

SURFACE TRANSPORTATION BOARD

Docket No. EP 724 (Sub-No. 4)

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UNITED STATES RAIL SERVICE ISSUES—PERFORMANCE DATA REPORTING

Summary of Ex Parte Meeting between Highroad Consulting, Ltd. (HRC) and
Surface Transportation Board (STB) StaffHeld November 30, 2015 11:00 AM – 11:36 AM

HRC Attendees: Sandra Dearden, Donald McKay, Joseph Grantner, Josh Bogue

STB Attendees: Michael Higgins, Stephanie Lyons, Ronald Molteni, Lisa Novins, Nderim Rudi

HRC's presentation followed the attached power point slides. (Ex. 1.) At the conclusion of the presentation, STB Staff asked several follow-up questions.

First, STB Staff asked whether one of HRC's proposed additional metrics, "percent of car orders filled," should be specific to certain traffic groups, or a system-wide average. HRC responded that, while one collective number would be better than no data, commodity-specific data would be the most beneficial. HRC noted that it did not want to propose metrics that would be unreasonable for the railroads to report.

STB Staff addressed another of HRC's proposed metrics, "number of missed switches," and asked whether the railroads currently track their missed switches. HRC responded that, to its knowledge, the railroads probably do not track missed switches, but suggested that the railroads should track this information. HRC recognized that tracking that data on a regional basis, rather than on an aggregate level, would likely be more helpful.

STB Staff then addressed HRC's proposed metric, "percent of cars placed versus percent of cars ordered in," and asked where a short line railroad services the "last mile" of the move, or performs the final switch, is there a reporting challenge because the Class I railroad is not the final carrier? HRC responded that the Class I railroads should only be responsible for reporting metrics for the traffic they place.

STB Staff next asked HRC to elaborate on the concept that right-sizing car fleets will preclude excess cars from clogging the network (as set out on HRC's slide "Shipper & Carrier Benefits"). (Ex. 1.) Specifically, STB Staff asked how that data could be used by a shipper to manage the size of its car fleet. HRC referred to a productivity tool used by a consulting firm it works with, in which data is put into a model, and used to predict turn times based on equipment type. STB Staff asked whether HRC's clients are using the service performance data to make planning decisions. HRC responded affirmatively, and indicated that following the service lapses during 2013-14, HRC developed a disaster planning tool to assist at least one client with planning. HRC explained that, several years ago, it also performed a fleet optimization study for a client, which helped identify choke points and was valuable to both the shipper and the railroad. HRC

commented that finding out more about the productivity model developed by the aforementioned consultant would be helpful in this regard, going forward.

STB Staff inquired whether HRC utilized data available on Class I carriers' websites and in public presentations, such as on-time arrival, on-time departure, and trip performance plans. HRC responded that it does use that data, but believes some of that data is unreliable because it is not regulated. HRC further commented that the data reported to the Board would be more helpful if it was standardized across railroads.

One HRC participant noted that, in a prior position working for a railroad, she regularly participated in daily performance calls. STB Staff asked whether the metrics reported in those calls were different than what the Board currently proposed to collect. She responded that the metrics were similar, and pointed out that cars online were also regularly measured. HRC noted that if cars online increased at the same time business increased, it was clear there was a correlation. If, however, cars online increased for no apparent reason, that could indicate a system-wide problem and signify a choke point.

STB Staff asked whether HRC used other metrics from the October 2014 interim data order in Docket No. EP 724 (Sub-No. 3), such as trains held short of destination, trains held at interchange for six consecutive hours, or cars that have not moved in more than 120 hours. HRC responded affirmatively, explaining that this data helped to identify which railroads may be developing a problem and that it assists HRC with its daily management of rail shipments.

In closing, HRC emphasized that, while it discussed a model used by one consultant, many of its clients are concerned about the data collection. Approximately 30 shippers told HRC they utilize the data and do not want to see the reporting requirements eliminated. HRC again stated that it did not want to propose metrics that are unreasonable for the railroads to report. HRC believed that the metrics being reported are valuable and accurate, and that there could be a benefit for shippers and railroads alike.



