

# RAILROAD WEEK IN REVIEW

May 27, 2022

*“Our service recovery plan consists primarily of three lines of effort to address the root cause: bringing additional crews and locomotives online to match the resources to the volume; and reducing excess cars on our network to clear congestion and move our customers’ freight.” BNSF Service Recovery Plan filing, May 20*

*“The Board requested the reporting of service performance indicators that at a minimum include trip plan compliance and first-mile/last-mile, as defined in metrics 5 and 7 of the Board’s order. CSX is providing information for four service performance indicators: trip plan compliance, first-mile/last-mile, velocity, and dwell.” — CSX Service Recovery Plan filing, May 20*

*“Norfolk Southern uses the Original ETA to measure, among other things, whether the car arrives on time, early, or late, at the customer facility. The measure provided in this Service Recovery Plan will indicate the percentage of cars that are constructively or actually placed at destination within 24 hours of the Original ETA.” — NS Service Recovery Plan filing, May 20*

*“FMLM measures whether, according to the car schedule, a manifest car was spotted or pulled on-time or early plus 8 hours... In short, this metric measures the percent of time that the local service schedule provided to the customer was achieved.” UP Service Recovery Plan filing, May 20*

**The first of the weekly Class I service recovery reports** required by the STB (WIR May 13) are in. Each of the individual reports is a filing on the STB website, so details are easily accessible. By way of review, the Board requires each Class I to provide a weekly update for the next six months covering...

- \*\* Weekly average terminal dwell times for the eleventh to twentieth largest terminals;
- \*\* Weekly average number of train starts per day (sorted by train type);
- \*\* Inventory breakdown by privately owned, TTX-owned, and railroad owned cars;
- \*\* Weekly average re-crew rate and rate for each operating division;
- \*\* Industry spot-and-pull percentage and percentage for each operating division;
- \*\* Weekly average number of local trains cancelled per day and the aggregate number of local trains cancelled per week, broken down by cause (crew, other);
- \*\* Trip Plan Compliance ("TPC"): Original ETA +24 hours.

I am most particularly interested in manifest train spot-and-pull performance and trip plan compliance because these measures directly reflect railroad performance the customer can see and use to make future modal selections.

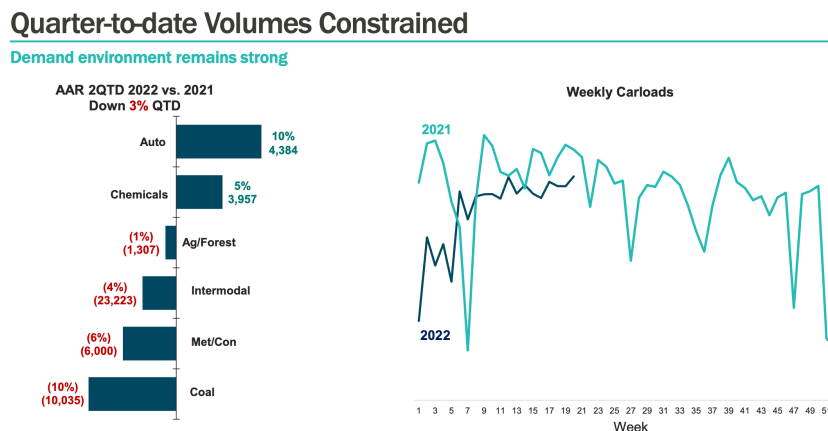
Each Class I submitted a set of spreadsheets capturing the metrics required. NS reports that “rail cars [in manifest service] placed within 24 hours of the Original ETA was 48%. Norfolk Southern’s goal is to achieve an average weekly on-time delivery in the range of 74.9% to 87%, which would equate to the system quarterly average on-time delivery in 2019. It is uncertain whether Norfolk Southern will achieve that goal within six months.”

By comparison, CSX scored a 69, BNSF a 54, and UP a 63. That said, it must be noted that not all railroads count the same things the same way, so comps must be made within railroads rather than between railroads — will NS do better than 48 next week? More important is the terminology. Do “road train starts” include the local freights that come to your interchange? Does on-time performance include yard jobs serving local customers?

Any way you cut it, having a third or more individual carloads not meeting trip plans is grim. Suppose you were going in for surgery and the doctor says there’s a 48 percent chance the procedure will be successful. If unsuccessful you die. I think I’d look for another doctor.

We have to be grateful the STB started this ball rolling. Accountability has not been the Class I railroads’ strong suit and at least now we can track weekly changes in the metrics that mean most to customers. I remain hopeful that the seven measures the STB requires here eventually make it into the regular required reports along with weekly carloads by commodity and dwell times. (Train speeds are meaningless; car miles per day is better.)

**Norfolk Southern** posted the worst TPC numbers of all. I was hoping we’d get some clarity when Alan Shaw presented at the Wolfe Transport conference this week. This was not to be, IMHO. Here’s a slide from Tuesday:



We're told QTD (through May 13) volumes are constrained but "the demand environment remains strong." Perhaps. In NS quarterly reports auto includes "other" and chemicals includes, in addition to "chemicals," petroleum products, crude oil, aggregates, and waste/scrap. Year to date the chemicals group with all its add-ons is up slightly with aggregates in the lead while autos/other carloads are in the negative column. The intermodal decline I believe is largely in consumer durables.

The NS data spreadsheets sent to the STB for Week 19 (ended May 13) show system average manifest carload dwell in the ten largest terminals hit 28 hours. System train speed was just 17 mph, with 90 trains a day held for crew, loco and other — two thirds of that was manifest carloads not in unit trains.

To be sure, the weekly stats don't tell us much about the rate of change in either direction and YTD line shows definite recovery even though volumes are "constrained." The STB is looking for a six-week window on operation improvement and this is just Week One.<sup>1</sup>

**I know it's early days**, but Wall Street is unimpressed. Shares of all the Class I's have dropped sharply from their April highs, but CSX has dropped farthest and fastest, off 20 percent in exactly one month.

Granted, all the transports are off big, but the steepness of this curve jumps out.



*The Railroad Week in Review, a compendium of railroad industry news, analysis, and comment, is sent as a PDF via e-mail 50 weeks a year. Individual subscriptions and subs for short lines with less than \$12 million annual revenue are \$175. Subscriptions for Class I railroads and short line/regional operators with more than \$12 million annual revenue are \$599 per year. To subscribe, click on the Week in Review tab at [www.rblanchard.com](http://www.rblanchard.com). © 2022 Roy Blanchard*

<sup>1</sup> For a detailed summary of each railroad's submission, be sure to read Bill Stephens' excellent [Trains News Wire Article](#) .