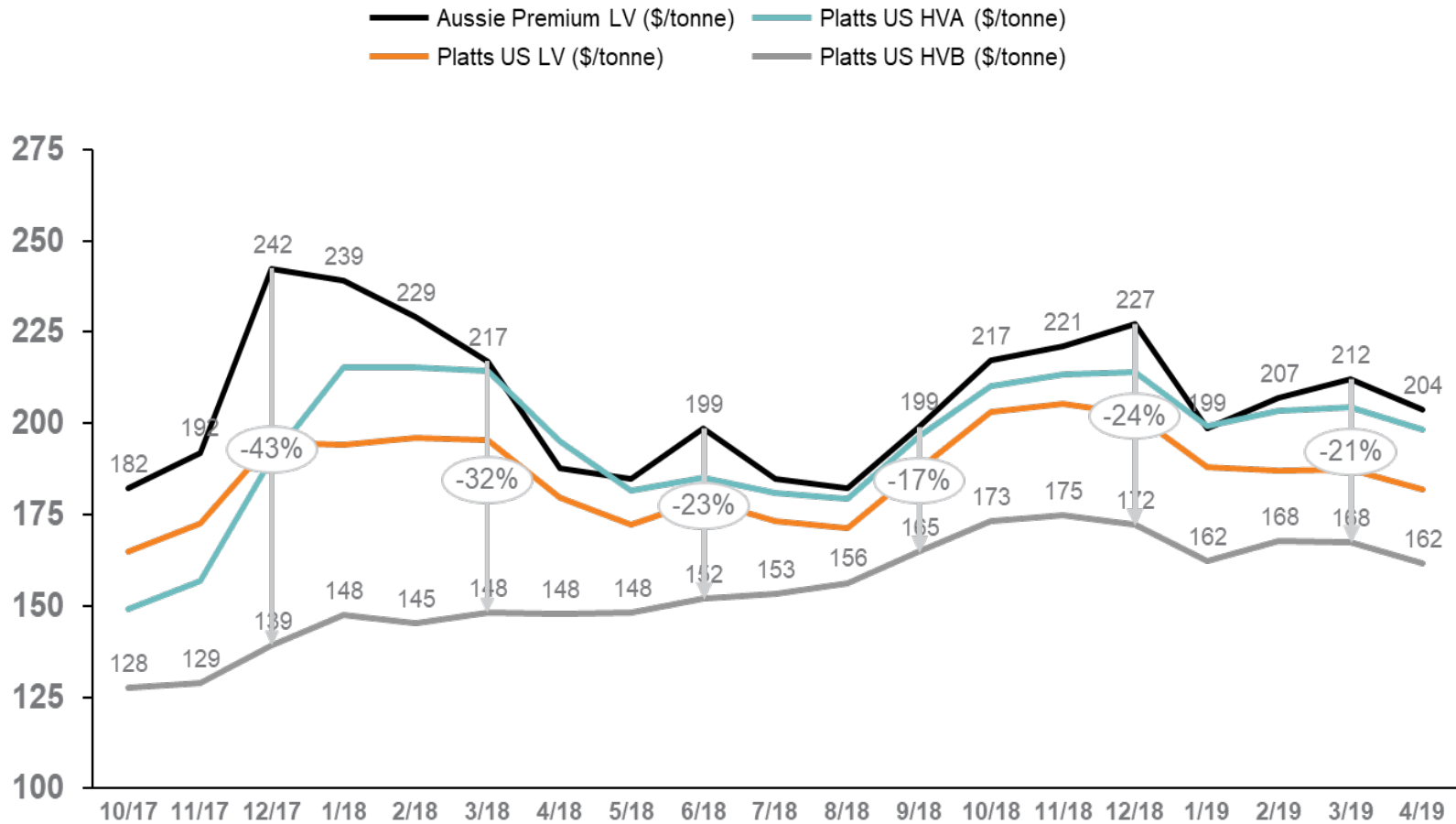


Source: CoalDesk



# Pricing Update - Metallurgical

Met prices remain stable



Source: Platts

# US Supply and Demand Forecast

DTC's Supply and Demand Forecast (2018 - 2020)								
May 2019 (mm short tons)								
(Sources: EIA historical data/Annual Energy Review; DTC in-house forecasts)								
Supply	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 DTC Est.	2019 DTC Est.	2020 DTC Est.
Capp (EKY, SWV, VA)	127.11	116.36	90.02	66.67	78.40	80.03	77	75
Colo/Utah	41.21	41.94	33.30	26.38	28.79	27.62	28	27
Ill. Basin (IN, IL, WKY)	132.24	137.24	123.85	98.42	103.22	106.72	107	102
Napp (PA, OH, MD, NWV)	122.55	133.02	115.77	101.90	107.19	106.11	104	102
PRB (WY, MT)	430.16	440.23	417.64	329.83	351.69	342.80	326	325
Other Regions	131.58	131.26	116.40	105.04	105.12	92.86	91	86
<b>Total US Production</b>	<b>984.84</b>	<b>1,000.05</b>	<b>896.98</b>	<b>728.23</b>	<b>774.41</b>	<b>756.14</b>	<b>733</b>	<b>717</b>
Waste Coal	11.28	12.09	9.94	9.20	9.95	8.48	8	7
Imports	8.91	11.35	11.32	9.85	7.78	5.96	6	6
<b>Total Supply</b>	<b>1,005.03</b>	<b>1,023.49</b>	<b>918.24</b>	<b>747.28</b>	<b>792.14</b>	<b>771</b>	<b>747</b>	<b>730</b>
Demand	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 DTC Est.	2019 DTC Est.	2020 DTC Est.
Utilities	857.96	851.60	738.44	677.27	664.99	636.37	599	583
Coking Coal/Domestic	21.47	21.30	19.71	16.48	17.54	18.31	19	19
