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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Ex Parte No. 724 (Sub-No. 4)

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

**REPLY COMMENTS OF
HIGHROAD CONSULTING, LTD.**

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June 28, 2016

Highroad Consulting, Ltd. is a transportation and logistics consulting firm formed in 1996. Our work covers all modes of surface transportation; however, more than 70% of Highroad's projects involve rail. Highroad's interest in this proceeding is to represent the interests of rail shippers including Highroad's clients that were impacted by the service disruption in the winter of 2013/2014.

As presented in our filing dated May 31, 2016, we support the new rules proposed in the Supplemental Notice of Proposed Rulemaking, dated April 29, 2016, and we appreciate the opportunity to respond to opening comments filed by other interested parties.

Comments submitted herein will focus on three important issues:

1. The importance of continued reporting and standardized reporting.
2. The unwillingness or reluctance of some carriers to report, and a concern that the Board may entertain granting waiver requests.
3. The need for car order fulfillment metrics.

I. HIGHROAD ENCOURAGES THE BOARD TO CONFIRM RULES FOR STANDARDIZED REPORTING

USDOT's most recent forecast is freight volumes will increase 40 percent by the year 2045. For this reason, along with the increasing shortage of truck drivers, CSA and other regulatory changes, DOT is forecasting that 90% of the projected growth will move on rail.

The modal shift has already started as industries become aware of the opportunities that exist if they integrate rail into their logistics strategies. Highroad has recently performed several mode conversion projects for major manufacturers, and we are currently working with economic development organizations to perform market assessments and to identify service requirements of industries in their regions

so we can link those industries that are not currently on rail to multi-modal freight transfer centers which include rail-served transloads and warehouse distribution terminals. The point of this story is there is no status quo; the transportation industry continues to be dynamic, capacity in the transportation network will change, requiring shippers and carriers to plan for and to manage change.

In the opening comments filed by AAR on May 31, AAR stated rail service has improved because the Class I railroads have invested in their infrastructure while aggressively hiring and training new employees.¹ Recently, however, the railroads have furloughed employees, offered buyouts to older employees, stored locomotives and downgraded service in some areas in response to the economic downturn.² We understand the need for the railroads to adjust employment and service levels to current service needs, but we also know there is a transition period between the time volumes ramp up and people are back to work, and service is restored. It is not a perfect world and it never will be, which is the reason the shippers and stakeholders need the performance metrics for planning.

While some minor changes to the proposed rules may be required it seems for the most part that the railroads view the proposed rules in a positive light. CSX stated they can comply and labeled the Board's requirements as, "..... a tremendous improvement...."³ While the AAR continues to question the value of some of the

¹ EP 724 (Sub-No. 4), Comments of Association of American Railroads, pp 3 – 4.

² "BNSF Furloughs 4600 Employees", Max Baker Star Telegram, 3/31/16; "NS Shedding Miles of Track", Daniel Moore, Pittsburgh Post-Gazette, 2/16/16e; " Railroad Workers Lose Jobs", The Mountain Pact, 2/25/16

³ EP 724 (Sub-No 4), Comments of CSX Transportation, Inc., May 31, 2016, pp. 2 – 3.

metrics, AAR also submitted the use of transparent fact-finding stakeholder meetings has led to a more informed rule proposal.⁴

Of concern, however, are Canadian Pacific's resistance to some of the proposed rules, including permanent weekly granular reporting of commodity specific information.⁵ Also, BNSF Railway contends they cannot meet the new reporting requirements for car order fulfillment levels contained in Request No. 12.⁶

While we agree that it is important to establish rules for quality reporting of meaningful data so the Board and shippers will have a clear picture of the railroads' service performance, we are not convinced that the railroads cannot comply with proposed rules, and that the reporting metrics will be burdensome for the rail carriers.

Shippers and stakeholders use this data to monitor the railroads' service levels. The data is used for planning. Based on the performance metrics, along with information received from their suppliers, shippers and stakeholders are able to make informed decisions so they can make adjustments to scheduling rail orders. Some stakeholders use the data heavily to better understand the fluidity in the market so they can forecast equipment turn times.

The value proposition the Surface Transportation Board is proposing in this proceeding is quality, standardized reporting. When a carrier does not comply with the reporting standards, it is impossible for shippers to interpret what is behind the data. For example, shown below is an example of a report which caused shippers

⁴ EP 724 (Sub-No4), Comments of the Association of American Railroads, p. 2.

⁵ STB Docket No. EP 724-4, Comments of Canadian Pacific, p. 1.

