

April 22, 2022

Surface Transportation Board
395 E Street SW
Washington, D.C. 20423

Attn: Docket No. EP 770: Urgent Issues in Freight Rail Service (87 Fed. Reg. 22009; April 13, 2022)

Re: Written Testimony of the Renewable Fuels Association

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April 25, 2022
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The Renewable Fuels Association (RFA) appreciates the opportunity to provide this written testimony for the record pertaining to the Surface Transportation Board hearing (Urgent Issues in Freight Rail Service) held April 26-27, 2022.

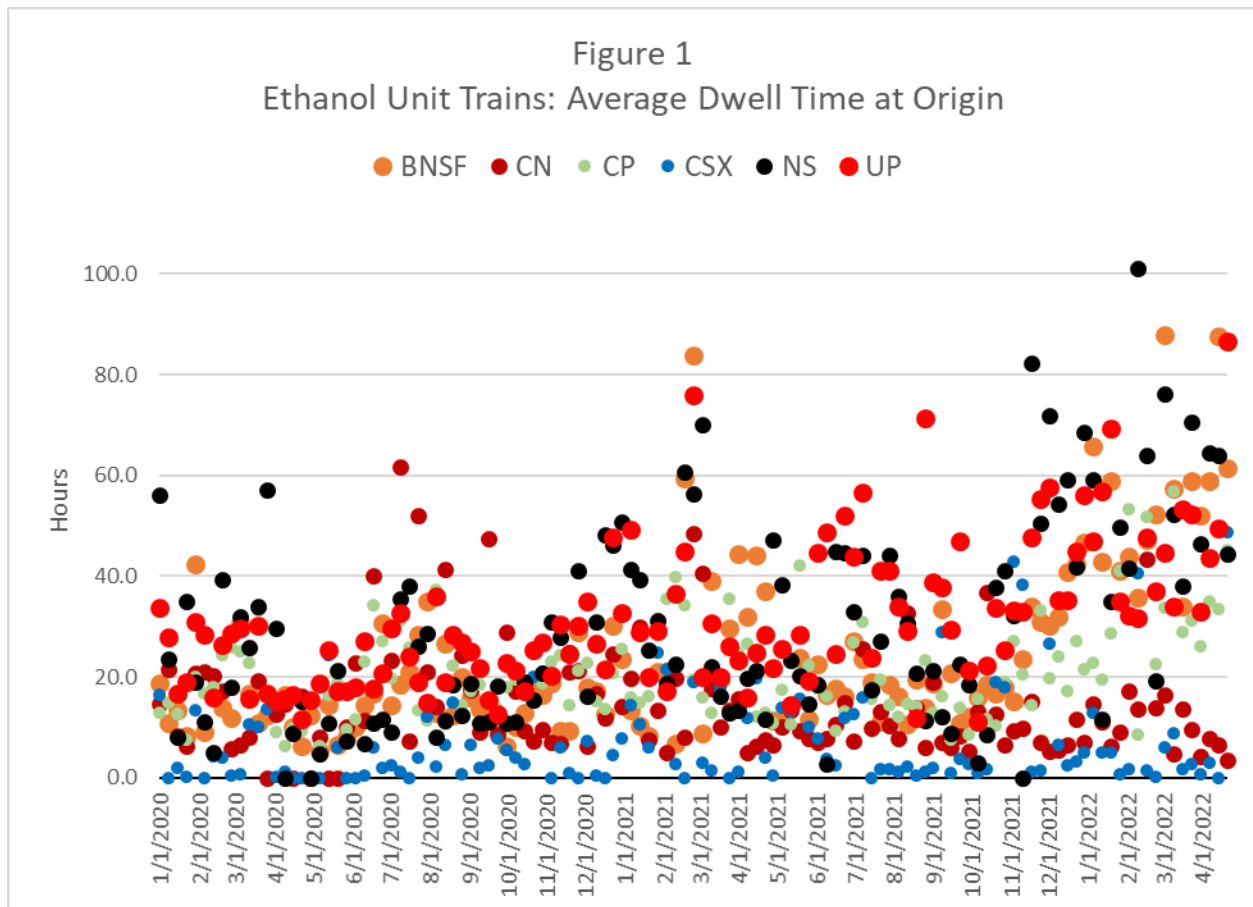
RFA is the leading trade association for America's ethanol industry. Our members across the country work every day to expand demand for American-made ethanol and bioproducts worldwide.

As you know, ethanol plays a critical role in our country's energy security, making up more than 10% of the U.S. fuel supply. The majority of the ethanol produced in the U.S. (over 70%) is transported via railway to its final destination across the lower 48 states as well as Canada and Mexico. In fact, U.S. railroads typically transport more than 370,000 carloads of ethanol per year, accounting for almost 3% of total U.S. rail ton-miles. Thus, our industry is heavily reliant on efficient and timely rail service. With the crisis in Ukraine and the subsequent concerns regarding instability in U.S. and global energy supplies, it is imperative that the robust supply of lower-cost American-made ethanol safely and efficiently reaches fuel consumers in a timely manner.

