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STB filing Ex Parte No. 431 (Sub-No. 3)

April 20, 2009

Ms. Anne K. Quinlin
Office of the Secretary
Surface Transportation Board
395 E Street S. W.
Washington, D. C. 20423-0001

Dear Ms. Quinlin:

Below is my response to the Board's request for comments concerning the review of the Surface Transportation Board's General Costing System. With respect to this proceedings, I do not intend to provide oral testimony, but would like my comments considered for the record. Please add my name to the service list for this proceeding as a party of record.

Ronald L. Sweeney
6969 Campbell Drive
Salem, Virginia

Sincerely,

Ronald L. Sweeney

Specific comments concerning the Board's request are provided below:

1. Improve the efficiency associated with unit-train and multi-car movements;

The current adjustment for switching for unit-train provides for a 75 percent reduction in the industry switch minutes and a 50 percent reduction in the interchange switch minutes. For multi-car shipments, the program provides for a 50 percent reduction in the industry switch minutes but no adjustment for the interchange switch minutes.

It seems illogical in the current rail environment for interline unit-train movements to incur any interchange switch minutes since run-through operations are the norm. Therefore, at a minimum, I would recommend that if the unit-train operation is selected that the interchange minutes be set to zero. Secondly, at origin and destination, true unit-train movements should similarly involve no switching since typically the origin switch is a pull-through operation and at destination it is rotary dumped or rapidly discharged. While the time spent at origin and destination could be technically considered switching minutes for all practical purposes this is a line-haul operation and should be consider such. To split time between running and switching for this type of service seems to needlessly complicate the process. The problem here may lie in the

distinction between trainload shipments and unit-trains. Trainload shipments typically involve the consolidation of cars at origin for furtherance as a solid train movement for the line haul portion of the move and a delivery switch handling at destination. The distinction between these services can often be blurred by the methodologies the various roads use to designate train symbols for various types of service, i.e., way trains may provide switching service to various mines but after consolidation at a gathering yard the outbound movement of the train may be symbolled as a unit-train. Whether this means the creation of another train type option or the artificial creation of a distinction between running and switching for unit-train service, change is required. Assuming changes are adopted this would also require an adjustment to the jurisdictional add-on to account for the reduction in total interchange switch engine minutes.

The adjustment for multi-car shipment in the current program is set at 50 percent regardless of the number of cars indicated in the number box for freight cars. A sliding scale reduction based on various block sizes seems more appropriated for this calculation. A scale something comparable to the following is suggested:

1 – 5 cars	1.00 percent
5 – 10 cars	.75
10 – 25 cars	.50
25 – 50 cars	.30
over 50 cars	.25

The current program provides for the user to specify the number of locomotives assignable to a unit-train shipment. Rather than carrying this value through to the computation of locomotive costs, the current program compares the trailing tons for the proposed shipment with the system average unit-train trailing tons and average locomotive consist to create an allocated LUM value. This seems absurd. If the user had no concept of the locomotive requirement, why would he override the system? Rather than this convoluted process, I believe the system should assume the user's value is correct and avoid this needlessly complex process.

2. Update the historical studies used in URCS;

A noble effort but given the limited resources of the roads and the board, it seems highly unlikely.

3. Improve the costing of trailer or container on flat car (TOFC/COFC) traffic.

The current carload costing technique, while useful for waybill sample costing, is confusing to the user more in tune to thinking of a cost per trailer/container. This requires the user to perform a secondary calculation (number of units per car for each road) to develop a cost per trailer/container. Given the variety of trailer/container sizes and their impact of car density, a one size fits all categorization of units per car on the intermodal tab of the program seems obsolete. A separate program for intermodal based on trailer/container size with a pull down screen would be more useful. The tons per car box would then reflect the average lading per trailer/container rather than a weight per car

without the knowledge of the number units per car. The cost per car used at various points in the program would then be adjusted to reflect the average number of units from per car to reflect a cost per box.

Given that all roads are required in schedule 755 to show train miles, locomotive unit miles and gross ton miles by unit, thru and way service, it should be no great burden to add a separate category for intermodal service. Since for the vast majority of intermodal traffic moves in dedicated trains, adding these factors should significantly improve the costing of this traffic.

5. Update the number of miles between non-intermodal intertrain/intratrain (I&I) switches by URCS car type.

Attempting to obtain a better handle on the average length of haul between I&I switches is a noble effort. Attempting to do so by URCS car type is of dubious value and would require each road to perform a detailed study at significant cost. Since cars are not reclassified by car type but rather by block and first and last point, it seems frivolous to undertake such an URCS car type study. The problem with developing an average length of haul between I&Is is that the longer the haul the better the opportunity each road has to bypass intermediate switching stops. Therefore, the length of haul would be a determinant in the average length per I&I switch. Note, the current URCS program has a logical inconsistency in its application of I&I switches since there should be a reclassification of all cars between local and thru train service but the URCS program prorates this cost based on total way and thru mileage. A more reasoned study might ask the roads to estimate the average I&I switch based on thru train miles only and create an I&I between the local and thru miles handling.

