



# NCTA Western Logistics & Planning Committee

## February 22, 2006 – St. Louis

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- SPRB Forecasting Sub-team
  - Sub-team Leader – Dan Gray, Entergy

NCTA Western L&P Committee – Feb. 22, 2006, St. Louis

# SPRB Forecasting Sub-Team



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## ■ Sub-team Mission

- Stress importance of forecasting process
- Update forecasting goal
- Identify current issues that impact achieving goal
- Develop forecasting procedures to achieve goal

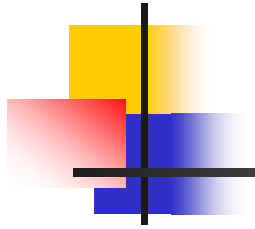
## SPRB Forecasting Sub-Team



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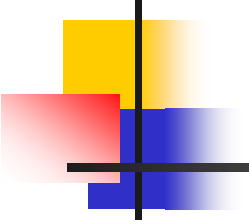
- Forecasting Goal
  - Provide a mechanism to forecast monthly Southern Powder River Basin coal demand for use in allocating BNSF/UP Joint Line mine slots, determining variances in mine forecast and production capabilities, and planning resources that are reasonably expected to be available to meet that demand.

## SPRB Forecasting Sub-Team

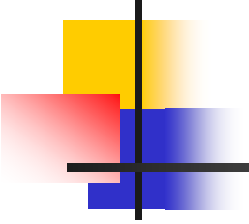


- Forecasting Issues 2005
  - Forecast Accuracy
  - Forecast Timeliness
  - Over-the-Counter Tons (OTC)
  - Lack of Understanding of Importance
    - Confusion with contract nominations
  - Geographical Complexities
- Develop Forecasting Procedures

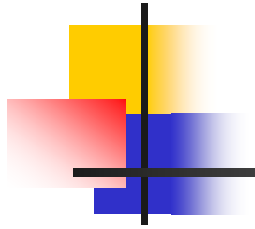
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- Concerns expressed in Denver 9/13/05
    - What happens to deficit/catch-up requirements
      - Need to reserve slots if capacity becomes available
    - How to determine “reasonably expected” trainsets
    - Inconsistent policing or numbers-scrubbing by carriers
    - Utilities shouldn’t be forecasting capacity
      - But are the only parties positioned to know demand
    - Tons requiring utility-supplied cars v. railroad-supplied cars
    - Interplay with contract requirements

## SPRB Forecasting Sub-Team

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- Renewed Urgency raised by February 2006 Forecast...
    - Forecast is for 30.46MM tons or 73.9 trains/day
      - Annual pace of 397 MM tons
      - Considered unrealistic and unattainable
    - Specific concerns mentioned during Rapid Response Team Conference Call of February 7, 2006
      - Significant discrepancies between producers and utilities didn't get reconciled
        - At least one carrier assumes lower number governs
      - Late postings by utilities hampered reconciliation
      - Inconsistent close-out date enforcement and numbers-scrubbing by carriers
      - Forecasts possibly not being adjusted for no. of days in month
      - Such forecasts seen as having little or no value

## SPRB Forecasting Sub-Team



### ■ **Proposed Project Completion in 2006**

- Revive draft circulated prior to Sep. 2005 discussion
  - Emphasizes voluntary nature, non-interference with contracts, communications between utilities, mines & carriers
- Send to carriers for coordinated comments by March 15, 2006 (Andy Schroder lead)
- Send to producers for coordinated comments by March 31, 2006 (Bill Wallace lead, Ken Peace back-up)
- Send to utilities for coordinated comments by April 17, 2006 (Dan Gray lead)
- Reconcile comments and prepare recommended draft for L&P Committee in July (three lead-members in consultation with sub-team)

## SPRB Forecasting Sub-Team



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### ■ Sub-team Members

#### ■ SPRB Shippers

- Arthur Butcher, CPS
- Dan Ochoa, Texas Genco
- Tom Collins, Southern Co.
- Tom Zolnerowich, TXU

Dave Wilder, AEP  
Bill Smith, Ameren  
Ron Hankins, MidAmerican  
Dan Gray, Entergy (Sub-team Leader)

#### ■ SPRB Producers

- Bill Wallace, Kennecott
- Ken Peace, Arch

#### ■ SPRB Railroads

- Steve Behn, BNSF
- Andy Schroder, UP

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■ **QUESTIONS ?**