

SURFACE TRANSPORTATION BOARD

Docket No. EP 724 (Sub-No. 4)

UNITED STATES RAIL SERVICE ISSUES—PERFORMANCE DATA REPORTING

Summary of Ex Parte Meeting between BNSF Railway Company (BNSF) and
Surface Transportation Board (STB) StaffHeld December 7, 2015, 11:00 AM – 12:25 PM

BNSF Attendees: Jill Mulligan (Associate General Counsel), Tim Prostek (Director, Measures, Finance-Corporate Performance Measures), Sanford Sexhus (Vice President, Service Design & Performance), Bonnie Van Sickle (Assistant Vice President, Customer Support)

STB Attendees: Katherine Bourdon, Michael Higgins, Ronald Molteni, Lisa Novins, Nderim Rudi, Jason Wolfe

BNSF thanked the Board for the opportunity to discuss reporting of performance metrics and to engage directly with STB Staff. BNSF agrees with the Board's goals on transparency and addressing service issues and appreciates the need to balance the need for information with burden and usefulness. Generally, BNSF joins with the Association of American Railroads (AAR) in support of reporting macro-level metrics.

BNSF then provided an overview of its website resources, which provide both public and customer-specific service information. BNSF explained that its public website provides access to information on service advisories (broken down by major business segment), capital projects, maintenance schedules, winter preparedness plans, growth and service, and more. It also includes advisories and other documents that go back as far as 10 years. STB Staff asked how BNSF differentiates between the service advisories each customer receives, noting that they share common information despite being targeted to different customer groups

BNSF explained that automatic updates are tailored to the area of the network, volume, type of traffic, routes impacted, important facilities, and more. This information is long-term and predates the 2013-14 service issues.

BNSF then provided an overview of resources that are available to specific customers about their own shipments and service through a password-enabled interface. BNSF explained that customers can utilize various tools related to shipment and equipment tracking, switch and release, car ordering, and billing. Customers also have access to certain car inventory and plan information as well as the ability to create individual automatic reports for their business.

BNSF next presented a customer-specific example, showing all cars destined for a particular facility, including car location, status, last event, next planned event, and estimated time of arrival at destination. This information can be automatically emailed to individual customers. BNSF explained that a customer can check on the status of individual manifest cars and

customers can see waybill data and trip plan, among other details. The report shows projected times based on plan until an actual time has been established. BNSF explained that this information is the same information it uses to track shipments. In response to a STB Staff question about the source of the data, BNSF explained that much information comes from the main train reporting system, as well as train event data from trains passing signals that feed into the system. BNSF explained that, even for a full grain unit train, a customer can see information for each individual car on the train. STB Staff asked whether dwell begins when a customer releases a unit train. BNSF responded affirmatively, and explained that the trip clock starts ticking when the customer releases a train. Internally, BNSF measures how long it takes from release to when a train moves.

BNSF next explained that customers can manage their own fleet, including their own demurrage, on the website. Customers can see the status of their equipment and whether it has been constructively placed. Demurrage can also be disputed online. BNSF stated that nearly anything a customer would like to do with its car, it can do on the website.

STB Staff asked about BNSF's customers' use of the website, and whether customers are using all of the available functionality. BNSF responded that customer use is very high, in the range of 80%, but that actual use of the functionality is lower. STB Staff next inquired whether BNSF conducts outreach to train its customers. BNSF replied affirmatively and also explained that it engages with customers regularly to improve its website features.

STB Staff next asked whether placement is always recorded electronically. BNSF said manual placement recording is an infrequent exception. BNSF then explained that the information about its website capabilities reinforces its written comments in this proceeding that discuss the volume of information available to its shippers.

