

SURFACE TRANSPORTATION BOARD

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

UNITED STATES RAIL SERVICE ISSUES—PERFORMANCE DATA REPORTING

Summary of Ex Parte Meeting between CSX Transportation, Inc. (CSXT) and
Surface Transportation Board (STB) StaffHeld December 7, 2015, 2:00 PM – 3:05 PM

CSXT Attendees: Larry Hayes (Director, Systems), Paul Hitchcock (General Commerce Counsel), Kyle Southall (Director, Service Measures)

STB Attendees: Michael Higgins, Stephanie Lyons, Ronald Molteni, Lisa Novins, Nderim Rudi, Jason Wolfe

CSXT began by stating that it had requested informal discussions with Board staff in its comments in this proceeding, and thus appreciates this opportunity. CSXT hopes that there will be additional opportunities for informal discussions on Board initiatives in the future and noted that it has many informal discussions with the Federal Railroad Administration, which also does rulemakings.

CSXT then provided a PowerPoint presentation to facilitate the discussion. (Ex. 1.) Referring to Slide 2 of its presentation (High Level Concerns), CSXT emphasized its concern that a final rule would become inflexible and permanent; such a rule would not be constructive and would not add value. CSXT also stated that requiring uniformity of measurements across railroads would be problematic, and potentially cause some carriers to incur costs in modifying their internal systems. CSXT would have strong objections to such a requirement.

CSXT stated that overall, notwithstanding objections from the railroads, the Board has largely received the data that it requested under the October 2014 interim data order in Docket No. EP 724 (Sub-No. 3). CSXT therefore believes that further regulation is unnecessary.

CSXT also noted the expense that could arise from reporting requirements and stated that, in this case, the additional expense is unnecessary. For example, CSXT noted that its coal traffic has declined and that all of the railroads are under extreme pressure to cut costs in the current environment. Against this backdrop, it stated that adding an additional layer of compliance costs becomes a real issue for the railroad. CSXT asked the Board to take that into consideration.

CSXT noted that the National Grain Car Council, the Rail Energy Transportation Advisory Committee, and the Railroad-Shipper Transportation Advisory Council are voluntary arrangements, which provide value to the industry and the Board. CSXT suggested that the Board pursue performance reporting on a voluntary basis, which would eliminate the inflexibility of a rigid regulation.

CSXT next urged the Board to conclude that it has more than it needs with four basic data points (cars online, terminal dwell, line of road velocity, and carloadings). (See Ex.1, at 3, 15.) CSXT repeated and endorsed the opinions of other railroads that the four basic metrics are sufficient to provide a complete network-wide picture.

CSXT then stated that the current reporting week is working well and expressed concern about the reporting week shifting to Sunday through Saturday under the Notice of Proposed Rulemaking (NPR). (Ex. 1, at 4.) For CSXT, that would mean managing two different sets of numbers.

CSXT also commented that it was able to respond very quickly to the October 2014 interim data order because of the Board's decision to allow carriers to define their own methodologies for deriving data.

Next, CSXT inquired about the definition of "unit train" in the NPR and asked how the Board arrived at that definition. STB Staff suggested it was designed to create a degree of uniformity but recognized that carriers may prefer to use their own unit train definitions. CSXT explained that it could be problematic to go back and reprogram its system if there is a change in the definition of unit train.

CSXT then addressed trains held longer than six hours. CSXT stated that complying with this request is a time consuming, manual process, and it would prefer that the Board eliminate the metric.

With respect to average train speed, CSXT explained that what it reports in the interim data order is the same as what it provides to the Association of American Railroads (AAR). (Ex. 1, at 5.) The only manual part of this reporting is splitting out the crude oil and ethanol unit trains. CSXT said there was no unit train "logic" in its system because train types are based on four character train identification numbers. CSXT reiterated that the proposed definition of unit train would create complications with reporting average train speed, and again suggested that railroads be able to use their own definition.

Regarding average terminal dwell, CSXT stated that it uses the same methodology for the interim data order and the AAR public measures, and that it has no issues with the metric. (Ex. 1, at 6.) CSXT noted that it reviews its 10 largest terminals list annually. CSXT applauded the inclusion of railcars processed as part of the explanation of 10 largest terminals in the NPR. CSXT then stated that it has no concerns with the cars online metric. (Ex. 1, at 7.)

