

RAILROAD WEEK IN REVIEW

September 2, 2022

“Everything that exists has a specific nature. Each entity exists as something in particular and it has characteristics that are a part of what it is. To have an identity means to have a single identity; an object cannot have two identities. A tree cannot be a telephone, and a dog cannot be a cat. Each entity exists as something specific, its identity is particular, and it cannot exist as something else.” — A is A: Aristotle’s Law of Identity

“The Board is concerned about the Class I railroads’ ability to meet grain shipping needs and is highly focused on whether railroads will have sufficient crew, locomotive, equipment, and capacity resources along key corridors supporting domestic and international markets.” — STB letter to Class I railroad members of the National Grain Car Council, August 19

“We got into a little trouble with our grain shuttles; we weren’t satisfying demand in coal. We still aren’t, in a pure sense. But our shuttle times are improving and we’ve added more equipment into the network as the month has gone by, so that’s improving pretty dramatically.” — Lance Fritz, Union Pacific CEO, AREMA, August 29, 2022

The Law of identity is absolute. The railroad is absolute. The train is either on the track or it isn’t. A car is where it’s supposed to be at the appointed time or it isn’t. The shipper testimony at April’s STB. “Urgent Issues” hearings was rife with examples of trains and cars not being where they were supposed to be. Shortline interchanges are more random than specific. Some examples:

The Class I trainmaster tells the connecting short line they will get 40 cars from the crew going on duty at 1800. They deliver 28 and don’t pick up the outbound cars the short line has interchanged to them. In short, the identity of the cut of cars for interchange was something in particular: 40 cars to be delivered after 1800. Neither condition was met.

A yardmaster is under the gun to keep dwell times down. He’s got a car in his yard with a dwell time approaching the limit. So he puts it on the next outbound regardless of destination. Dwell time target met but the customer’s goods are delayed for who knows how long. The car that was waybilled at origin with a specific trip plan (identity) has ceased to exist. It is now just another car taking up space.

The STB has been quite specific in the performance reports it requires as a result of that hearing. I’m looking at CSX/Syracuse for August 19. Reported average dwell was 34

hours. It doesn't tell us if the right cars were on the right train. In the shortline example above, the trainmaster reports the cars as interchanged when in fact they are still on the yard's dwell clock.

As for the outbounds, once the short line releases the cars to the Class I they go on the latter's car hire clock. If not picked up, they are out of trip plan compliance, and that drives the low numbers we see on the earnings calls for TPC.

It's also part of the reason shippers are adding to leased car fleets to keep the same tonnage moving in an environment of slower transit times. One short line sees inbounds arriving OK but the outbounds build up on the interchange track and get pulled once a week. What does THAT do to transit times and trip plan compliance?

You can't make this stuff up. Channel checks among short lines reveal the interchange process is totally out of control. Cars are reported interchanged to the short line but they haven't been. Outbounds are piling up on the interchange, killing customer leased car cycle times and running up the Class I car hire bill.

Advanced consists are scarce, as are trip plans. I have reason to believe cars are kicked out of yards to keep reported dwell times down. So much for right car/right train. Reporting service failures to the Class I shortline groups meets with varied success — perhaps spending some quality time with the local trainmaster at a convenient watering hole over a beer or two may bring better results. A few sample quotes:

** “Spotty deliveries but terrible pick-ups. The job that delivers does a lot of other stuff and does not have the capacity or time to take cars. Cycle times on cars are wrecked.”

** “My interchange reports are proof positive they are fudging the system. They do this to improve their operating metrics by foisting the interchange dwell onto the delivering carrier, much the same they do at other shortline interchanges I know of.”

** “No inbounds from my local serving yard in over a week. No crews. 100 cars backed up for them coming and going.”

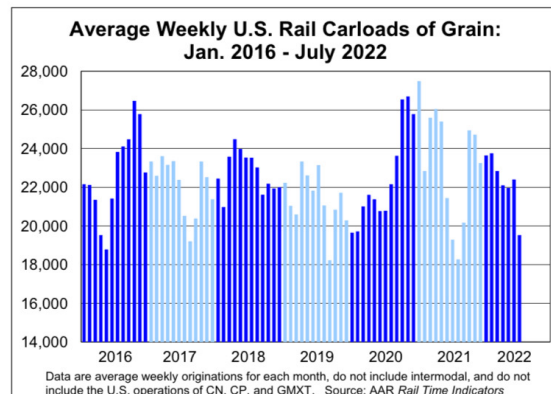
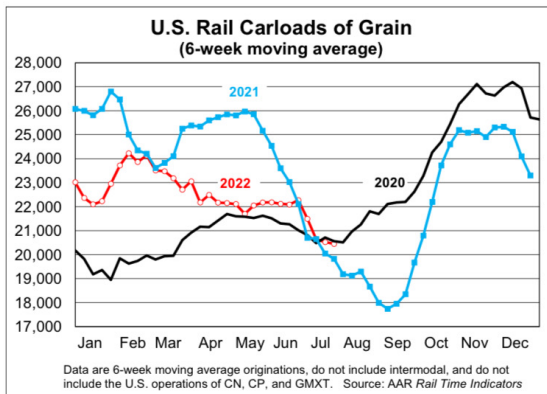
** Our Class I is playing all kinds of games so the dwell times and trip plans look better than they are. Customers are advised to spread out their cars by staggering waybills. But when the cars get to destination, they get bunched up anyway and the customer receives all of the cars at once.”

AAR year-to-date US revenue units through August 20 are down three percent; intermodal units are down nearly six percent, suggesting the carload sector is doing better. The only positives are chemicals, STCC 20 foods, non-metallic minerals (largely aggregates and sand), and coal. Not surprising since the short lines cited here have little coal and a lot of paper. Happily, their place and pull record is quite satisfactory, but their total transportation product, unhappily, is only as good as their Class I connections.

Export grain is a hot topic given world events. A friend writes, “The Great Lakes Seaway March-July export grain traffic has increased 39 percent year-over-year. Could be a factor in the slow start for US rail grain this year? Expect Canadian shipments to be somewhat wheat centric.”

Hard to tell. From the AAR *Rail Time Indicators* August 6: “In terms of the AAR’s monthly rail traffic figures, corn accounts for roughly half the grain carried by U.S. railroads, followed by wheat and soybeans. The complexity and variability of the grain market means there’s much more variation from one month and from one year to the next in rail carloads of grain than in rail carloads of most other commodities. Because huge amounts of U.S. grain are exported each year, there’s a very strong correlation between rail carloads of grain to ports and total grain carloads.”

Nothing on current export trends. But grain loads are trending down:



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