

**PUBLIC VERSION**

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

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**STB DOCKET NO. EP 724 (Sub-No 4)**

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

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**OPENING COMMENTS AND EVIDENCE OF**

**TEXAS TRADING AND TRANSPORTATION SERVICES, LLC, DBA TTMS  
GROUP**

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**TEXAS TRADING AND TRANSPORTATION SERVICES, LLC, DBA TTMS  
GROUP, etal**

Pursuant to the announcement by the Surface Transportation Board (“STB” or “Board”) in its decision in Docket EP 724, Performance Data Reporting, served on December 30, 2014 (EP 724 Decision), the Texas Trading and Transportation Services, LLC, (“TTMS Group”) hereby submits its opening comments and evidence (“Opening”).

TTMS Group is a limited liability Company, established in the state of Texas in 2014 whose purpose is to provide fact-based information to producer groups about (a) price risk management (trading) (b) transportation and (c) marketing. As part of our transportation portfolio, we provide oversight for railroad rate pricing, practices and service. In addition, we carefully monitor STB procedures and oversight to evaluate whether these are reasonable and appropriate and that

unintended consequences do not result from otherwise good-intentioned regulation.

## **Opening Comments**

TTMS Group is interested in preserving the United States' comparative global transportation efficiency and cost advantage for agriculture, an important factor which makes us the envy of the world. Said advantage has been estimated to benefit the US grain producer between \$40 and \$60 per metric ton. Part of this advantage is the result of a largely free-market rail transportation environment which, en macro, adequately incents US railroads to consistently reinvest in agriculture transportation in spite of the difficult-to-forecast returns derived from an agricultural market which is inherently volatile. Historically, the railroads' relationship with their agriculture shippers has also been volatile. During times of high commodity prices and reasonable railroad service, contention has been minimal. However, during times of capacity rationing and declining commodity prices, when railroad service has not kept up with agriculture and other demand, calls for additional regulation have become more strident. Said regulation demand usually comes in the form of ill-considered rate caps which, in fact, reduces capacity thus reducing service performance. However, in this particular rulemaking, shippers are reasonably looking at the collection of key railroad performance data as a means to improve their own ability to plan and manage their logistics supply chains and increase accountability—both outcomes that should increase capacity and improve performance reliability.

TTMS Group understands that for the overall logistics supply chain to operate efficiently, shippers must have confidence in their rail transportation network and be able to plan for the inevitable cycles caused by misalignments between shipper demand and rail capacity. Effective planning allows shippers to be able to optimize their logistical needs and choose appropriate transportation alternatives to mitigate their costs. Therefore, it should be in the interests of all parties to provide meaningful data to maximize the efficient use of available transportation capacity. In addition, such data is inherently necessary for any appropriate and reasonable fact-based processes of mutual performance accountability to be developed.

## **Part I: Need for Timely, Transparent and Meaningful Railroad Performance Data**

1. The AAR already supplies to the public a weekly report of consolidated statistics segregated by geography and commodity. The data is used by knowledgeable shippers for planning their logistics and forecasting railroad performance. This report has the benefit of providing *uniform* performance data across all railroads, thereby providing an accurate means to compare inter and intra railroad performance. Currently, among other things, the report provides dwell information for key terminals and reports average train miles per hour. The downside to this report is that (a) any member can opt out of reporting, (b) average train miles per hour is not necessarily a meaningful statistic, especially when it reports data only for trains in motion. Therefore, while the report is a good model for how data should be reported, it is potentially incomplete and not necessarily relevant. On the other hand, and in addition, it should be noted that railroads use these reports to analyze their competitor's performance.
2. Railroads know far better than shippers what data truly provides a meaningful measure of performance. They collect millions of data points and spend millions of dollars to analyze and create meaningful reports for their own use. In fact, they produce daily "Dash Boards" that summarize what they consider to be the most important performance metrics AND with which they hold their operating personnel accountable. A limited selection of key performance data points from these reports should be requested and mutually debated for relevance. Since they are already being produced, it should not be a burden to report them.
3. Data must be uniform across all railroads so that both inter and intra railroad comparisons can be made and potential

accountability derived. In addition, this minimizes proprietary/competitive issues.

4. It is in the interest of both shippers and railroads to have a transparent, timely and accurate performance data base. Not only would shippers be able to better plan and manage their logistical supply chain needs, including the imposition of rail demand rationing and the use of alternative modes, during times of tight railroad capacity, but railroads would also be able to accurately benchmark their own performance against their competitors' and manage their own interchange relationships.

## **Part II: Appropriate Collection of Relevant Operating Data Provides the Key Basis for an Accountability Process**

1. Without uniform, relevant and timely railroad performance data, there can never be (a) accurate understanding of the problem or (b) appropriate performance accountability. Any successful judicial review process, whether public-sector oversight or private sector alternative dispute resolution, requires a set of accurate and uniform data in which all parties to the dispute can have confidence. In fact, the transparency and availability of said data would frequently provide its own natural accountability as the involved parties seek to mitigate damages and/or correct deficits.
2. We strongly believe that accurate and relevant metrics would form a base for railroad performance accountability. This base should then be employed in the creation and operation of an arbitration system which addresses service disputes. Properly developed, this system would involve rail and shipping industry experts as mediators and arbitrators. All major products shipped by rail would be addressed, with a relevant arbitrator pool for each. The resulting accountability would promote alignment between demand and capacity. Rail customers and railroads

would each be held accountable for infrastructure, efficiency and performance.

### **Part III: TTMS Recommendations**

1. STB should ask the AAR to counsel with their member railroads and submit a set of uniform and performance-relevant data, to be proposed for review and debate by the Rail Shipper Transportation Advisory Council (“RSTAC”), then to be recommended to the STB for adoption.
2. Ideally, the recommendation would provide that the format would be similar to the current AAR Weekly Rail Traffic Data in that it would be (a) uniform across all railroads and (b) segregated by geography and commodity.