Unfortunately, many of our member companies are experiencing abnormal rail disruptions at a time when they, as well as the American consumer, can least afford it. STB data show a significant increase in dwell times for ethanol unit trains in recent months (see Figure 1), as well as a concerning increase in the average number of ethanol unit trains holding per day.¹ Rail traffic congestion appears to be the primary issue and ethanol producers and marketers are being asked to reduce rail car inventories. Some rail service providers are indicating that if there

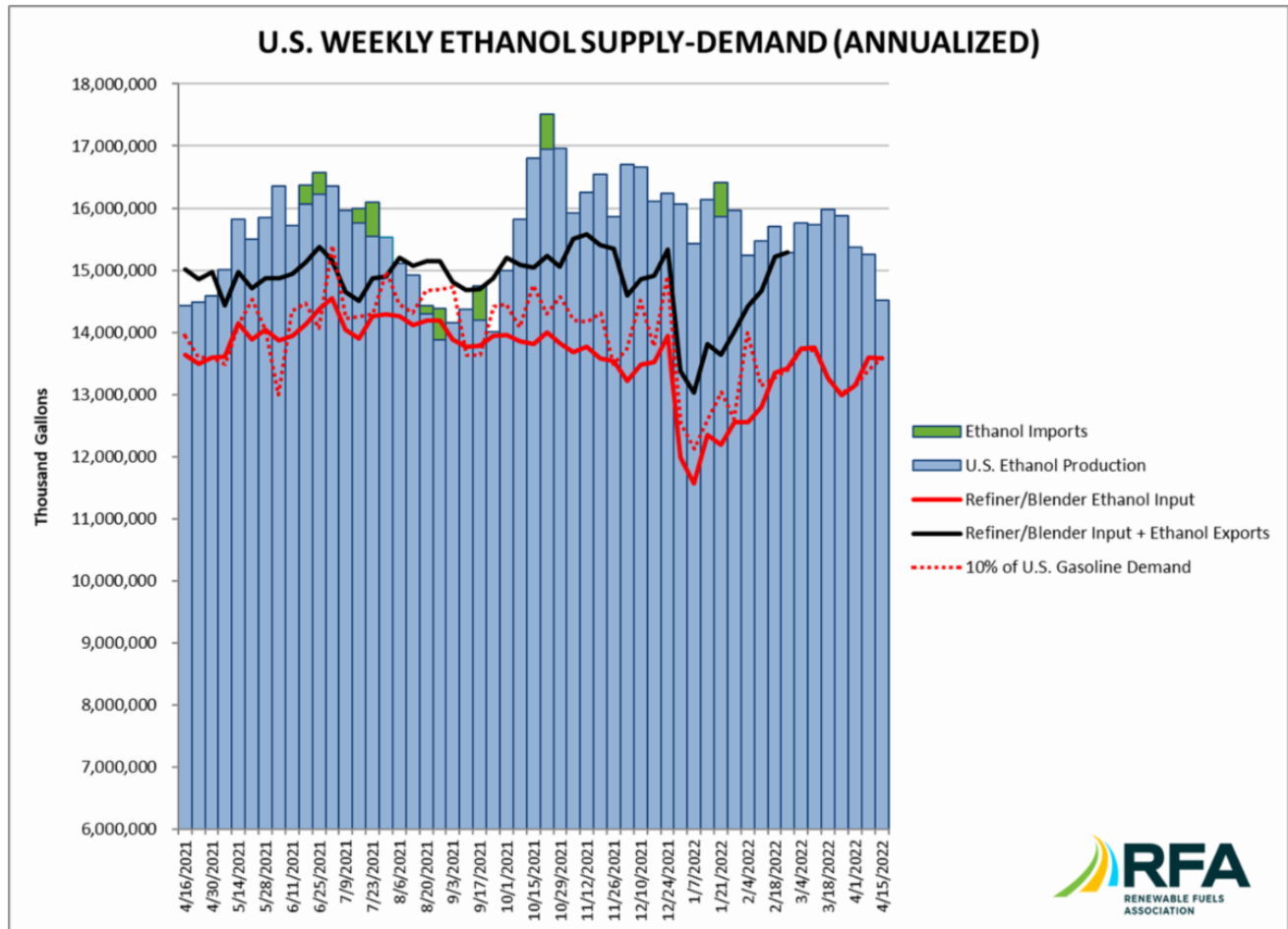
¹ Surface Transportation Board. Rail Service Data. <https://www.stb.gov/reports-data/rail-service-data/#railroads-tab-content-1>. Accessed April 21, 2022.

is not a reduction in operating inventory, then metering of traffic will commence until such time as the backlog of rail cars is worked through and service can be improved for all customers.



The rail traffic congestion issue and subsequent decision to meter traffic is leading to major disruptions for our members and is impacting their ability to maintain production and deliver vitally important fuel ethanol to the market. In some cases where on-site storage is reaching capacity, some producers are having to reduce ethanol production rates until cars are made available. Recent data from the Energy Information Administration (Figure 2) show that weekly ethanol production rates have fallen in four successive weeks, with many producers citing rail logistics issues as the primary culprit for reduced output.

Figure 2



In many instances, both manifest and unit train traffic has been significantly delayed and this is leading to fuel terminals running short on ethanol needed to blend for retail consumption.

We understand that nearly every sector of the U.S. economy is suffering from supply chain challenges; and those sectors that are dependent on rail service for their transportation needs are experiencing challenges similar to what we are experiencing in the ethanol sector. However, U.S. ethanol is currently the lowest-cost fuel available to fuel blenders during this period of record or near-record fuel prices. Ethanol plays a vital role in maintaining our current energy supply and security. If the current rail traffic congestion issue worsens for ethanol producers, it has the potential to significantly hinder our ability to maintain critical fuel supplies for U.S. consumers.

For these reasons, RFA urges the Surface Transportation Board to take all actions necessary to prioritize the rail transportation of fuel ethanol from its point of origin to its final destination. This action is needed to ensure that the lowest cost liquid fuel alternative is available to U.S. consumers across this country at a time when it is needed most.

If you have any questions, please do not hesitate to contact myself or my staff for further information.

Sincerely,

A handwritten signature in black ink that reads "Geoff Cooper". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.

Geoff Cooper
President & CEO