CSXT next discussed dwell time at origin for loaded unit train shipments and stated that it has a customer dwell reporting system that measures the time between when a car is released and when it is pulled by CSXT. (Ex. 1, at 8.) CSXT does not object to the proposed inclusion of interchange locations, though it again raised the question of how a unit train is to be defined.

STB Staff then asked how CSXT measures dwell time at interchange locations. CSXT has two dozen categories of dwell time, and one of those categories is dwell time at interchange; CSXT

manually assigns trains to categories. STB Staff asked if the clock starts ticking when a connecting railroad drops, for example, a crude oil train for interchange, and then notifies CSXT it is available. CSXT responded that it matches receipt at interchange with departure to calculate dwell time, which is easy to do if one is not counting the cars and noting the commodity. CSXT's system is designed to watch cars, not trains. STB Staff asked if CSXT is reporting data for cars that go into unit trains. CSXT said it reports dwell by car and commodity, but not by train.

CSXT stated that compiling data for interim data order Request No. 5 (trains held short of destination for longer than six hours) is an entirely manual process. (Ex. 1, at 9.) CSXT measures trains held each day at 0400, which is a snapshot in time measurement. Although the NPR proposes that railroads count all occurrences of trains held short of destination for greater than six hours, CSXT states that it does not currently track every occurrence (e.g., if a train is held for eight hours in the middle of the night). STB Staff asked if there was anything in CSXT's system indicating the reason for a parked train such as crew, power, or another cause. CSXT explained that it does not currently report that information; CSXT knows the duration of a held train, but may not know why it is parked. Changing its system could be costly and would result in a metric that does not compare to historical data. CSXT noted that trains may be held for more than six hours in accordance with operating schedule. CSXT asked whether the intent is to capture trains held more than six hours over the plan, or over six hours, period. STB Staff responded by noting that trains held has been considered a gauge of fluidity and asked whether CSXT has a way of looking at trains held on a weekly or daily basis. CSXT explained that it has an intermediate train dwell metric, but that does not provide information on why a train is holding. To provide information on why a train is holding at 0300 daily, various divisions create a report on trains being held; a manager then compiles the daily dwell reports and manually inserts explanations on why the train was not moving. CSXT uses the trains held report tactically on a daily basis to see what needs to move, as opposed to reflecting weekly performance.

STB Staff asked if the proposed rule should be changed, such as by eliminating the six hour component and moving toward a seven day average, or reporting trains held outside of plan along with an explanation. CSXT said that would be a challenge because someone has to manually compile that data. CSXT suggested that an easier way to report it would be by total number of trains held in plan and outside of plan as of a specific time, without a six hour definition. CSXT could make that information more easily sortable in an automated manner based on the train symbol. However, the reason for holding (such as maintenance, power, crew, or weather) would always be manual.

CSXT next explained that it was not measuring dwell times greater than 120 hours for interim data order Request No. 6, and asked if that metric was based on what another railroad was doing. (Ex. 1, at 10.) CSXT captures this metric as 30 hour cars and 100 hour cars, once per day. The Board's requirements thus led to a programming change for CSXT. One important question is how dwell is measured. CSXT views dwell as an "after the fact," rather than a real time, measurement; a car arrives and after it departs, dwell time can be computed. If CSXT can use its dwell database tracking a daily snapshot for 30 hours held and 100 hours held, that would be

preferable. CSXT confirmed that this captures cars in a terminal area (as opposed to cars on a mainline, branch line, or siding). CSXT explained that cars holding on those other locations along the network are captured through the velocity metric.

CSXT then stated that it had no concerns about interim data order Request No. 7 regarding total grain cars loaded and billed by state. (Ex. 1, at 11.)

CSXT next explained that for interim data order Request No. 8 regarding grain car orders, most of its grain trains are 60 to 95 car unit trains and that it has virtually no single-car orders. (Ex. 1, at 12.) CSXT does not receive orders from an elevator for 15 or 20 cars; it generally moves unit trains for large customers who make their purchases in bulk from various suppliers.