STB Ex Parte 724 (Sub No. 4) United States Rail Service Issues

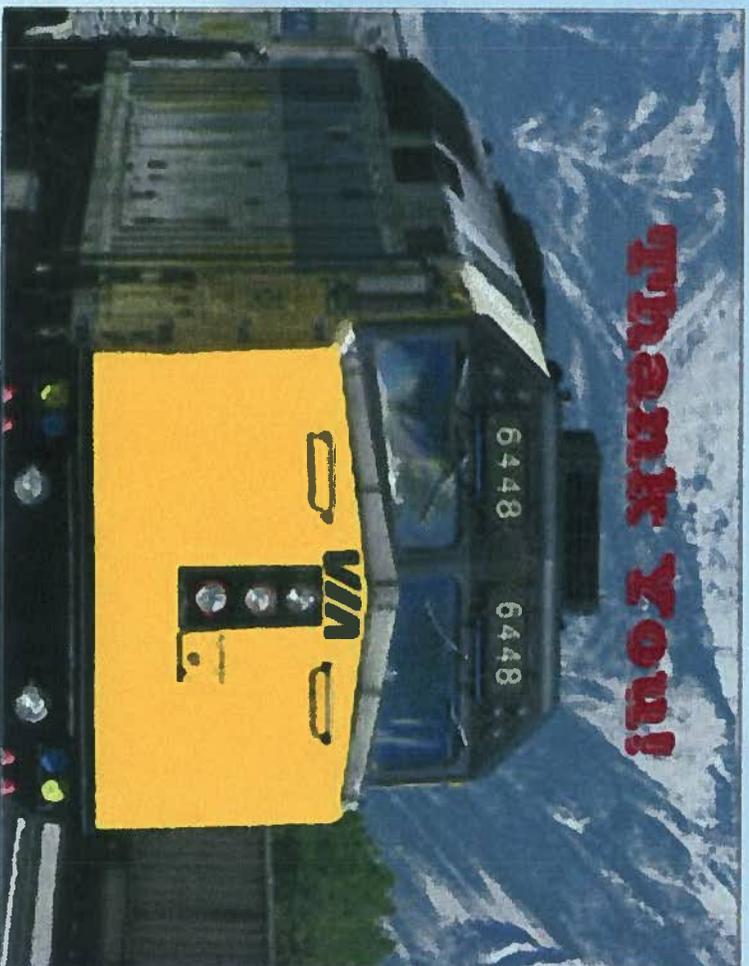
Prepared for
Michael Higgins and STB Staff



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First things first!





Agenda

1. There is a need for standardized and regulated reporting.
2. We will address some comments presented by the railroads.
3. We will share our experience working with AAR performance metrics; how Highroad and other shippers/stakeholders use the data.
4. How the reporting benefits shippers and carriers.
5. Additional metrics to consider.

Some AAR Comments

- “Rules should not be adopted because they are over broad and may not be helpful in the long run.” **Shippers and carriers benefit from the data.**
- “Differences in reporting approaches were primarily due to disparate measurement and data-keeping systems.” **We agree, which is the reason the STB needs to regulate reporting.**
- “Reporting requirements impose costs on railroads.” **Poor service imposes costs on railroads and shippers.**
- “There is no basis for the Board to conclude the proposed regulations would substantially improve its ability to monitor the railroad industry.” **A misunderstanding of how shippers and other stakeholders use the data.**

Some Carrier Comments

- ✓ BNSF – “Information is available on their website, and regular interaction with their customers, along with circumstance driven communication plans have worked well.” **We agree, but shippers need standardized reporting for strategic planning.**
- ✓ CSX – “The Board’s approach in the October order has worked well and it did not impose an unreasonable burden on the carriers.”
- ✓ CSX – “Urges the STB to limit reporting to yard and terminal activity only.” **That would render the data meaningless.**
- ✓ CSX – “Measuring one carrier against another is not a goal. What matters is the trend on each carrier.” **Comparing the metrics helps shippers to understand the data. Shippers do analyze carrier specific trends.**

Question:

Is there a continuing need for the STB to regulate reporting?

