

SURFACE TRANSPORTATION BOARD

Ex Parte 711 (Sub. No. 2)

Reciprocal Switching for Inadequate Service

**Summary of Ex Parte Meeting Between,
and Surface Transportation Member Michelle A. Schultz**

November 15, 2023

CSXT Attendees:

- Arthur Adams, Senior Vice President – Sales and Marketing
- Casey Albright, Senior Vice President of Network Operations and Service Design
- John Patelli, Vice President and Chief Regulatory Counsel
- Jason Marques, Assistant General Counsel, Corporate & Transportation Law
- Matt Warren, Sidley Austin LLP

STB Attendees:

- Michelle Schultz, Member
- Jessica Caine, Attorney Advisor

Meeting Summary:

CSXT thanked Member Schultz for the opportunity to meet. CSXT explained that it understands the Board's focus on service and its desire to have meaningful guideposts to identify service inadequacies when they arise. CSXT explained that its main suggested improvements to the NPRM are to ensure that the Board considers the many issues that could cause a dip in a service metric over a short time frame, and relatedly to ensure that railroads have a meaningful opportunity to explain the context behind any particular metric change. While the NPRM does list four affirmative defenses and say that the Board may consider others on a case by case, the specified defenses are narrow, and the final rule should make clear that the Board would consider any relevant evidence as a matter of course.

Member Schultz asked whether CSXT's proposal was for the Board to identify additional scenarios for affirmative defenses or for the Board to have a broader standard to capture any unanticipated scenario. CSXT responded that the latter would be preferable, because there are so many circumstances that could influence service metrics and the Board should have the flexibility to consider them on a case by case basis.

Member Schultz asked whether the Board ought to be considering whether railroads were notifying customers of circumstances like maintenance projects so the customers were aware of the impact. CSXT responded that the Board should consider factors such as communications with customers, and that a concern with the NPRM is that it leaves no space for those considerations. If a railroad effectively communicated with its customers that a short-term maintenance project would be temporarily increasing transit times from three days to four days,

the NPRM would still find an automatic service inadequacy because of a transit time increase over 20%, and the railroad's efforts to communicate in advance the reasons for that increase would not be considered.

Member Schultz asked about how often maintenance projects impacted metrics over a longer period. Mr. Albright explained that CSXT uses megablocks to concentrate maintenance on particular segments of track for as long as 8-12 weeks at a time. Megablocks move across the network and can impact a wide spectrum of traffic along a corridor. While CSXT plans and communicates these maintenance projects in advance, they can impact the network, sometimes in unexpected ways. Mr. Adams explained that CSXT now provides customers with 8 weeks advance notice of megablocks that could affect their service, which allows customers to make contingency plans if needed.

Mr. Albright explained that CSXT reviews metrics every day, several times a day, to monitor the network and improve efficiency. CSXT reviews these metrics in context and does not focus on any one metric as the arbiter of good service. For example, simply increasing train velocity does not translate to improving service unless the right cars are on the right trains. Mr. Albright also discussed how metrics need to be considered in the light of the dynamic nature of the rail network, and that factors such as maintenance projects, capital improvements, and changes in other customers' traffic can temporarily affect metrics. For example, grain season has impacts on the overall network, depending on the changing needs of CSXT's grain customers.

Mr. Adams explained that the definition of good service will vary by customer. Some customers are heavily reliant on trip plan performance. Others are heavily reliant on the provision of railcars. Still others are most concerned with how fast CSXT turns train sets. And customers' needs are not always predictable; unpredictable events can include a fungus this year that affected certain grain producers and changed the needs of some of CSXT's grain shippers. Customers and railroads need mutual accountability and flexibility.

CSXT and Member Schultz discussed the need to balance the needs of all shippers on the network against the needs of individual shippers who may not be satisfied with their service. CSXT again emphasized its commitment to metrics so long as the metrics are measuring the right thing and so long as railroads have the ability to explain what might be behind a metric change.

CSXT and Member Schultz thanked each other for their time and insights and concluded the meeting.