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A Logistics Productivity Tool from FRN

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April 18, 2006

Surface Transportation Board
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APR 24 2006
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Subject – Written testimony of Michael R. Behe,
President, Freight Resources Network, LLC

Thank you for the privilege of speaking to you today. I promise to be brief.

For the past six years Freight Resources Network, LLC has been serving the information needs of rail shippers. Our customer list includes over 200 of the largest rail shippers in North America, many of whom are represented here today. One important source of information we access on their behalf is the Public Waybill File.

With the proliferation of fuel surcharges and their ever-growing impact on freight bills, we have received many requests from our customers to have the railroads' fuel surcharge revenues captured and reported in the 1% Waybill Sample.

We will confine our very brief remarks to addressing the following request made in the Board's Notice announcing this public hearing:

"We (the STB) are holding this hearing based on the Board's authority to inquire into the management of railroads and to obtain information that is needed to carry out the statute that the Board administers. 49 U.S.C. 721(b). To carry out its various statutory responsibilities, the Board requires railroads to collect and submit to the Board extensive cost and revenue information. 49 CFR parts 1200-1280. In this hearing, shippers and railroads are asked to comment on whether and how those reporting requirements should be adjusted to provide rail customers with better information on a carrier's fuel costs and the revenues collected through fuel surcharges. Making this information publicly available should enable shippers to better identify and protect against inappropriate surcharges and to more reliably forecast their future transportation costs."



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FRN shares our customers' belief that fuel surcharges are more than a temporary cost recovery measure; that they are here for the long term. This pricing mechanism needs to be closely monitored by the Board and the shipping public.

To promote better monitoring of this practice, FRN recommends that the Board adjust the reporting requirements associated with the (so-called) '1% Waybill Sample' by requiring the railroads' to submit their fuel surcharge revenues for each sample freight bill. We also recommend that the Board include these significant revenues in the Public Waybill File as a separate and distinct data field.

In order to protect the confidentiality of any contracted base freight rates, we recommend the Board adopt the following reporting requirements:

- I. In situations where railroad(s) applies a percentage to the actual freight rate to determine the fuel surcharge amount:
 - (a) Where the base freight rate is in tariff or public price form - Fuel surcharge revenues would be captured and displayed exactly as they are billed.
 - (b) If the base freight rate is a confidential contract rate - Fuel surcharge revenues would be disguised using the same method as the corresponding base (contract) freight rate was disguised.
- II. When the railroad utilizes a mileage-based method for calculating the fuel surcharge (e.g. BNSF), or any other method(s) (that may be developed) that is not calculated from the base freight rate, the fuel surcharge revenues would be captured and displayed exactly as they appear on the freight bill.

Freight Resources Network is most grateful to have had this opportunity to present our views to the Board.

Respectfully submitted,

A handwritten signature in black ink that reads "Michael Behe".

Michael Behe
President