CSXT then stated that it had no concerns about the weekly coal loadings by region metric. (Ex. 1, at 13.) STB Staff asked how CSXT derives its coal loading plan for a week. CSXT interacts with the mine and its customer at the start of the week to establish a plan. CSXT reiterated that its biggest concern with respect to this reporting requirement is the definition of unit train.

Next, CSXT stated that it does not believe that reporting major capital projects is prudent for several reasons. (Ex. 1, at 14.) First, it is difficult to define a “project” and the various project phases. For example, does the process of building a bridge begin when applying for a permit, when breaking ground, or at some other time? Second, this type of reporting would create a manual burden on the engineering department. Third, the railroads compete with each other, and this public reporting could reveal sensitive competitive information. CSXT does not want to lose competitive advantages or opportunities through this type of reporting.

STB Staff asked if CSXT would be more comfortable with bi-annual reporting, for example, similar to the Chairman’s peak season letter, calling for a narrative response about major projects planned for that year. CSXT responded that the peak seasons response requires significant time and resources to prepare and review. CSXT suggested that, if there is real value in capital investment information, then the Board’s Chairman could request in the peak letter a summary of major projects being undertaken that year. An informal request would eliminate the potential for liability arising from non-compliance with a regulation.

CSXT then reiterated that the only four metrics needed are: cars on line, dwell times, velocity, and car loadings. (Ex. 1, at 15.) Imposing uniformity will not be useful; railroads cannot be compared to each other. CSXT asked to move away from metrics that cannot be effectively automated. CSXT urged the Board to think about ways to preserve the railroads’ flexibility in how they prepare and submit information that is generally responsive to the requests. CSXT queried whether it would make sense to move to monthly reporting, versus weekly reports. If a problem started to emerge somewhere on the network, then the reporting could shift to weekly.

In response to CSXT’s suggestion in its written comments that the Board should consider voluntary reporting, STB Staff asked CSXT for its perspective on how the industry would

respond to a request for voluntary reporting. CSXT stated that it cannot speak for the other railroads, but was optimistic that such an approach could be agreed upon.

STB Staff asked what metrics are valuable for reporting in the Chicago area. CSXT stated that it was not prepared to comment on the Chicago reports, but had heard no dissatisfaction internally about current reporting.

STB Staff next noted that some other railroads use composite performance measures, such as on-time arrival, on-time departure, connections, and plan adherence, and asked if CSXT uses similar information. CSXT responded affirmatively with respect to on-time originations and on-time arrival, which are reported once per quarter. CSXT considered having a composite metric, but declined to pursue it. CSXT observed that it places importance on having a consistent methodology over time. If a carrier felt it had to show improvement and could change its definition of on-time arrival, it could do it in a way to show improvement in its numbers.

Service Metrics – EP 724-4

CSX Discussion with STB Staff

December 7, 2015

CSX's High Level Concerns

- Regulation would be:
 - Permanent
 - Inflexible
 - Require uniformity of measurements (Whose measurement process will win out?)
 - Unnecessary
 - Potentially – Very Costly

- Voluntary Government-Industry initiative could accomplish all the STB's goals with none of the regulatory drawbacks
 - No Regulation needed
 - Flexible
 - For Railroads
 - For the Agency

Historical Background

- Interim Data Order issued October 8, 2014
 - Response to industry-wide service challenges
 - Goal to understand scope, magnitude, and impact of service issues
 - Shippers desire for increased transparency

- First weekly reports filed on October 22, 2014
 - Data requests gave each Class I flexibility in measurement details
 - Heavy reliance on existing reports and measurements
 - Full explanation by each Class I of its methodology

- Voluntary process to become formal regulation
 - Attempt to clarify ambiguities (creates other issues)
 - Would require significant computer programming to comply

General Concerns

- Reporting Week – Sunday through Saturday
 - CSX standard reporting week is Saturday through Friday
 - AAR Public Measures website also uses a Sat-Fri reporting week

- Unit Train Definition
 - 50 or more railcars, single commodity, same or “similar” car type
 - Will require additional IT programming (cost TBD) to examine STCC codes and AAR car type codes to determine whether train qualifies as a “unit train”
 - What do we do with non-unit trains?
 - What if a train qualifies as “unit” for only part of its trip?
 - What about trains moving all empty equipment?

