



December 17, 2021

Surface Transportation Board
395 E Street SW
Washington, DC 20423

Re: First Mile/Last Mile Service {Docket No. EP 767}

The purpose of this letter is to provide comments from the National Propane Gas Association¹ (NPGA) in response to the Surface Transportation Board (STB) request for public input on First Mile/Last Mile (FMLM) rail service.²

As a matter of background, propane 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 is typically in the winter heating season for residential and commercial space heating. The transportation infrastructure of propane from its production to its end use occurs through multiple modes including pipelines, over the road trucks and rail transport. Rail transport of propane can typically be in the hundreds of millions of gallons per month during peak demand.

Although we have not experienced any significant overall rail concerns recently in the propane industry, we did receive several comments from our rail shipper members on FMLM service for which we would like to share with the Board.

First, one of our members shared they have experienced problems in seeking flexibility with diversions of railcars. Specifically, when trying to arrange pre-empty diversions of loaded railcars, they were, at times, unable to designate alternate locations (other than the point of origination) for the return of their railcars. They must wait until the cars are offloaded before they can attempt to divert railcars. About 10 percent of the diversion requests are denied, and in many of these cases, they cannot submit diversion requests until after an interchange to a Class 1 railroad. The challenges this issue presents are an inability to optimize fleet management, and their observation is that Precision Scheduled Railroading seems to have exacerbated this issue.

¹ NPGA is the national trade association of the propane industry with a membership of about 2,600 companies, and 36 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 producers, transporters and wholesalers, and manufacturers and distributors of equipment, containers, and appliances.

² Surface Transportation Board Decision – Docket No. EP 767; First Mile/Last Mile Service; Service Date – September 2, 2021.

Another issue raised is the extremely long dwell times that have occurred in some areas, most notably in the States of Michigan and New York. In Michigan, in destinations such as Alto, Cadillac and Marysville, loaded dwell times across those three destinations were reported to average 11 days on 440 loaded shipments through September of this year. In New York, average dwell times for the destinations of Clyde, Norfolk and West Albany averaged 30 days across 194 loaded shipments. These extensive dwell times to these destinations were viewed as outliers compared to other shipments and seemed related to heavy congestion along with lighter rail crews.

Also, it has been reported to us that the number of switches allowed have been reduced, and in some cases, they were cut in half. This has impacted efficiency of operations.

As a result of the above-noted issues, additional railcars are put into service, which exacerbates congestion issues on the railroad. If, for example, as referenced above, there was greater flexibility of pre-empty/advanced diversions, shippers would be able to reposition railcars across the fleets and mitigate their operational risks.

In summary, overall rail operation in the propane industry has been satisfactory in recent years, but as noted above, there are instances where improvements could be made.

Thank you for the opportunity to provide these comments and for the Board seeking input on FMLM rail service issues.

Sincerely,

A handwritten signature in black ink that reads "Michael A. Caldarera". The signature is written in a cursive, flowing style.

Michael A. Caldarera
Senior Vice President, Regulatory & Technical Services
National Propane Gas Association