

August 7, 2020

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August 14, 2020
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William J. Brennan, Director
Office of Economics
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

RE: Request for Release of 1984-2018 Confidential Waybill Data

Dear Director Brennan:

Pursuant to 49 C.F.R. § 1244.9(c), U.S. Wheat Associates for its consultant – a university researcher, Wesley W. Wilson (collectively "Requestors"), hereby requests that the Surface Transportation Board ("Board") release all fields and records included in the Confidential Waybill Sample ("CWS") for all Class I railroads, with masking factors, for calendar years 1984-2018, and for 2019 when it becomes available. This letter sets out the information required by 49 C.F.R. § 1244.9(e).

I. The Requesting Parties and Their Purpose.

USW has contracted with researchers at North Dakota State University and Dr. Wesley W. Wilson to conduct a study of the rail supply chain for wheat from the U.S. to Mexico. The study aims to identify strategies for USW to share with Mexican millers and U.S. and Mexican policymakers on how to improve the flow of U.S. wheat from the U.S. producer to the Mexican miller. Understanding the costs, time and potential challenges associated with each step of rail shipments from the U.S. to Mexico will enable USW to develop strategies to ensure that Mexico continues to be a top buyer of U.S. wheat. USW views U.S. rail rates to Mexico as a key factor affecting the volume and value of U.S. wheat exports to the largest buyer of U.S. wheat in the world.

USW is a non-profit trade association that develops export markets on behalf of U.S. wheat producers by demonstrating the value of U.S. wheat in over 100 countries through its network of domestic and overseas offices. USW's activities are made possible by producer check-off dollars managed by 17 state wheat commissions and through cost-share funding provided by USDA's Foreign Agricultural Service. More information is available at www.uswheat.org.

a. Study Background:

Mexico is the largest purchaser of U.S. wheat in the world, purchasing an average of 3 million metric tons (MMT) per year, valued at more than \$760 million annually. Additionally, more than 60 percent of all U.S. wheat exports to Mexico occur through direct rail shipments. In the past decade, Mexican millers have made significant investments in shuttle train (110-car) unloading facilities, and there are now 37 shuttle train unloading facilities in Mexico. These investments in shuttle train infrastructure and geographic proximity have tied Mexican millers to U.S. wheat producers in a mutually beneficial relationship.

Railroads are a critical transportation mode for the movement of U.S. agricultural commodities. For wheat, rail is often the only viable mode within the agriculturally productive but landlocked Plains region. Intermodal transportation competition in moving wheat is limited by long distances from key production regions and alternative freight transportation (e.g., barge transportation). In addition, the distances to end markets and large shipment volumes often render truck transportation too costly for wheat.

The primary objective of this project is to conduct a detailed study of the rail supply chain for wheat from the US to Mexico. The focus of our study is on wheat shipments, by class, from US origins to Mexico. In particular, the study aims to identify time and costs associated with all of the relevant components of the rail shipments from the U.S. to Mexico, including but not limited to: car ownership, demurrage, service charges, fuel surcharges, tariff rates, interchanges/interswitches, border crossing inspections, border crossing paperwork, border crossing wait times, transitions of locomotives (power), Mexican regulatory requirements, haul distance in the U.S., and haul distance in Mexico.

II. Specific Waybill Data Required.

The waybill has an enormous number of fields that are germane to the analysis. The specific fields needed are identified (highlighted) in the attached pdf file. This information includes the variables needed to identify origins (SPLCs), destinations (SPLCs), railroads involved (along with revenue and distances for each if a multi-railroad movement), the commodity, the costs (rate, miscellaneous, and surcharges), the shipment size, the distance, the number of interchanges (including the railroads involved as well as the distances and revenues to each), the size of the shipment, whether the railroad cars are owned by the railroad or the shipper and other variables that may influence rates. The analysis planned is solely for wheat, but the logistics costs may be influenced by all commodities shipped over the rail network.

III. Justification for Data.

The Unmasked Carload Waybill Sample is the best data available for this study, and the collection of these data from other sources is not only burdensome but is likely impossible. The CWS is the only readily available and reliably consistent source for many of the explanatory variables needed to develop this study. Critical information such as origin and destination pairs, traffic volumes, rates, and railroads participating in the movement are not available from any other single source. The public use waybill sample lacks sufficient details, such as detailed origin and destination information or fuel surcharges.

The origin-destination and interchange information are needed to establish the rail supply chain and the railroads involved along with the extent of their involvement. Shipment distances and shipment sizes of course impact the costs of shipping as do the rates, miscellaneous charges, fuel surcharges, the number of interchanges, the terms of trade, i.e., contract or tariff rates, the equipment type, and the route.

It is particularly imperative that Requestors have access to the unmasked data. The Board permits rail carriers to alter the revenues for contract traffic in the CWS through the use of "masking factors," for confidentiality purposes. These masking factors may be different from carrier to carrier and for different commodities or commodity groups transported by each carrier. In addition, a masking factor may be either positive or negative (or not applied at all). Railroads apply masking factors to the revenue appearing in the CWS and provide these masking factors to the Board. As one of the key purposes of the

study is to understand costs of rail service between the US and Mexico, Requestors require access to unmasked data. The masked revenue would skew the results by exaggerating or understating the differential between competitive and captive rates and will render it impossible to assess their accuracy in the real world.

Access to the Waybill Data.

Access to the waybill data will be provided solely to Wesley W. Wilson, who will generate output from the data and provide that output to the study team to write a report, which will be provided to U.S. Wheat Associates. The study team is Wesley W. Wilson, William Wilson (<https://www.ag.ndsu.edu/research/news/research-profile-william-w.-wilson>) and includes research team collaborators David Bullock and Prithviraj Lakkakula. The analysis will be included in a research report for U.S. Wheat Associates who will use the results for their internal strategic planning. In addition, the results will be summarized in presentations to Mexican flour millers. US Wheat will request a confidentiality review for these purposes.

Confidentiality Representations

Requestors agree to adhere to all the confidentiality requirements set forth at 49 C.F.R. §§ 1244.9(b)(4) and (f) and to execute the usual Confidentiality Agreement associated with release of the CWS. Requestors will not reveal any CWS data to their client, USW, that is prohibited.

Sincerely,

/s/Daniel R. Elliott
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