- Trains Held > 6 Hours is a totally manual, time consuming process

- Cost of computer programming (for several items)

1. Average Train Speed

CSX uses the same methodology for the Interim Data Order and the AAR Public Measures website

1. System-Average Train Speed by Train Type for the Reporting Week (MPH)	
Intermodal	27.1
Grain unit	17.6
Coal unit	17.1
Automotive unit	21.2
Crude oil unit	24.2
Ethanol unit	22.1
Manifest	18.5
All Other	NA

- Train type based on 4-character train symbol
- No “unit” train logic
 - What about trains with < 50 cars?
 - What about trains starting with < 50 cars but pick up on LOR and grow to > 50 cars?
- Rarely have anything fall into “All Other”

2. Average Terminal Dwell

CSX uses the same methodology for the Interim Data Order and the AAR Public Measures website

2. Weekly Average Terminal Dwell Time Measured in Hours Excluding Cars on Run Through Trains	
System Average	25.4

2. Weekly Average Terminal Dwell Time Measured in Hours for 10 Largest Terminals In Terms Of Cars Processed	
Cincinnati, OH	28.0
Cumberland, MD	38.3
Hamlet, NC	36.6
Indianapolis, IN	27.8
Louisville, KY	30.0
Nashville, TN	37.1
Selkirk, NY	29.3
Toledo, OH	33.7
Waycross, GA	32.1
Willard, OH	29.8

- No issues
- Review “10 Largest Terminals” list annually

3. Cars on Line

CSX uses the weekly Cars on Line numbers from Railinc

3. Total Cars On Line by Car Type for the Reporting Week	
Box	17,973
Covered hopper	51,673
Gondola	14,951
Intermodal	9,044
Multilevel (automotive)	10,992
Open hopper	47,417
Tank	46,360
Other	10,033
Total	208,444

- No issues

4. Dwell Time at Origin for Loaded Unit Train Shipments

Currently use a system that measures time from car release by the customer to pull by CSX

4. Weekly Average Dwell Time at Origin for Loaded Unit Train Shipments Measured in Hours	
Grain	16.8
Coal	8.3
Automotive	6.8
Crude Oil	n/a
Ethanol	13.2
All Other Unit Trains	13.8

- Assignment to train type is based on car's STCC code
 - Computer does not record release time for the train
- New rules include dwell time for “unit trains” at Interchange locations in addition to Origin
 - No Issue (except “unit train” definition)

5. Trains Held Short of Destination > 6 Hours

General Manager Network Ops manually compiles from daily “trains holding” reports; approximately eight hours per week

5. Weekly Total Number of Trains Held Short of Destination or Scheduled Interchange for Longer than 6 Hours by Train Type and Cause							
Train Type	Cause						
	Crew	Locomotive Power	Track Maintenance	Mechanical Issue	Other		Total
					Number	Briefly Explain Cause	
Intermodal	0	0	0	0	2	Spacing; Congestion ahead; train ahead	2
Grain unit	5	5	2	1	4	Train Ahead; Congestion Ahead	17
Coal unit	2	15	2	0	5	Train Ahead; Plant Down; Congestion Ahead	24
Automotive unit	3	0	6	0	2	Foreign Road; Train Ahead; Congestion Ahead	11
Crude oil unit	0	2	0	0	2	Congestion Ahead	4
Ethanol unit	0	0	2	3	4	Congestion Ahead; Spacing; Train Ahead	9
Other unit	1	6	0	6	1	Foreign Hold; Train Ahead; Congestion Ahead	14
All other trains	6	5	1	5	13	Commuter Window; Congestion Ahead; Train Ahead	30
Total	17	33	13	15	33		111

- What if train is “held” by plan for longer than 6 hours?
- Does unit train definition (50+ cars) apply here as well?
- Programming required to capture every instance of trains held > 6 hrs