STB reporting requirements to address service problems in the winter of 2013/2014 were valid, but how about now?

*Our response: a resounding **YES!***

The following slides will explain why the STB should continue to regulate reporting.



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			
Manifest	4Q '13	31.1	29.4	24.5	29.1	31.9	29.1	31.8			
	10/31/14	19.3	23.7	16.7	18.6	27.4	17.6	20.8			
All Trains	10/24/14	18.8	23.5	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	24.7			
	10/24/14	21.2	26.7	19.8	19.2	26.6	19.5	23.5			
All Trains	4Q '13	21.2	26.1	18.5	22.9	27.8	23.8	25.8			
	AVERAGE TRAIN DWELL TIME (HOURS)										
Dwell Time (hours)		BNSF	CN	CP	CSX	KCS	NS	UP			
	10/31/14	28.4	13.6	7.6	23.6	22.1	30.0	29.4			
Dwell Time (hours)	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			





AAR vs. Canadian Pacific Definitions TRAIN SPEED

AAR

The line haul movement between terminals. Total hrs. operated divided by train miles (less yard time; does not include passenger or MOW trains).

CP

The line haul movement from origin to destination (does not include passenger or MOW trains).

If they applied the AAR standards, train speeds would be on average 33% faster (variance 28% - 46%).



AAR vs. Canadian Pacific Definitions TERMINAL DWELL

AAR

The average time a car resides at terminal locations. Begins with the customer release, received interchange or train arrival and ends with actual or constructive placement, delivered or offered in interchange, or train departure. Run-through trains, stored cars, bad orders and MOW cars are excluded.

CP

The average time a car resides within terminal boundaries. Begins with customer release, received interchange or train arrival and ends with actual or constructive placement, delivered or offered in interchange, or train departure. Excludes stored, bad ordered and MOW cars.

If they applied AAR standards dwell times would be on avg. 130% greater (range +83% - +151%).



AAR Service Metrics

- CP started using new definitions on 9/1/2013 and calculated retroactively back to 2010.
- AAR expressed concern that shippers are comparing a railroad's performance vs. others.
- Our point of view –
 - USDOT is forecasting aggressive growth in rail volumes.
 - The STB data is used for planning, including resource planning for the future.

A Shipper Survey Revealed

- ❖ Shippers are using the data to monitor the railroads' service levels.
- ❖ Shippers use the data for planning. For example, based on the performance metrics and the information received from their suppliers, they adjust their rail orders accordingly.
- ❖ A noted industry analyst advised he uses the data heavily to better understand the fluidity in the market. They have a productivity model that:
 - Predicts turn times by equipment types;
 - Which leads to their measure of capacity utilization;
 - Is used to forecast freight costs.

It will be a huge blow to the industry if this data is discontinued!

Shipper & Carrier Benefits

Both shippers and carriers benefit from planning based on the STB data. A few examples:

- As freight volumes increase, infrastructure capacity will be challenged.
- Resource planning will be essential. Right-sizing rail car fleets will preclude excess cars clogging up the rail network.
- Advance planning for rail shipments will give shippers control to select modes, reducing the added costs of emergency trucking or plant shutdowns.

Additional Metrics to Consider

These additional metrics address some service failures:

1. Percent of car orders filled.
2. Percent of cars placed vs percent of cars ordered in
3. Number of missed switches

In summary:

Standardized and regulated reporting to the STB has developed into a valuable tool to help shippers to manage their business.

We encourage the Board to continue the reporting process and request consideration of these additional metrics.

Questions and Comments





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