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March 2, 2015

237842

Ms. Cynthia Brown  
Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, SW  
Washington, DC 20423-0001

ENTERED  
Office of Proceedings  
March 2, 2015  
Part of  
Public Record

**Re: STB Ex Parte No. 724 (Sub-No. 4), United States Rail Service Issues—Performance Data Reporting**

Dear Ms. Brown:

Enclosed for electronic filing in the above captioned proceeding is the Opening Comments of BNSF in response to the Board's Order of December 30, 2014. Thank you for your attention to this matter.

Sincerely,



Jill K. Mulligan

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

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**STB EX PARTE NO. 724 (Sub-No. 4)**

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**UNITED STATES RAIL SERVICE ISSUES—PERFORMANCE DATA REPORTING**

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**OPENING COMMENTS OF  
BNSF RAILWAY COMPANY**

In a Notice issued on December 30, 2014, the Surface Transportation Board (“STB” or the “Board”) initiated this sub-proceeding to receive comments on proposed regulations requiring permanent reporting by Class I railroads of certain service-related data on a weekly basis and certain infrastructure data on a quarterly basis. The proposed regulations specifically require ongoing reporting of: (i) nine different categories of data relating to network service performance to be provided by each Class I railroad on a weekly basis; (ii) three additional categories of data relating to service within the Chicago area to be filed by the Class I members of the Chicago Transportation Coordination Office (“CTCO”) on a weekly basis; (iii) written notice upon any change in operating alert status within the Chicago terminal to be provided within one business day of such change by the CTCO; and (iv) detailed information regarding ongoing major rail infrastructure projects to be provided by each Class I railroad on a quarterly basis. BNSF Railway (“BNSF”) joins in the Opening Comments being filed by the Association of American Railroads (“AAR”), and submits these additional comments in order to provide BNSF-specific context to points raised in the AAR filing, and to raise concerns BNSF has with regards to the December 30, 2014 Notice.

BNSF believes that our regular interactions with our customers, along with the circumstance-driven communications plan BNSF implemented in light of our service challenges has worked well to provide customers, the agency, and other constituents with meaningful information responsive to evolving conditions. BNSF understands the importance of communicating with our customers frequently and with transparency, as well as providing insights in terms of how the BNSF network is performing and how their individual shipments are moving across it. To that end, BNSF makes a significant amount of data, reporting and other communications available to our customers. As a supplement to regular interactions with BNSF marketing, operating and customer service team members, all BNSF customers have access to online shipping tools that allow shippers to manage and trace individual shipments on BNSF. Through these tools, customers can determine the current location of shipments en route, including current estimated times for departure and for arrival at destination or interchange. They can view service days and cutoff times by individual origin or destination, and order and release equipment. Customers can access a significant amount of additional information in real-time through the tool, or set up regular reports that can be tailored by commodity or by key gateways, at a frequency of their choosing. BNSF customers can also link through the tools to BNSF's frequent service advisories providing real-time commodity and/or geography specific reports on network performance and evolving network conditions, including temporary disruptions and maintenance of way activity, and customer letters covering market developments, product and service offerings, infrastructure investment and network performance topics—all of which are also publically available on BNSF's website.

The Board has understandably been focused on transparency during the recent service challenges. BNSF's own approach to our customers since the start of our service issues has been

to provide meaningful, real-time information about our network and impacts to their specific shipments. As a supplement to the many existing online information options available through our customer tools and ongoing, regular communications between customers and BNSF marketing and operating teams, in 2014 BNSF created a Service Overview webpage (<http://www.bnsf.com/customers/service-page/index.html>). This public webpage collects our ongoing service-related communications in one place for easy access by our customers and other members of the public. The Service Overview page contains a number of resources capturing and, in a few cases, supplementing, our ongoing communications to our customers, including service advisories ranging from weekly overviews of network conditions to real-time commodity and/or geography specific reports on temporary disruptions, weekly maps of maintenance of way activity, customer letters covering timely service topics like winter preparedness, copies of BNSF external presentations on service, and detailed overviews and periodic progress updates on BNSF's annual capital plans.