6. Cars not Moved > 120 Hours and between 48 and 120 Hours

CSX uses dwell time as the data source

6. Weekly Total Number of Loaded and Empty Cars in Revenue Service That Have Not Moved In:				
	Greater Than 120 Hours		Greater Than 48 but Less than or Equal to 120 Hours	
	Loaded	Empty	Loaded	Empty
Intermodal (flat cars)	36	96	372	256
Grain	101	146	1,653	1,410
Coal	525	729	4,113	2,909
Crude Oil	6	41	189	58
Ethanol	56	5	496	279
Automotive	82	154	1,739	1,016
All Other	1,471	2,015	13,727	14,937

- Changing from weekly total to daily average
- New rules request a daily same-time snapshot counting cars in each category (duration, L/E, commodity)
- Would require new programming for daily snapshot and new database for storing/retrieving counts

7. Total Grain Cars Loaded and Billed by State

Counts for “Dedicated Train Service” (middle column) are based on multi-car waybills with 50 or more cars

7. Weekly total grain cars loaded and billed, reported by State, aggregated for the following Standard Transportation Commodity Codes (STCCs): 01131 (barley), 01132 (corn), 01133 (oats), 01135 (rye), 01136 (sorghum grains), 01137 (wheat), 01139 (grain, not elsewhere classified), 01144 (soybeans), 01341 (beans, dry), 01342 (peas, dry), and 01343 (cowpeas, lentils, or lupines).

Instruction: Please enter "0" if no data is being reported for a field.

State	Total Grain Cars Loaded and Billed For All Ordering Systems	Total Grain Cars Loaded and Billed For Shuttle / Dedicated Train Service Ordering Systems	Total Grain Cars Loaded and Billed For Ordering Systems Other Than Shuttle / Dedicated Train Service
AL	1	0	1
GA	1	0	1
IL	653	580	73
IN	326	301	25
KY	238	183	55
MD	13	0	13
MI	628	588	40
NJ	65	65	0
NY	63	0	63
NC	64	58	6
OH	274	221	53
SC	3	0	3
TN	3	0	3
Total	2,332	1,996	336

■ No Issues

8. Car Orders - Grain

CSX manages its grain network differently than other roads

EP 724 - US RAIL SERVICE ISSUES - DATA COLLECTION

Railroad: CSX	Year: 2015	Reporting Week:	Date Week Began: 11/23/2015	Date Week Ended: 11/29/2015
---------------	------------	-----------------	-----------------------------	-----------------------------

8. For the aggregated STCCs in item 7, report by State the following: a. running total number of outstanding car orders (a car order equals one car); b. average number of days late for all outstanding car orders; c. total number of new car orders received during the past week; d. total number of car orders filled during the past week; and e. number of orders cancelled, respectively, by shipper and railroad during the past week.

State	a. Running Total Number of Outstanding Car Orders	b. Average Number of Days Late For All Outstanding Grain Car Orders	c. Number of New Car Orders	d. Number of Car Orders Filled	e.1. Number of Orders Canceled By Shipper	e.2. Number of Orders Canceled By Railroad
AL						
DE						
FL						
GA						
IL						
IN						
KY						
LA						
MD						
MA						
MI						
MS						
NJ						
NY						
NC						
OH						
PA						
SC						
TN						
VA						
WV						
TOTAL	0	0.0	0	0	0	0

9. Coal Loading by Region

CSX chose to report Coal Loading by total cars vs. unit trains

10. Weekly Coal Unit Train Car Loadings vs. Plan for the Reporting Week By Coal Production Region		
Region	Plan	Actual
Powder River Basin	0	0
Illinois Basin	3,230	3,220
Uinta Basin	0	0
Northern Appalachia	3,889	3,902
Central Appalachia	6,674	6,635
Southern Appalachia	450	300

- No issues

Capital Projects Reporting is Unnecessary

- Total cap-ex is reported in financials
- Projects may be planned in intentionally discretionary steps
- Reports contemplated would be highly manual
- Impossible to say “X % completed”
- Capital projects can be competitively sensitive!

Final Thoughts

- C-o-L, Dwell, LOR Velocity, and car loadings provide sound basis for monitoring
- Uniformity in details of how measurements are created for comparison purposes would be useless
- Rigid definitions will impose compliance costs and “paperwork” expense
- Measurements that are today heavily manual should not be required
- Monthly reporting might be sufficient, if Board retains ability to ask for more frequent reports when greater attention is required
- Voluntary Government-Industry initiative could be a win-win