⁶ STB Ex Parte No. 724 (Sub-No. 4), Comments of BNSF Railway, pp. 6 – 7.

to question what was behind Canadian Pacific's data (note the difference in dwell times).

PERFORMANCE METRICS

		AVERAGE TRAIN SPEED (mph)						
		BNSF	CN	CP	CSX	KCS	NS	UP
Intermodal	10/31/14	30.2	30.3	24.8	26.4	29.7	24.2	30.0
	10/24/14	30.7	30.1	24.9	25.4	28.6	23.9	29.8
	4Q '13	31.1	29.4	24.5	29.1	31.9	29.1	31.8
Manifest	10/31/14	19.3	25.7	16.7	18.6	27.4	17.6	20.8
	10/24/14	18.8	25.5	16.6	18.1	26.6	18.2	20.9
	4Q '13	18.8	24.9	15.2	21.4	26.6	22.9	22.9
All Trains	10/31/14	21.3	26.9	20.0	20.1	27.0	19.1	23.7
	10/24/14	21.2	26.7	19.8	19.2	26.6	19.5	23.5
	4Q '13	21.2	26.1	18.5	22.9	27.8	23.8	25.8
		AVERAGE TRAIN DWELL TIME (HOURS)						
		BNSF	CN	CP	CSX	KCS	NS	UP
Dwell Time (hours)	10/31/14	28.4	15.6	7.6	25.6	22.1	30.0	29.4
	10/24/14	29.2	15.4	7.3	26.0	22.3	30.5	28.7
	4Q '13	28.5	16.1	8.1	23.1	21.9	21.7	28.0

It is important that the data be transparent. Reporting should be standardized and there should not be room for exceptions or waivers.

II. NEW REQUEST No. 12, CAR FULFILLMENT RATES BY MAJOR CAR TYPE.

Our remaining comments will focus on New Request No. 12 which would require the Class I railroads to report their weekly car order fulfillment rates by major car type, and the percentage of cars due to be placed vs. actually or constructively placed. The proposed rule addresses our request for additional metrics (percent of car orders filled and percent of cars placed vs. percent of cars ordered in) as

presented in the meeting with STB staff, Summary Exhibit 1 at 13. However, some consideration must be given to the fact that some railroads expire car orders at the end of each week. As a result, shippers are required to re-file their car orders but more important, for those railroads the backlog of orders will be understated.

New Request No. 12 would require the Class I railroads to report their weekly car order fulfillment rates by major car type. Car types to be reported are for railroad owned or leased open hoppers, covered hoppers, gondolas, auto racks, center-beam, box cars, flat cars, and tank cars.⁷ (Underscore for emphasis)

Union Pacific Railroad (UP) commented that autoracks are in a pool that is administered by TTX, and since customers and Union Pacific do not control the distribution of autoracks, UP would not be able to report a car order fulfillment number as proposed.⁸

UP is correct when they state TTX cars are administered by TTX; however, that does not necessarily remove the railroads from the responsibility to furnish cars for loading on a timely basis since TTX simply fills car orders submitted by the railroads. Our comments here will focus on TTX general merchandise flat cars.

After one of our clients experienced difficulty getting flat cars for loading of heavy construction machinery, we met with TTX officials who told us cars were available but the Class I railroad that serves that plant has a pool of TTX cars that they distribute to their customers; if additional cars are needed, that request to TTX has to come from the railroad. This customer's shipments are time sensitive, yet the

⁷ Surface Transportation Board Decision 45087, EP __724__4, April 29, 2016, p 15.

⁸ STB Ex Parte No. 724 (Sub-No. 4), Opening Comments of Union Pacific Railroad Company, May 31, 2016, pp 6-7.

railroad failed to furnish cars for more than three weeks. For this reason, it is our position that TTX cars should not be excluded from reporting.

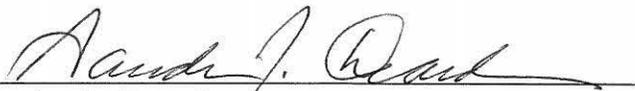
UP also took exception to reporting for private cars, including tank cars. However, we view this as a moot point, since the proposed rule applies on railroad owned or leased cars.

III. CONCLUSION

Highroad Consulting, Ltd. encourages the Board to adopt the proposed rules. We believe the data will achieve the Board's objectives for quality service reporting and the reporting standards will instill integrity in the data so shippers and stakeholders will have a reliable resource for performance metrics to use for strategic planning.

Respectfully submitted,

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