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May 31, 2016

The Honorable Daniel R. Elliott III, Chairman  
United States Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20423

The Honorable Debra Miller, Vice Chairman  
United States Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20423

The Honorable Ann D. Begeman, Commissioner  
United States Surface Transportation Board  
395 E Street, S.W.  
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Re: STB Docket No. EP 724-4 – United States Rail Service Issues – Performance Data Reporting

Dear Mr. Elliott, Ms Miller and Ms Begeman:

I am writing to provide Canadian Pacific's<sup>1</sup> Comments to the Supplemental Notice of Proposed Rulemaking, decided April 29, 2016, in this proceeding.

### **Background**

CP submitted initial comments in this proceeding on March 2, 2015.<sup>2</sup> In those comments, CP explained that the proposed permanent reporting regulations were overbroad to the extent they seek weekly commodity and State by State specific data. Under normal operating conditions, reporting of such data would not be useful to the Board or stakeholders, and could be misleading. CP believes that the Board's focus should be on the health of the network. When the rail network is fluid, all commodities move normally regardless of point of origin or destination. Network-level data points of train speed, average terminal dwell, and average cars on line provide meaningful, real time information regarding fluidity and health of the system. Absent a specific service interruption, there is no regulatory need for permanent weekly granular reporting of commodity specific information. In the event of a specific situation, more granular reporting requirements could be imposed as needed.

CP continues to believe that the proposed regulations are also too narrow in that they focus only on the rail component of the supply chain. Rail service disruptions result from multiple factors throughout

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<sup>1</sup> Canadian Pacific (CP) is a trade name under which Canadian Pacific Railway Company and its United States subsidiaries, Soo Line Railroad Company, Dakota, Minnesota and Eastern Railroad Corporation, and Delaware and Hudson Railway Company, Inc. operate.

<sup>2</sup> CP also participated in a telephone conference with Board staff on December 4, 2015. We applaud the Board and its staff for inviting stakeholders to share their experience and expertise on these issues.

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that chain. In order for the Board to achieve its stated objectives of greater transparency and enhancement of its ability to identify and respond to rail service disruptions, the Board must have an understanding of the entire supply chain.

In its initial comments, CP explained that if the Board does move forward with mandating permanent weekly reporting of rail performance metrics notwithstanding these concerns, it should include Belt Railway Company of Chicago (BRC) and Indiana Harbor Belt Railroad (IHB) specific metrics. The health of the national rail network depends on the health of the Chicago Terminal, and BRC and IHB are its heart. The BRC and IHB metrics CP proposed would provide the Board with a picture of the operational fluidity of the heart of the Terminal, which is necessary to understand the health of the network.

In the Supplemental Notice of Proposed Rulemaking, the Board rejected (appropriately in our view) commenters' requests that metrics include data from Canadian operations because such operations are outside the Board's jurisdiction. The Board also modified rules that were proposed in the initial Notice of Proposed Rulemaking and added two new proposed reporting requirements. While CP views many of the changes proposed in the Supplemental Notice as improvements, CP continues to have the same concerns with the Supplemental Notice that it had with the initial Notice. Thus, these comments incorporate by reference CP's initial comments of March 2, 2015.

#### **Any Permanent Data Reporting Regulations Should Focus on Network Specific Metrics**

The Board's revisions to the proposed data reporting requirements, to the extent they seek to lessen the regulatory burden, represent steps in the right direction. However, CP believes that the proposed regulations still go too far in requiring railroads to permanently report weekly data which is not useful and may prove harmful.

As the Board acknowledges in the Supplemental Notice, CP and other Class I's already publicly report system performance metrics that railroads believe provide the Board and stakeholders sufficient information regarding the health of the rail network. In particular, three key metrics, train speed, terminal dwell and cars online are publicly reported and provide a picture of the overall health of the network. As CP explained in its telephone conference with Board staff, CP monitors these three metrics to assess the health of the system. These metrics generally will reveal potential issues allowing CP to seek additional information as needed and to address issues before they disrupt rail service. Likewise, the Board could use these same network performance metrics to identify potential concerns and, if necessary, order temporary reporting specifically targeting data that is relevant and likely to be useful.

The Supplemental Notice, however, proposes to require weekly permanent reporting of a wide variety of rail data by commodity and State, which CP believes is unnecessary and not helpful. For instance, carload volumes of a particular commodity may vary significantly week-to-week and month-to-month based on a variety of factors unrelated to rail service. These factors include market dynamics, economic conditions, unpredictable severe weather, and operational decisions elsewhere in the transportation supply chain. The fact that there are continuous fluctuations in the Board's proposed metrics and that those fluctuations are driven by non-rail related factors undermine their utility as a tool for monitoring the health of the rail network, identifying potential service disruptions, or gauging a railroad's service performance.

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CP remains concerned that in the absence of a particular service disruption, routine reporting of data on a commodity and geographic basis is not useful and may provide a distorted picture and misdirect the Board's attention and limited resources.

### **Chicago Terminal**

The Board has repeatedly acknowledged that the Chicago Terminal is critical to the health of the rail network. Congestion at Chicago can reverberate throughout the entire rail network, causing disruptions that take months to recover. BRC and IHB are the heart of the Terminal. The six Class I railroads that meet in Chicago interchange cars on a daily basis at BRC and IHB. Consequently, BRC and IHB metrics will be useful in gauging the health of the Chicago Terminal, and in turn the larger network.

For example, metrics that reveal that a railroad is experiencing deteriorating on-time pull performance from the BRC's departure yards can serve as the proverbial canary in the coal mine. BRC places set or built trains in the departure yards for retrieval by each railroad. Each railroad is given a scheduled departure time and a two-hour window to pull its trains. If the railroads are late, then the departure yards can fill, slowing rail operations within the facility. If pull performance deteriorates further, receipt of inbound cars may have to be restricted, hump processing slowed, and inbound trains staged. In this instance network fluidity drops, congestion results, and if the situation worsens it can cascade throughout the system.

Unlike the commodity and geographic centric rail performance metrics that the Board proposes to require Class I railroads to report weekly, IHB and BRC data is likely to provide early warnings of rail service issues and more likely to be useful in averting a significant service disruption. Because of the likely usefulness of BRC and IHB metrics, if the Board issues a final rule in this proceeding it should include reporting of IHB and BRC metrics on a permanent basis. Should the Board wait until there is a problem before requiring IHB and BRC to report, potential opportunities to avoid or mitigate the disruption will have been missed.<sup>3</sup>

We appreciate the opportunity to make these Comments and share our thoughts on issues raised by the proposed regulations. We will continue to update and share information in our regular calls with the Board's staff. We believe that this dialogue, together with ongoing dialogue with our customers and the other railroads with whom we work, is productive.

Sincerely,



Keith Creel  
President and Chief Operating Officer

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<sup>3</sup> Helpful operating metrics would include weekly reports by BRC and IHB of the following: number of cars arrived per day, number of cars humped or processed per day, number of cars re-humped or re-processed per day, number of cars pulled per day, number of trains departed each day by railroad, average terminal dwell, average departure yard dwell, and percentage of trains departed on-time each day by railroad. We believe much if not all of this data is kept by the switching carriers.