



Surface Transportation Board

United States Rail Service Issues

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Surface Transportation Board

- Created in 1996 through the Interstate Commerce Commission (ICC) Termination Act
- Decisionally independent from USDOT (but administratively affiliated)
- 3 Board Members - appointed by the President and confirmed by the Senate
 - Chairman Daniel Elliott
 - Vice Chairman Deb Miller
 - Board Member Ann Begeman
- Staffed of approximately 130 FTEs
 - Attorneys
 - Economists
 - Industry analysts
 - Environmental analysts
 - Operating and Administrative personnel



Surface Transportation Board

- Regulates the Nation's freight railroad industry from an economic standpoint:
 - Rates, services, and practices;
 - Market entry and exit;
 - Railroad line construction;
 - Mergers and acquisitions;
 - Railroad financial reporting; and,
 - Environmental review
- **Exceptions**
 - Rail transportation contracts are not subject to the Interstate Commerce Act
 - STB has exempted certain traffic (e.g., intermodal) from regulation; an exemption can be revoked by the agency
- Cases are initiated upon complaint
- Limited jurisdiction over other modes: domestic water carriage, non-energy pipelines, motor carriers, Amtrak On Time Performance



Factors Contributing to U.S. Rail Service Issues

- Rebounding domestic and international intermodal market brought increased traffic onto the system and into major gateways
- United States and Canada produced bumper grain crops
- Class I railroads did not fully anticipate changes in traffic patterns
 - Shale oil production in the Bakken region
 - Carload frac sand traffic
 - Crude oil unit trains
 - Increased coal demand at utilities
- Severe Winter 2013 -- sustained cold temperatures and significant snow accumulation in certain regions
- Major congestion in Chicago gateway



How the STB Became Aware of the Problem

- Informal complaints from shippers of various commodities near the onset of Winter 2013, primarily through calls and emails to the STB's Rail Customer and Public Assistance (RCPA) office
- Reports included:
 - inability to obtain railcars
 - erratic service, increased cycle times
 - stalled or stranded rail shipments
 - factory slowdowns/shutdowns
 - need to divert traffic to other modes
- Railroad operating metrics began showing negative trends
 - Slower system average train speeds
 - Longer average dwell time at terminals
 - Increase in number of cars online



STB's Informal Actions

- RCPA staff worked informally with shippers and railroads to resolve acute service problems (primarily grain, chemical and coal)
- Weekly service calls with Canadian Pacific (CP) and BNSF Railway Company (BNSF) to gain real-time information about network status and challenges
- Field meetings in North Dakota, South Dakota, Minnesota and Montana to meet with shippers to better understand the issues impacting the industry
- Board Members held in-person meetings with senior-level executives from both CP and BNSF, as well as affected shippers
- Chairman Elliott requested peak season planning information from each Class I



STB's Formal Actions

- **HEARING - April 10 in DC**
 - Explored service issues with shippers and Class I railroads
 - Railroad industry's recovery plans
- **FERTILIZER ORDER - April 15**
 - Directed CP and BNSF to provide fertilizer transportation plans and report fertilizer deliveries over critical six week period
 - Fertilizer rail transportation demand largely met
- **GRAIN ORDER - June 20**
 - Directed CP and BNSF to provide grain transportation plans and required weekly status reports
 - Identified grain car order backlogs by state



STB's Formal Actions

- HEARING - September 4 in Fargo, ND
 - Ongoing service and railroad recovery efforts
 - Questions for the record to one Class I
- PERFORMANCE DATA ORDER - October 8
 - Directed all Class I railroads to file weekly performance data
 - Interim order; rulemaking anticipated



Coal Shippers and Service Challenges

- RCPA has worked with individual railroads and coal shippers
- The Western Coal Traffic League (WCTL) and several utilities appeared and/or filed comments in the Ex Parte 724 rail service proceeding
- Members of Congress, elected officials from impacted states have filed comments in Ex Parte 724
- *Under consideration by Board* - Petition filed by WCTL which requests BNSF to submit a coal service recovery plan, enforceable by the STB
 - Pleadings available on the Board's website



Continuing Actions

- Continued weekly and monthly calls with all Class I railroads
- Engagement with shippers impacted by service issues
- STB is receiving and publishing weekly Class I performance data on its website; working to make that data more accessible to stakeholders
- Anticipated rulemaking on service data collection
- STB continues to actively monitor industry data for warning signs of deteriorating levels of service
 - Board has various statutory tools (including temporary emergency service orders)
- Engagement with other Federal and state agencies



Questions?