

## SURFACE TRANSPORTATION BOARD

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

## UNITED STATES RAIL SERVICE ISSUES—PERFORMANCE DATA REPORTING

Summary of Ex Parte Meeting between Norfolk Southern Railway Company (NSR) and  
Surface Transportation Board (STB) StaffHeld November 30, 2015, 9:00 AM – 9:40 AM, via telephone

NSR Participants: Steve Ewers (Assistant Vice President, Service Management), David Coleman (General Solicitor)

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

NSR opened the discussion by offering to answer STB Staff questions and by stating that the company's filed comments reflect its views in the proceeding.

STB Staff asked NSR to confirm that its preferred reporting period remained 12:01 a.m. Saturday through midnight Friday and that the following Friday was its preferred weekday to submit data to the Board, which would allow for internal review and clean-up. NSR responded affirmatively.

STB Staff asked NSR to elaborate on its comments that it does not have a grain car ordering system that is amenable to capturing and reporting grain car orders, orders filled, days late, etc. as proposed in Request No. 8 of the Notice of Proposed Rulemaking. NSR explained that it uses a web-based program called Commodity Transportation Management System (CTMS) that allows NSR to track demand at a train level and issue permits for that demand. Not all grain customers use CTMS; some customers may use email to request loadings. Therefore, ascertaining the precise demand is a moving target. Although data can be mined from CTMS, it would be difficult. STB Staff asked about the percent of grain customers who use CTMS. NSR did not know the exact percentage. NSR stated that data from CTMS might not be of great value in isolation because it does not indicate drivers; a railroad's ability to execute is a function of the resources available. If a customer says it wants to ship a certain number of cars but ships three times that number, this impacts the railroad's planning.

STB Staff asked whether weekly total coal unit train loadings is a viable measure of the NSR coal franchise or if there is a better measure of that service. NSR discussed the dynamic nature of unit train service and the inability of this type of metric to show what is driving the numbers. For example, NSR explained that when a coal mine does not have coal to load, a train may be delayed, which impacts cycle times and the ability to load in accordance with permits. A short outage could cause a ripple effect impacting the railroad for well beyond a week. By contrast, a manifest train will still move if one customer does not have cars to ship.

STB Staff asked whether NSR could recommend other performance metrics that might be more valuable than the metrics proposed by the Board. NSR said that train speed and terminal dwell time are the main indicators that it reviews on a daily basis; they are reliable indicators, and there is a strong level of uniformity across the railroads. With more granular data, methods of measurement are less uniform across railroads.

STB Staff asked whether NSR believed that it would be valuable for the industry to report performance measures such as NSR's composite service index. NSR believes that it is the only railroad that uses a composite index. NSR uses its composite number in public presentations, but in the context of reporting data to the Board, there is a risk of straying further from an apples-to-apples comparison between railroads.

STB Staff inquired about how NSR determines if various commodity groups are performing well. NSR advised that, first and foremost, it communicates with its customers on a daily basis. With coal, for example, NSR has in-depth discussions of factors, on a plant-by-plant basis, and determines whether customers agree with NSR's observations. To evaluate how a certain commodity group is performing, NSR looks at whether loadings are being made in the context of individual customer experiences and what is happening in each area.

STB Staff asked if NSR sees value in train speed, system dwell, and terminal dwell as broad indicators of performance across the system. NSR said it does; a faster railroad better utilizes its resources. NSR added that micro-level reporting can be less helpful because it does not explain how data about specific commodities or lanes may be a result of what is happening at a macro level. In addition, micro-level data is more difficult for NSR to gather. Even at the macro level, metrics reflect impacts from the broader economy. Overall, less granular data is more useful.

Next, STB Staff asked if NSR tracks locomotive miles per day. NSR responded that it was not aware if it tracked that information. STB Staff also asked whether NSR saw value in reporting the number of trains held for crew availability or held for power. NSR reiterated that, because so many variables impact performance, data on a granular level is less helpful than it is burdensome.

STB Staff asked if micro-level data could be useful to establish trends and forecast business, similarly to macro-level data. NSR responded that micro-level data would not be useful because, in its experience, customers do not look at commodity level metrics as much as their own individual situation. Once one gets into more granular level data, there are many different variables impacting each data point; the performance of one commodity group may impact the performance of another commodity group in a different region in a different week. Speed and dwell are the two best metrics to use.

In closing, NSR stated that it supplies its composite service metric to the Board on a monthly basis and to investors on a quarterly basis. NSR is not sure how helpful the data would be to shippers. If shippers are getting good service, they are not going to look at metrics. If they are not receiving good service, they are not going to be looking at other shippers' service. Although NSR uses a composite service metric made up of three components, other railroads may measure

service differently, potentially creating an apples-to-oranges comparison between the railroads. Train speed and dwell are already standardized and comparable between railroads. There are pitfalls in trying to come up with other macro-level numbers that are not already standardized.