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BEFORE THE

SURFACE TRANSPORTATION BOARD

DOCKET NO. EX PARTE 724 (Sub. No. 4)

UNITED STATES RAIL SERVICE ISSUES – DATA COLLECTION

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

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December 23, 2015

On November 9, 2015, the Board announced it would waive its ex parte prohibitions in this proceeding for the limited purpose of permitting parties to have discussions with Board staff so the agency could develop a more complete record with regard to technical issues and to move this proceeding forward in an expeditious manner. We commend the Board for reaching out to the stakeholders and we appreciated the opportunity to participate in this process and to represent the interests of our clients.

The summary of the meeting with Highroad Consulting, Ltd. on November 30 was very well written; however as set forth in our Power Point presentation, we believe it is important to emphasize the need for standardized and regulated reporting. We agree that some railroads' websites include quality customer service information. Union Pacific Railroad (UPRR) submits customers can monitor service performance and cycle times for each origin, destination and commodity through their website and that is good information, but shippers also need additional metrics since systemic problems impact on local operations.

Some of the railroads expressed concern that shippers may be using the data to compare railroads' performance. Without question the primary use of the performance metrics is to track developing trends for each railroad's individual performance over time. However, outliers can become evident when comparing data, such as Canadian Pacific Railway (CP) dwell times shown on slide 7 of our Power Point presentation. When that occurs, shippers know to ask questions so they can gain an understanding of how to interpret the data. Consistent, standardized reporting enhances transparency and, if regulated, should ensure quality reporting.

UPRR expressed concern that it is possible for the railroads to manipulate their individual data, which supports Highroad's position that reporting of performance metrics should be regulated. CP contends each railroad is different and CSX Transportation, Inc. (CSX) objected to uniformity of measurements across railroads (CSX also asked the Board to consider voluntary reporting). It seems reasonable to expect that the railroads, under the umbrella of the Association of American Railroads, should be able to establish consistent methodology for the performance metrics; if there is no consistency, then transparency will be diminished or eliminated.

One of the topics covered in several meetings was how to define "*unit trains*". This is a valid question. During my tenure at Chicago & North Western (C&NW), more than 50% of shipments for the Ag Commodities strategic business unit moved in unit train service. Railroads promote unit trains, but based on my experience, right-sizing unit trains and the need to develop a good understanding of what constitutes a *unit train* are key points to consider.

The minimum train size for various commodities can vary (examples are 25 cars, 40 cars, 50 cars, 70 cars, 100 cars, 110 cars). Yet, at C&NW we determined there was no cost benefit to dedicate engines and crews for trains less than 69 cars. Also, there were instances where bigger was not necessarily better. In one corridor, C&NW was required to split trains to bypass a problematic grade so the ideal train size was limited to 92 cars. The addition of a 93rd car required another locomotive which increased the cost per unit for the entire train.

Also, it seems reasonable to expect lower rates for unit train vs. single car shipments, but in some cases the carriers' costs for unit trains increase, for example,

if the railroad is required to dedicate engines and crews to return the empty train set as a unit vs. returning the cars in manifest train service. While these examples may appear anecdotal, it does demonstrate the complexity of unit train operations.

It is important to note for this proceeding, while a common term in tariffs and contracts, *unit trains* can be a misnomer as some of the smaller trains are actually handled in manifest train service. Perhaps a better definition/classification to identify those shipments that actually move in unit train service, would be "Dedicated Train Service".

Finally, we request the Board to consider establishing additional metrics as summarized on slide 13 of Highroad's Power Point presentation:

- A. Percent of Car Orders Filled – This would be very meaningful information, especially when tracked over time. It will help customers that rely on cars furnished by the railroads to know when capacity is tightening up. Also, it has been our experience that some railroads track this information so this should not be burdensome for the railroads.
- B. Percent of Cars Placed vs. Percent of Cars Ordered In – This would also be meaningful when tracked over time. However, the data may be more useful if reported regionally.
- C. Number of Missed Switches – This has been a developing problem for several clients, some that contacted Highroad after their plants had not received a switch for more than three weeks. Whether this is reported system-wide or regionally, is an additional consideration.

In summary, we encourage the Board to continue the monitoring of performance metrics and to mandate and regulate standardized reporting. Consistent reporting will ensure the quality of the data and transparency will be confirmed.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read "Sandra J. Dearden". The signature is fluid and cursive, with a large initial 'S' and 'D'.

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DATE: December 23, 2015