

June 1, 2021

William Brennan, Director
Office of Economics
Surface Transportation Board
395 E Street SW
Washington, DC 20423

Subject: Request for Unmasked Waybill Sample Data

Dear Dr. Brennan:

We cordially request access to the unmasked confidential Carload Waybill Sample (CCWS) from 1983-2019. This data remains pertinent to academic research on the railroad industry led by Professor Charles Moul of Miami University and Aaron Garner, MA Economics candidate at Miami University.

Purpose of Research

The unmasked CCWS is integral for current research investigating rate-setting according to underlying costs, railroad, time, and geographic location. Unlike any other data, the unmasked CCWS includes shipment-level data including commodity, origin and destination, car type and ownership, costs, and revenues. Paired with the R-1, Rail Service, and geospatial track and station data, access to the unmasked samples will enable us to estimate industry costs, identify strategic pricing behavior, and evaluate revenue adequacy as industry competition, track ownership, and regulatory controls change over time. Even though the public use CCWS includes some relevant aggregated statistics, the public use CCWS prohibits us from utilizing new empirical methods to estimate rates faced by shippers of specific location and commodity. We thus need the unmasked CCWS to conduct meaningful research at the shipment and station level. Please find below our planned scope of research, agreement to confidentiality standards, and access request.

Scope of Research

- (1) *Railroad Networks*: Previous studies stress the importance of rail capacity to the functionality and financial viability of railroads. After the enactment of the Staggers Act, Class I railroads abandoned many miles of track serving smaller endpoints. Rationalization reduced industry overcapacity and induced short line railroads and other modes of transportation to service more miles connecting mainlines to endpoint destinations. Within the last twenty years, however, the railroad industry has recognized that while some overcapacity still exists, some areas lack adequate capacity for mainline service. Thus, modern mainline railroads strategically consider where to stop serving existing lines and where to build new lines. We will study these strategic considerations of rail capacity using geospatial data identifying changes in track operation and ownership in conjunction with the unmasked CCWS to explore how railroads' capacity changes affect rates faced by shippers by origin, destination, and commodity. Thus, this specific study is impossible to conduct without the origin-destination-commodity and revenue data detailed in the unmasked CCWS.
- (2) *Train Configuration*: Freight trains often have multiple cars deriving from the same shipper. To minimize costs, Class I railroads provide shuttle and unit train service between some origin and destination routes. Shuttle trains run exclusively between two locations, carry only one

good, and operate for an individual shipper. Other train configurations, including unit trains, may have any number of cars (though, generally less than 75) from multiple shippers. Past studies found that Class I railroads earn less revenue per ton on shuttle trains as compared to single- and multicar-shipments. This evidence alludes to the existence of quantity discounting and other forms of differential pricing between shippers of specific commodity and volume. With regard to the different options to organize train cars, we will study how Class I railroads set prices to different shippers of commodity and volume to remain revenue adequate. This study requires use of the R-1 data and the full unmasked CCWS. Without shipment-specific origin-destination-commodity and revenue data detailed in the unmasked CCWS, this focus of study is impossible.

- (3) *Exogenous Shocks to Inputs*: Existing literatures explore how railroads set prices according to railroad capacity investments (or fixed costs) and variable costs. Pairing railroad-specific data detailing fixed and variable costs with regional input price data (i.e., gasoline, oil, etc.) and the unmasked CCWS, we will construct location and commodity-specific cost and revenue functions for Class I rail transportation. Then, using instrumental variables to account for global and regional shocks to input markets, we will use the unmasked CCWS to study how railroads adjusted their prices to account for changes in underlying costs. Without shipment-specific origin-destination-commodity and revenue data detailed in the unmasked CCWS, this focus of study is impossible.

Confidentiality

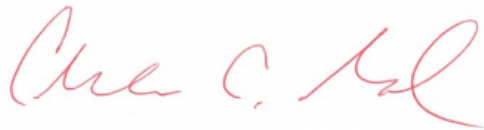
We understand and will comply with all confidentiality regulations (i.e., the three-FSAC rule) outlined by 49 CFR §§1244.9, and we will share research products with the Office of Economics for compliance review. The data will only be used for academic research conducted by Charles Moul and Aaron Garner.

CCWS Access

We request the complete unmasked CCCWS from 1983-2019 to fulfill the needs of the research topics listed above.

Thank you for your assistance, and please feel free to reach out with any questions.

Sincerely,



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