BNSF then addressed specific comments on Request No. 5 in the Notice of Proposed Rulemaking (NPR), which relates to trains held short of destination or scheduled interchange for longer than six consecutive hours. BNSF explained that, in response to the October 2014 interim data order in Docket No. EP 724 (Sub-No. 3), it takes a daily snapshot that includes all trains being held at a specific time. It can currently only provide that snapshot measure; capturing each individual train on a weekly basis would require a significant amount of programming. BNSF expressed concern that, because of its snapshot method, it is overstating its numbers. BNSF also explained that causation explanations are applied manually based on field data, are not audited, and are not necessarily changed with changing circumstances. Due to this constraint and because BNSF can only indicate one reason in its system, BNSF cautioned that its causation data does not necessarily reflect what is happening with a train. BNSF is also concerned that the trains held metric may reflect trains being held according to plan, which is not necessarily a delay, and trains held due to customer or destination issues. For example, BNSF explained that, by design, grain trains are often held near destination and coal trains may hold outside of mines.

Regarding BNSF's customer service advisories, STB Staff noted that there is frequently a statement about increases or decreases in trains holding on the network compared to the previous week, and sometimes compared to the previous year. STB Staff asked BNSF to elaborate on this

metric and how it compares to the Board's proposal. BNSF replied that the primary distinction between the data provided to its customers and the data provided to the Board is that the customer data removes trains held according to plan, whereas the Board data includes trains being held according to plan. The goal of the data it shares with customers is to develop an actionable list.

BNSF then commented on Request No. 6 in the NPR, which relates to the daily average number of loaded and empty cars which have not moved in more than five days and from two to five days. BNSF expressed concern that this data may be misconstrued by the public because of the dramatic disparity between unit train and single-car businesses. For example, BNSF's crude oil business is nearly 100% unit trains, and, by design, the trains are in constant motion. In contrast, about 50% of the cars in its agriculture business are devoted to non-unit train movements, which have delays in their trip plans. Certain branch lines may have weekly service such that a number of cars would hit the metric without any underlying service problems. Finally, BNSF explained that, if there is a receiver issue, cars will appear in this metric as well because the metric is blind to causation.

STB Staff noted that accounting for activity outside of plan seemed to be of key importance to BNSF and asked whether sorting data to capture unplanned delays would be an extra burden. BNSF replied that it could not respond because the answer depends too much on the final rule and the definition of plan; it would have to evaluate the entire framework. BNSF also added that each customer's tolerance for delay is very different.

STB Staff inquired whether there is a comparable metric that BNSF looks at when trying to assess overall performance. BNSF stressed that the three best metrics to evaluate the health of its system are velocity, cars online inventory, and terminal performance/dwell. It sees Request Nos. 5 and 6 in the NPR as a polluted subset of velocity.

BNSF next discussed the capacity planning report in the NPR, which it addressed in its written comments. BNSF said that it understands the importance of the report at a high level, but has concerns about the manner in which railroads will be asked to report the information. The spreadsheet data the NPR envisions will be challenging in terms of BNSF's planning. BNSF explained that it is concerned about identifying a purpose for its investments because investments are made for increasing throughput, which benefits all customers. It also expressed concern about completion data and percent complete. BNSF modifies its capacity planning throughout the year given changes in traffic flow, need, and priorities. Percent complete is concerning because there is no way to be truly objective when defining it. BNSF encouraged the Board to use the fall peak letter as a model for an update in a more narrative fashion.

STB Staff then asked BNSF to confirm that its preferred reporting period remained 12:01 a.m. Saturday through midnight Friday, with the following Friday as the reporting date. BNSF replied that the following Friday would allow for internal reconciliation, but Wednesday is achievable. It advised against changing the reporting week and brought up its larger concern about having different public data sets.

STB Staff next addressed measuring the performance of BNSF's coal franchise and asked for BNSF's perspective on requests for system-wide cycle times, transit times over key coal corridors, coal train sets in service, or locomotive and crew resources serving the coal network. BNSF replied that it has concerns about commodity-specific reporting. It stated that too much additional data quickly becomes burdensome and unmanageable. It noted that its customers have a large amount of individual data available. BNSF explained that its concern with cycle time for coal is that it would be very difficult to harmonize movements to different facilities and to account for interchange movements in order to come up with a coherent metric. BNSF stated that, other than the Wyoming-to-Nebraska segment, there are not "key" coal corridors because coal moves virtually everywhere on its network.