BNSF has also been closely engaged with the Board and its staff in addressing issues around our service challenges. Communications in 2014 were tailored to the then existing circumstances and evolved over time as circumstances evolved. These communications included briefing Board members and staff in meetings and through the formal hearings; providing several series of service reports responsive to evolving conditions (e.g., voluntary biweekly reporting on service metrics and hiring, equipment and infrastructure initiatives); weekly conference calls between the Board's Office of Public Assistance, Government Affairs and Compliance ("OPAGAC") and key BNSF operating and marketing personnel to report on network performance at a system level, by business unit, on impacted corridors, and in many cases, on circumstances impacting individual shippers; and numerous informal communications

addressing concerns raised by individual shippers. These activities have demonstrated the accessibility and responsiveness of the Board and staff to the shipper community. BNSF also provided meaningful information around our commodity-specific initiatives in response to Board orders covering fertilizer, grain and coal shipments. Notably, BNSF communications to the Board in 2014 were built on and reflected the way we engage with our customers every day and share information about our performance with them, and our customer communications in turn are a reflection of the way we communicate around service challenges and opportunities across the company. As a result, we have largely been able to avoid inconsistent and confusing communications.

BNSF does not perceive an information gap in terms of our customers' or the agency's access to information about service on our network. BNSF has received positive feedback around our willingness and ability to provide real insights into conditions on our network and our recovery efforts to our customers and to our regulators. We join the AAR in asking that the Board reconsider its proposed regulations codifying the current weekly reporting and instead maintain its existing practice of tailoring Board service actions, including supplemental reporting, to evolving conditions.

Should the Board pursue permanent reporting, BNSF also offers the following comments related to specific components of the Board's December 30, 2014 Notice.

**BNSF is concerned by pressures the Board faces to add granularity to existing reporting.** At various points throughout 2014, the Board has received informal and formal requests for more specialized reporting of service data, including corridor-specific and additional commodity-specific metrics. BNSF remains concerned that requests from trade associations and other shipper groups are mistaken attempts to skew service in their favor at the expense of

shippers of other commodities. As detailed above, BNSF shippers already have access to significant information about network volumes and velocity, as well as robust information about their specific shipments on BNSF. Requiring BNSF to provide additional cuts of data at the individual commodity level or specific geographic sub-levels on a regular basis would be burdensome and counterproductive to BNSF's efforts to address the flow issues affecting our network as a whole. Reporting can consume critical resources without significant commensurate benefit. It should be noted that additional layers of public reporting, while distracting, will not change how BNSF responds to service situations when they arise. BNSF's operating teams manage our traffic flows to maximize velocity across our entire network, and, in instances where we have service disruptions, will escalate critical customer situations and identify effective and appropriate responsive measures in the same manner, regardless of commodity (or publically reported information about a commodity).

**The STB's proposed modifications to Request Nos. 5 and 6 do not alleviate the concerns BNSF has previously raised with regard to these requests.** The temporary reporting currently being performed by Class I railroads includes: (i) the number of trains held short of the destination or interchange for six or more hours each week, sorted by train type (intermodal, grain unit, coal unit, automotive unit, crude oil unit, ethanol unit, other unit, and all other) and by cause (Request No. 5); and (ii) the weekly total number of loaded and of empty cars in revenue service that have not moved in (a) more than 120 hours; and (b) more than 48 hours but less than or equal to 120 hours, sorted by car type (intermodal, grain, coal, crude oil, automotive, ethanol, and all other) (Request No.6). In its December 30, 2014 proposal, the Board has retained both of these data reports, but has clarified that, in providing data responsive to Request No. 5, parties are no longer permitted to use a snapshot approach and instead must record and report every

instance during a week in which empty or loaded trains are held short of interchange or destination for at least six hours.

As explained in prior weekly submissions, with regards to Request No. 5, BNSF data does not allow for isolation of delay incurred “short of destination or scheduled interchange” and any response to Request No. 5 will include trains—both loaded and empty—that hit the report at any point on our network. As a result, BNSF’s current report overstates the number of delayed trains; that overstatement would be compounded by the new requirement in the Board’s proposal that parties no longer use a snapshot approach to present data responsive to Request No. 5. Adding additional imprecision, BNSF causation flags around train delays are applied manually by dispatchers and other operating personnel based on information available to them and, while delay on a single train can be the result of several causes, the dispatcher may not be fully aware of all contributing causes and, in any event, manually selects only a single cause code. There are also a large number of shipments in a given week that do not have flags, and BNSF currently performs an allocation of those unflagged events based on the overall cause trends in its weekly reporting.

As noted above, the Board’s proposal requires that the railroads no longer use a snapshot approach in responding to Request No. 5 and instead identify every instance during a week in which empty or loaded trains sit for at least 6 hours. The data source that BNSF currently uses to generate data responsive to Request No. 5 does not have this functionality and BNSF is exploring an alternative data source that, with programming, could be used to present data around instances of delay in the requested format. However, that source does not currently contain robust information around causes for delay. BNSF estimates that it would take well over 80 hours to perform the initial core programming that would allow manual entry consistent with

the reason categories provided by the Board, but would also require creating new data capturing practices and processes in the field around the manual flagging on individual shipments in order to populate the data fields.