6. Disaggregate loss and damage information by carrier and by two-digit Standard Transportation Commodity Code (STCC) groupings.

L&D make up such a small proportion of total costs that it seems frivolous to undertake such a study. Each road already reports L&D in URCS by various STCC groupings. It seems questionable that one road's experience versus another would be dramatically different. Should the Board decide to formulate such a value, using a cost loaded ton mile would seem to be a better surrogate for L&D rather than lading tons.

7. Revise the Train Switching Conversion factor used to place all road train crew wages on a common mileage basis.

Rather than revising the Train Switching Conversion factor, I would recommend that each road develop crew wages appropriate to their class of service (unit, thru, way and (new) intermodal). The volume of road switching performed by thru trains has diminished to the point where it can for all practical purposes be ignored. A review of class I reporting of road switching is so skewed as to make it largely meaningless (i.e., compare UP versus BNSF and NS versus CSXT). I would recommend the addition of a number of hours of operations for each of the train services as well as mileages and the

inclusion of all the way train hours into the total yard switching hours. In many cases the classification of a way road job versus a yard job is frivolous. With the relaxation of the yard limits rule, the distinction between many way road jobs and yard jobs is superfluous. For all practical purposes the vast majority of way road jobs are little different than yard industry transfer jobs.

8. Require carriers to report their average switch engine speeds in order to better reflect switching expenses.

See comments above concerning distinction between way and yard operations. A breakdown of the number of yard jobs and way road jobs divided by the number of hours worked would seem to develop the desired effect, but if the goal is simply to reallocate crew wages between running and switching my suggestion of lumping all way train hours with yard hours and ignoring the time other classes of service spend switching seems appropriate.

9. Revise the ratio of urban and rural land values to allocate expenses between running and switching;

ICC STMT 7-63 is certainly a dated study. Given the variations in valuation practices between states, however, I wonder if the results of any new study would be a significant enhancement. Asking the AAR to poll its member for suggestions on a more suitable technique would seem a good alternative.

10. Revise the URCS car types to eliminate outdated car types and add new car types to reflect those currently used in the rail industry;

Elimination of the 40 boxcar is a no brainer. Replacing it with a new value for boxcars 60' and longer might prove useful, but overall the addition of new car types has limited merit. Basically, a user conversant with the traffic being costed can make the appropriate adjustments to car tare and valuation to better reflect actual movement costs. The current URCS program is already unwieldy enough with the current generic URCS car listings.

11. Revise the spotted to pulled factor for each car type;

For the vast majority of car types the current logic is probably sufficient. Multi-level flats at there destination ramp seems the most logical choice for change. It would be difficult for most roads to differentiate a movement that was reloaded at the same dock versus the same station making such a study expensive and of dubious value.

12. Revise the approach used in individual proceedings to index URCS in order to use the Rail Cost Adjustment Factor indexes published by the Board;

Creating a separate category for fuel costs would be helpful. Since crew wages are already separated by train service, no adjustment is required for a significant portion of

wage costs. The resulting distribution of expenses could seemingly be allocated based on the distribution of R-1 dollars exclusive of direct expenses.

13. Update the various statistical relationships used in URCS, including the variability estimates.

This should be a continuing process performed at some determined interval (5 years). Additional statistical groupings should also be considered.

Specifically, the relationship between track and density should be explored. While this may have limited value for costing the waybill sample, the disparity between in costs at differing densities is so compelling that some action should be taken. With the addition of various 700 series accounts detailing costs breakdowns by density ranges, significant improvement to these costs should be achievable.

Additionally, the allocation procedures for the assignment of fuel expense should be reviewed. Fuel consumption by train type is more closely related the trailing tonnage and the weight on drivers (tare weight of locomotive). Putting the road allocation of fuel expense directly to total GTMs (locos, cars and contents) would provide for a much cleaner application of this factor cost without its current bifurcation between locomotive unit miles and GTM of cars and contents. This would require an addition to Schedule 755 to separate locomotive GTMs between service types. This should not be an undue burden since the LUMs are already computed by service type.

Next, the current allocation process for locomotives needs to be scrapped. Because of the vast disparity between new and older units, the concept of a single unit mile factor is meaningless. Because every locomotive unit has a horsepower rating and this is the most meaningful measure of their tractive capacity or ability to haul freight, this should be the new measure for the allocation of running locomotive costs. While, this would require each road to include horsepower per train mile for each service this would not appear to be an undue burden.

Finally, the Board should give consideration to the development of a heavy axle load (HAL) adjustment. The test data clearly show a non-linear relationship between axle load and damage to the track surface. The AAR and various consulting groups have produced various methodologies for incorporating HAL into the costing process. These studies should be given consideration in future costing efforts.