STB Staff noted that some railroads objected to the plan component of the October 2014 interim data order, and asked BNSF to elaborate on how it derives its coal plan. BNSF responded that each plant has a monthly forecast which is its anticipated take of Powder River Basin coal for that month. Those numbers are amalgamated to create the bigger plan number. However, BNSF notes that its customers are providing a forecast. The plan number is a guide and not a perfect demand plan.

STB Staff then asked whether there is industry-specific or car availability data that would be useful for customers between high-level metrics and customer-specific data. BNSF replied no; its agriculture customers are attuned to this type of data, but they see their equipment turn so they know the information before the railroad does. BNSF stated that a lot of this type of information is shared with customers through its marketing department. There are also conversations between coal customers and BNSF's coal desk. STB Staff asked whether information about surge capability (i.e., cars or locomotives in storage) would be of any value to customers. BNSF said that it tracks this data, but does not see utility in reporting it to customers.

STB Staff next noted that there have been requests for more granular information on fertilizer, and asked whether fertilizer generally moves in unit or manifest trains. BNSF replied that a majority of it moves in unit trains during the busy fertilizer season, and then that business slows down. STB Staff inquired whether fertilizer is tracked separately in any internal metrics. BNSF stated that it can probably measure its fertilizer fleet; it does have a dedicated fertilizer desk that manages shipments train by train during the annual surge. BNSF elaborated that fertilizer can provide a good example of a case where the Board requested more detailed information about a specific service. In 2014, the Board gave BNSF the opportunity to share its plan and temporarily elevated its fertilizer reporting requirements during a critical period in fertilizer service.

STB Staff inquired whether BNSF values the composite service performance indices that some Class I carriers have adopted, which incorporate data about train on-time arrival, on-time departure, connection performance, plan adherence, and various macro-level metrics that are different from the AAR metrics. BNSF replied that those metrics seem to be variations on on-time performance against plan. While BNSF looks at this information, it is not particularly important to its evaluations of system health. Very specific measures can lose meaning when looking at the entire system. On-time performance and on-time departure can be very illustrative of terminal health, but not necessarily about the health of BNSF's network overall.

STB Staff asked whether last mile performance data—the final connection from the yard to the spot placement—has any value at the macro-level. BNSF replied that it does not see what value that would have to a shipper; its concern would be its own shipment. BNSF said that it clocks dwell until a train arrives at a facility. Railroads address last mile performance at a micro-level, terminal-by-terminal, on a geographic basis. BNSF explained that any delay would be captured in the dwell and origin or destination metrics.

BNSF closed by reiterating that it understands the Board's interest in providing meaningful data to stakeholders who have had service issues and asked the Board to weigh changes to the current reporting requirements. BNSF noted that finer slices of data add too much complexity and burden; BNSF provides much of that relevant data directly to its customers.