In addition to these data limitations, BNSF is concerned that the train delay and car delay reports required by Requests No. 5 and 6 create confusion without providing meaningful supplemental information that is not covered by other reported data. As BNSF has discussed in prior submissions, just because a train has been held at a point on the BNSF network for more than the defined period does not mean that the shipment will not be delivered in a timely manner or even within the initial service plan. Indeed, many cars or trains are held in terminals and other locations on our network as part of the service design for the movement (e.g., deliveries to facilities with prescribed delivery windows) for the convenience of a shipper (e.g., spacing to allow unloading of coal trains at a utility) or for the receiver (e.g., shortlines serving facilities on branch lines in non-daily service). For example, it might be part of the service plan and a benefit to the customer to hold individual cars for consolidation into block shipments with a common destination, such as cars consolidated and/or held for marine vessel with a prescribed loading window at a rail-served port. In addition, a potentially significant numbers of delays not linked to BNSF's own service performance will be captured as BNSF delays in the data reported in Requests No. 5 and 6, such as issues within a receiver's facilities or on a connecting carrier's line.

In addition, Request No. 6 seeks data regarding the hold times on loaded and empty cars generally, and will capture cars moving as singles in manifest service as well as cars that are moving in a unit train. We continue to experience public confusion regarding differences in the number of cars identified as holding for more than 48 hours and more than 120 hours for

different commodity categories, which can be driven by the ratio of unit train and single car service in the commodity fleet rather than service disruptions or other performance issues. For example, the BNSF grain fleet has around half the cars deployed in shuttle, or unit train, service with the rest in manifest service. By comparison, the vast majority of crude and coal carloads move in unit trains. Unit trains are built for speed and efficiency, regardless of the commodity involved, with a continuous cycle between a single origin and destination. Alternatively, manifest service will always have more holding time as cars move across the network into multiple yards along the route to be switched in and out of trains, and ultimately delivered by a local train. Given the large number of single cars made available for grain deliveries, there will always be a higher number of overall cars hitting this holding report for commodities with high single-car volumes like grain when compared to commodities that travel almost exclusively in unit trains. The Board's proposed modifications to Request Nos. 5 and 6 would not alleviate the complexity and confusion we have experienced around these reporting categories.

Finally, much of the information that Request Nos. 5 and 6 seek to present is captured in other reporting. Current Request No. 1 (weekly system average train speed) mirrors existing reporting provided by the Class Is through the AAR and provides a meaningful snapshot of how trains for different commodities are moving across the BNSF network. Current Request No. 2 (weekly average terminal dwell time) also mirrors existing AAR reporting and identifies the average hours that cars spend in terminal facilities. Both Request Nos. 1 and 2 are included in the Board's December 30 proposal for permanent reporting. These train speed and dwell figures will reflect delay times experienced by shipments along the route during the reporting week. Given the data limitations, complexities and confusion BNSF has experienced around Requests

No. 5 and 6 and the availability of more informative metrics, we respectfully request that these items be discontinued if the Board pursues permanent reporting.

**BNSF asks that the Board maintain the current reporting week but allow carriers to submit reports on or before Friday of the following week.** The Board's December 30 proposal maintains the same 7-day reporting period (ending at midnight Saturday) as the temporary weekly reports being provided by the Class I railroads, but would require that the report be submitted on Tuesday of the following week, a day earlier than the current reporting. Filing a day earlier is not currently feasible for BNSF as a key category of data—train speed—is not available until Wednesday morning. When the data is available, members of BNSF's finance team generate the STB report covering this train speed data and provide the report and back up materials to the external reporting group to perform their tie-back review before the full STB package is finalized and filed on Wednesday afternoon. Even if all data sets were available and reports could be created and tied out by Tuesday afternoon, BNSF has existing, internal restatement processes specific to individual data sources independent from the STB's weekly report requirements. For example, with regards to train velocity figures that we use in internal reports or include in our customer discussions, our processes allow for a five-day restatement period, during which data that may have come in late from a field location or corrections (e.g., field personnel reviewing the data and correcting miscoding and other minor issues) can be incorporated into a "final" numbers. The verification cycles vary by data set and can span several days; while they rarely result in material changes in data, the restatement process provides a high level of confidence in the data used in internal discussions and our customer communications. A Tuesday or Wednesday deadline means that for some categories of data covered by the Board's proposal, that verification process is ongoing. For these reasons, BNSF

asks that the Board consider extending the filing deadline to allow reporting as late as Friday afternoon.

