

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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Office of Proceedings  
February 25, 2015  
Part of  
Public Record

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In the Matter of: )  
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RAILROAD COST RECOVERY ) Ex Parte No. 290 (Sub-No. 4)  
PROCEDURES - PRODUCTIVITY )  
ADJUSTMENT )  
 )

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**COMMENTS OF THE WESTERN COAL TRAFFIC LEAGUE**

WESTERN COAL TRAFFIC LEAGUE

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Its Attorneys

Dated: February 25, 2015

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**COMMENTS OF THE WESTERN COAL TRAFFIC LEAGUE**

In response to the Board’s decision in the above-captioned proceeding served February 13, 2015, the Western Coal Traffic League (“WCTL”)<sup>1</sup> submits the following comments concerning the Board’s proposed calculation of productivity for 2013 for use in the Rail Cost Adjustment Factor productivity adjustment.

WCTL concurs in the Board’s calculation of the input index value of 1.018 for 2013. WCTL notes that the input index value utilizes publicly-available information and that the calculation is thus transparent.

WCTL is not aware of any information that undermines the accuracy of the Board’s calculation of the output index value of 1.022 for 2013. WCTL notes, however,

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<sup>1</sup> WCTL is a voluntary association, whose regular membership consists entirely of shippers of coal mined west of the Mississippi River that is transported by rail. WCTL members currently ship and receive in excess of 140 million tons of coal by rail each year. WCTL’s members are: Ameren Missouri, Arizona Electric Power Cooperative, Inc., CLECO Corporation, Austin Energy (City of Austin, Texas), CPS Energy, Entergy Services, Inc., Kansas City Power & Light Company, Lower Colorado River Authority, MidAmerican Energy Company, Minnesota Power, Nebraska Public Power District, Omaha Public Power District, Texas Municipal Power Agency, Western Fuels Association, Inc., and Wisconsin Public Service Corporation.

that the Board uses the costed waybill sample to calculate the output index and that the costed waybill sample is generally not available to shippers. WCTL is thus not in a position to replicate or verify the Board's calculations. WCTL notes that total Class I revenue ton-miles increased by 1.64% in 2013.

WCTL believes that at least BNSF could have moved additional volumes in 2013, and also achieved a higher level of productivity, had it made appropriate investments on a timely basis and otherwise been better prepared to meet its service commitments. BNSF accounts for a substantial portion of the railroad throughput, approximately 38.8% of total Class I revenue ton-miles in 2013. It follows that if BNSF had been more productive in 2013, the industry would have achieved a higher overall level of productivity.

WCTL further believes that BNSF and the other Class I railroads could have also moved additional traffic volumes in 2013 if the railroads had been willing to offer lower, albeit still profitable, rates. The paltry productivity growth (0.4%) achieved by the railroad industry in 2013 is not an apt estimate of the growth that might have been achieved by a least-cost, most-efficient carrier or by a more competitive industry.

BNSF, UP, CSX, and NS all achieved record profits in 2013. It should be apparent that the primary driver of their success was not their increases in productivity (0.4% overall increase, as compared to a 1% geometric average for 2008-2012) or output (2.2% increase in 2013, as offset by a 1.8% increase in input). Instead, the primary

source for the increase in profits could have only been increases in their rates. The railroads achieved their success through price increases that exceeded the increase in their costs. Such price increases in excess of cost increases are inconsistent with the operation of a competitive market.

Respectfully submitted,

WESTERN COAL TRAFFIC LEAGUE

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Certificate of Service

I hereby certify that today, February 25, 2015, copies of the foregoing Comments of the Western Coal Traffic League have been served on all parties of record in this proceeding by first class mail, postage prepaid, in accordance with the Board's Rules of Practice.

/s/ Robert D. Rosenberg