Customer Interface and Communications

BNSF.com External Site



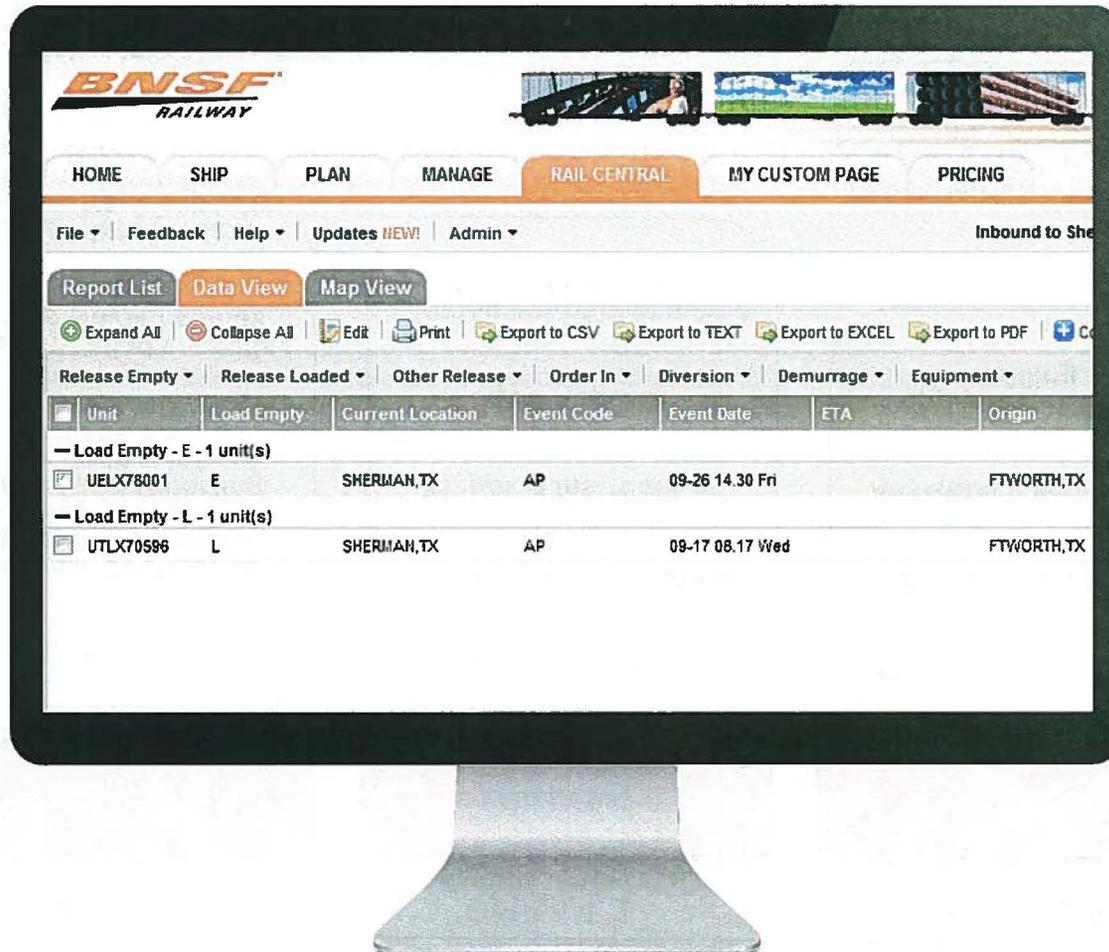
Available Information (General):

- Latest marketing news and service advisories
- Expansion & efficiency project updates
- Maintenance schedules by location
- Winter preparedness plans
- General service updates

Bnsf.com/customers



BNSF.com Customer Service Portal (Requires User ID & Password)



Available Information (Specific):

• Trace & Manage Shipments

- ✓ Trace (ETA's, ETD's, ETI's)
- ✓ Customized Reports (pipeline management)
- ✓ Pay Storage/Demurrage
- ✓ Order & Release equipment
- ✓ And more....

Bnsf.com/customers



Areas of Assistance

Customer Support Hotline – 888-428-2673 (BNSF)

Option 4, 3

Option 4, 1

Option 3, 2, 3

(See Contacts on bnsf.com)

Customer Support

Verifying car information

Customer Destination
Instruction/Standard
Shipping Instruction
updates and reporting
issues (void release /
order in, etc.)

Void suspended waybills /
provide waybill copies

Industry info (switch
schedule, track capacity,
customers served by
BNSF)

Elevate issues

Special train / switch

Bad order car information

eBusiness

Diversion help

BNSF.com login set-up

Shipping Instructions

Web Reports

Cloning a profile to match
another employee

Billing

Modifications to billing

Activate new billing

Assistance with routing

Apply reverse route
billing

Marketing Manager

Rates

New business
opportunities

Questions regarding
contracts

Equipment Group (Option 4, 4, 1) - Empty car orders

Demurrage Group (Option 3, 3, 3) - Demurrage inquiries

Demo

[Bnsf.com/customers](https://www.bnsf.com/customers)