Industrial	43.05	42.95	38.47	34.56	33.26	31.55	31	29
Residential/Commercial	1.95	1.89	1.50	1.18	1.06	0.97	1	1
Exports/CC	65.70	60.10	46.34	41.33	57.20	61.77	61	55
Exports/Steam	51.98	37.19	27.95	18.94	41.41	53.87	47	37
<b>Total Exports</b>	<b>117.68</b>	<b>97.29</b>	<b>74.29</b>	<b>60.27</b>	<b>98.61</b>	<b>115.6</b>	<b>108</b>	<b>92</b>
<b>Total Demand</b>	<b>1,042.12</b>	<b>1,015.02</b>	<b>872.42</b>	<b>789.77</b>	<b>815.46</b>	<b>803</b>	<b>758</b>	<b>724</b>
<b>Implied Surplus/(Deficit)</b>	<b>(37.10)</b>	<b>8.47</b>	<b>45.82</b>	<b>(42.49)</b>	<b>(23.32)</b>	<b>(32)</b>	<b>(11)</b>	<b>6</b>
<b>Net Exports</b>	<b>108.77</b>	<b>85.94</b>	<b>62.97</b>	<b>50.42</b>	<b>90.83</b>	<b>110</b>	<b>102</b>	<b>86</b>
<b>Jan 1st Utility Inventories (mm tons)</b>	185.12 Jan 1 '13 (Actual)	147.88 Jan 1 '14 (Actual)	151.55 Jan 1 '15 (Actual)	195.55 Jan 1 '16 (Actual)	162.01 Jan 1 '17 (Actual)	137.69 Jan 1 '18 (DTC Est.)	102.78 Jan 1 '19 (DTC Est.)	95.00 Jan 1 '20 (DTC Est.)

**Note/The Relationship between Inventories and Implied Surpluses/Deficits:** In a perfect world, our implied surplus or deficit would be seen in changes in the proceeding year's Jan 1 utility inventories. In the real world, the annual surplus or deficit can be partially reflected in changes in non-utility stockpiles (coal mines; industrials; steel mills, truck-blending yards; riverdocks and export terminals)