**BNSF agrees with the concerns expressed in the AAR comments around the Board's proposed definition of unit trains.** In its December 30 proposal, the Board has included a unit train definition of "50 or more railcars of the same or similar type, carrying a single commodity in bulk." This approach raises several concerns. BNSF systems do not currently have the ability to sort cars between unit and non-unit basis on the Board's proposed specifications. In performing current reporting, BNSF identifies unit trains by specific train symbols that are reflective of the various service offerings available to our customers. BNSF's customers understand those designations and communicate with us using those same conventions. Because we use these conventions in all our communications, reports, rules books and etools with our customers, there would be a marked disconnect between how the railroad and our customers talk about unit train offerings and measure service around those shipments, and the Board's unit train service metrics. This departure would create confusion among our customers and disconnect future STB service reporting from many years of public reporting through the AAR that is currently relied on by the railroad, shipper and the financial communities. BNSF echoes the AAR's request that Board allow carriers to continue to submit data on unit trains using train symbols.

**The AAR proposal of narrative reports to the Board on capital projects for the year will provide more meaningful information and will avoid the significant complexities of the Board's December 30<sup>th</sup> proposal.** The Board's proposal includes a requirement that Class Is submit a quarterly report identifying "all work-in-progress, major rail infrastructure projects, including location by State, planned completion date for each project, percentage complete for

each project at the time of reporting, and project description and purpose.” BNSF continues to review our ability to comply, but has identified several ambiguities or complexities that the Board may not be aware of in proposing routinized quarterly reporting:

- Qualifying Projects: The Board’s proposal defines “rail infrastructure projects” as including network capacity expansion or enhancement projects and excluding maintenance-of-way projects. The Board appears interested in projects that involve expansion of BNSF’s line capacity, and has appropriately excluded maintenance of way expenditures. However, the Board should clarify that it would not require reporting on certain additional types of projects: (i) customer specific projects or long term strategic projects (e.g., land acquisitions), as disclosures there may violate confidentiality obligations or raise significant competitive concerns.; (ii) PTC related projects; or (iii) reimbursable projects as BNSF may not be in a position to provide the information required by the Board’s proposed rules.
- Project Purpose: The Board’s proposal would require a quarterly description of each qualifying project and a statement of project purpose. With regards to purpose, in most instances, BNSF’s projects are not tied to service for particular markets or commodity groups and instead are aimed at expansion of line capacity (sometimes covering a number of states) to supplement track capacity and improve flow for a broad range of users. The Board should clarify that such descriptions would be appropriate.
- Percentage Complete: The Board’s proposal requires the reporting carrier to report each quarter on the percentage complete for each qualifying project. BNSF continues to explore options for providing a meaningful and objective percentage complete figure across all projects, and is currently focusing on percent spend figures as the best option

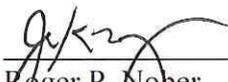
for consistently calculating percent completed. However, because materials and engineering represent a major component of project costs and are largely incurred prior to the start of construction, 40-50% of the budget can be spent before ground is broken on the project (the point at which the project would need to be disclosed under the Board's proposal). Additionally, because contractor payments can lag behind project completion, a project can be placed in active service but still show less than 100% complete from a billing perspective.

- Planned Completion Date: The Board's proposal also requires identification of a planned completion date for each project. While BNSF may start the year, or even start a large project, with an initial plan around project components and completion dates, 2014 demonstrated how fluid those plans can be. As the year progressed, BNSF pulled certain projects forward and pushed other projects back in response to evolving network conditions and traffic flow patterns. Overall projects may have been maintained but individual components within the project may have been added or pushed into future periods. As a result, estimated completion dates and percentages complete can be moving targets. Such fluidity, especially as it relates to components of projects, cannot be accounted for in a spreadsheet report. BNSF is also concerned that presentation of this information in the rigid format requested by the Board will have the unintended consequence of stifling the flexibility that allows BNSF to pursue appropriate implementation against annual capital expansion plans.

For all these reasons, BNSF agrees with AAR proposal that the railroads instead file a narrative overview of their annual capital expansion plan at the start of each year, and provide a follow-on narrative overview of the activities that have taken place throughout the year. The proposal has

the benefit of avoiding the pitfalls of the proposed rule and will provide the Board with more meaningful information about our annual plan and our execution of that plan. Such an approach would also correspond to the manner in which BNSF already talks to our customers and our impacted communities about projects that we are undertaking to maintain and expand our network.

Respectfully submitted,



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March 2, 2015