

SURFACE TRANSPORTATION BOARD

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

UNITED STATES RAIL SERVICE ISSUES—PERFORMANCE DATA REPORTING

Summary of Ex Parte Meeting between United States Department of Agriculture,
Agriculture Marketing Service, Transportation Services Division (USDA) Staff and
Surface Transportation Board (STB) StaffHeld December 2, 2015, 3:00 PM – 3:35 PMUSDA Attendees: Bruce Blanton, Peter Caffarelli, Jesse GastelleSTB Attendees: Katherine Bourdon, Anika Cooper, Michael Higgins, Ronald Molteni, Lisa Novins, Nderim Rudi

USDA Staff stated its appreciation for the Board's decision to hold meetings with stakeholders and for the Board's handling of rail service problems in recent years. The Board's focus on the problem and providing information to stakeholders facilitated a private sector resolution. USDA Staff stated that the data collected by the Board is useful to stakeholders, including shippers and government agencies. USDA uses the data for research, to produce market reports, and to inform policy makers. It also stated that establishing baseline data is important for times of crisis. USDA Staff believes that if reporting of data had been in place before the recent rail service issues, the problems would have been identified sooner and the situation may have been less disruptive.

USDA Staff highlighted two broad themes for its comments: availability and accessibility. From USDA Staff's perspective, the most important metric is carloadings by commodity by railroad. USDA Staff believes that more specific carloading data, ideally including 12-15 commodities, is most helpful to stakeholders. USDA Staff believes collecting this data is feasible because the Board already collects carloading data on a quarterly basis and the railroads provide this data on their websites weekly. However, USDA Staff identified two major challenges with accessing this data on railroad websites: (1) there is no guaranteed consistency across railroads, and (2) the data is on PDF files, which are difficult to retrieve and hard to work with.

USDA Staff also expressed an interest in data related to the secondary market for rail transportation of grain products. USDA Staff explained that it currently collects price data pertaining to the primary and secondary markets, which can be a valuable indicator of rail service conditions. However, USDA Staff believes that having volume data, meaning the volume of transactions, could also be an additional indicator of a potential service issue. STB Staff asked USDA Staff to describe its understanding of the secondary market, in particular whether freight is sold on secondary markets for all Class I railroads or simply the western carriers. USDA Staff explained that the western railroads sell freight [capacity] to shippers on the primary market; shippers can then sell that freight [capacity] to other shippers on a secondary market. USDA

receives price data from brokers who work in the secondary market. USDA Staff is unsure of whether the Board would have jurisdiction to obtain this data.

STB Staff referred to spikes in the secondary market in 2013-14, and asked if spikes can always be attributed to rail service, or if they might be indicative of the global market or other factors. USDA Staff replied that spikes could reflect factors other than rail service; however, a significant service issue would be reflected in the secondary market. USDA Staff also stated that they do not see a factor other than the secondary market that gives a clearer picture of service issues in the grain market.

STB Staff then asked who would have the data on transactions occurring in the secondary market. USDA Staff replied that, based on language in Class I grain tariffs, they believe that railroads may have data on freight sold on the secondary market.

USDA Staff turned to the second theme of its comments: accessibility of data being reported to the STB. USDA Staff expressed its appreciation for the new consolidated format available on the STB's Rail Service Issues website, but suggested splitting the spreadsheet into separate workbooks for each category of data. USDA Staff believed that this could alleviate data size constraints and allow more access to state level data.

STB Staff asked whether USDA Staff is using the state level data, noting that some parties have said that variations in harvest size, timing, and market conditions render state level reporting less significant. USDA Staff stated that it has not collected state level data in the past and nor has it studied this issue. USDA Staff explained that it follows factors such as crop progress through the harvest and are aware of state-by-state storage issues. The state level rail data could blend with the data USDA Staff already tracks to provide a more complete picture.

USDA Staff also noted that only one railroad seems to be following the Board's instructions by providing a methodology for how it is reporting data. This information has been useful for understanding changes in that railroad's data.

STB Staff asked if USDA had any thoughts on how to reconcile data that derives from the disparate grain car ordering systems across railroads. USDA Staff suggested that requiring the carriers to provide their methodologies for car ordering could be a simple solution. USDA Staff noted that it has been able to use work-arounds to resolve some of the inconsistency.

USDA Staff closed by again expressing its appreciation for the Board's data reporting initiative and for the manner in which the agency addressed the 2013-14 service issues.



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U.S. Rail Service Issues – Performance Data Reporting (EP 724) Takeaways from the U.S. Department of Agriculture

December 2, 2015

The Department of Agriculture (USDA) fully supports the Surface Transportation Board’s measures to collect data on a weekly basis and appreciates the opportunity to discuss the permanent collection of service-related data with Board staff. The following summarizes the importance of such data collection and identifies areas that would benefit data users from USDA’s perspective.

Importance of STB Data: Informed business and policy decisions depend on data. Shippers use data to plan logistics, minimize economic harm to operations and revenues, aid with business planning, and better serve their customers. Similarly, USDA relies on data to inform, analyze policies, and provide recommendations to policy officials and stakeholders. Data is not only important in times of disruption; consistent and regularly recurring data establish baselines to identify issues for possible mitigation before they fully arise.

USDA’s Recommendations for Data Reporting:

Availability: Through Ex Parte 724, the Board has made several data series available that have greatly benefited stakeholders. USDA supports these data collections and would like to see them maintained along with a few suggested additions. Data on commodity carloads for more than just grain and coal would provide an important layer of detail to shippers and policy makers that would enable them to respond to the specific circumstances of a rail disruption. The Board currently collects commodity carloadings data quarterly. Moreover, each of the Class I railroads already makes this data publically available on their websites. USDA recommends that the Board collect and provide this data weekly to make it more accessible and to ensure consistency in reporting. USDA would also like to bring to the STB’s attention the importance of volume data in the primary and secondary railcar auction markets.

Accessibility: The Board has made important strides in increasing rail performance data accessibility, particularly recently with its consolidated file. USDA is grateful for these steps and offers additional suggestions. While a single file has its benefits, one workbook per table would enable the STB to conserve file size and include the missing state-level data. Each workbook might then include tables and charts that illustrate the data, making it understandable for individuals without technological training. Each workbook could also contain definitions and recommendations for proper use. USDA would like to emphasize the importance of consistency in definitions and data collection practices across railroads. Additionally, creating a single date column and assigning each date-railroad-variable combination its own row would be a simple change to the data format that would make analysis easier. Last, users of the performance data might find it more intuitive if the STB website included the datasets under the “Industry Data” tab along with STB’s other economic data.

For any questions, please feel free to contact:

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