

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DOCKET NO. EP 767

FIRST-MILE / LAST-MILE SERVICE

**COMMENTS OF THE UNITED STATES DEPARTMENT OF TRANSPORTATION
AND FEDERAL RAILROAD ADMINISTRATION**

On September 2, 2021, the Board issued its decision requesting comments from stakeholders on issues related to first-mile/last-mile (“FMLM”) service, involving the movement of railcars between a local railroad serving yard and a shipper or receiver facility. After hearing concerns raised by shippers across numerous industries, along with requests for transparency of FMLM data, the Board sought information on FMLM service issues, the design of potential FMLM metrics, and the burdens or trade-offs associated with the suggestions raised by commenters. The United States Department of Transportation (DOT or the Department) and the Federal Railroad Administration (FRA), an operating administration of DOT, appreciate the Board’s consideration of these important issues, and respectfully submit these opening comments to aid in the Board’s review. DOT has an interest in this proceeding in light of the Department’s efforts to address network and supply chain issues; to ensure that meaningful metrics are established for the railroad industry; and to better understand critical service issues affecting shippers and the movement of freight goods across the Nation and beyond.

DOT has taken a leading role, in coordination with other agency partners, in carrying out the Biden-Harris Administration’s efforts to address network congestion and supply chain issues arising out of the Covid-19 public health emergency. As part of these efforts, DOT has analyzed

and targeted bottlenecks in the goods movement system with respect to all modes of transportation. While rail is only one component of the transportation system, it is a crucial factor in supply chain fluidity. FRA has engaged stakeholders to understand and address the ways in which rail contributes to and can alleviate network congestion, and railroads have taken several helpful steps, such as raising wages to hire and retain employees, providing incentives to third parties, and opening dormant yard facilities to handle traffic overflow. However, the rail industry can do more to alleviate disruptions and to provide stakeholders with additional data about service levels and performance.

In DOT's view, the currently reported freight rail service metrics are imprecise in various respects, and do not appear to be well correlated to real-world service quality as experienced by shippers. Railroads do not provide metrics for FMLM moves by rail; they only report terminal dwell and train velocity. Although FRA regularly tracks and analyzes various publicly available rail metrics, including weekly rail loadings, train velocity, and terminal dwell, the agency, and other stakeholders, lack more insightful information on such items as rail port loadings by location, inland rail terminal throughput, and other key data regarding freight rail movements.

DOT recognizes that there have been improvements in train velocity and dwell in recent years, as defined by the data measurement criteria set out by the STB in regulation. 49 C.F.R. § 1250.2(a)(2). However, although these metrics illuminate certain aspects of rail performance, there is insufficient visibility on origin and destination service delivery to provide a complete picture of the quality of service that customers actually receive. FRA has received reports from various shipper groups that they are experiencing rail service degradations and have not seen

improvements in load-to-load cycle times (load at origin, unload at destination, return to origin for reloading), which is the critical measure of service in their view.¹

To address these issues, DOT has sought to examine a variety of factors bearing upon supply chain operations and congestion. These include the interplay of intermodal and truck drayage on FMLM service, as well as the impact of embargoing at “first mile” service (primarily driven by when and where customers are not able to take in rail units at destination), in particular. In addition, the following are examples of metrics that railroads may be able to provide² to aid the Board and other stakeholders in understanding FMLM service performance:

- First-mile indicator 1: time from customer ordering an empty rail car for loading until the empty car arrives at the customer’s loading dock;
- First-mile indicator 2: time from customer’s notification of rail car loaded for pick-up until it is retrieved by the railroad;
- Last-Mile indicator 1: time from rail car arrival at the destination terminal yard until it reaches the customer’s loading dock;
- Last-Mile indicator 2: time from customer’s release of an empty rail car until the car is retrieved by the railroad;
- Indicators of what triggers demurrage charges and how they are controlled by the railroads or third parties (charge free days, cap limits, etc.);

¹ In DOT’s experience, shippers’ current concerns are more pronounced regarding Class I rail service quality; service from shortline railroads, generally speaking, is less problematic. DOT looks forward to reviewing the comments of other stakeholders on this and other relevant issues in the proceeding.

² The metric indicators discussed here are presented generically, with a “rail car” as a unit, acknowledging that an intermodal container (loaded and carried in a “well car”) and other commodity-based rail cars differ in various respects, including with regard to how they get to a rail loading dock or intermodal terminal, operational handling, and other considerations. The Board’s inquiry focuses upon the rail component of the transportation, rather than, for example, trucks or drayage.

- The number of intermodal shipments being assessed fees for storage at ports and rail terminals; and
- Increased transparency on intermodal movement data points via the Board’s EP 724 ruling, specifically focused on intermodal yards, terminals, and dwell.

DOT understands that any additional reporting that railroads are asked to provide could create burdens for railroads, particularly upon shortlines that are not required to report service metrics. Nonetheless, DOT’s view is that this additional information could be crucial to addressing supply chain concerns. DOT looks forward to hearing the views of other parties on these potential burdens, as well as on other subjects relevant to the Board’s review. The Department stands ready to work with the Board and other parties on these questions and may provide additional views to the Board at a later stage of the proceeding if appropriate.

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Respectfully submitted,

/s/ John E. Putnam

JOHN E. PUTNAM
Deputy General Counsel
PAUL M. GEIER
*Assistant General Counsel for
Litigation and Enforcement*
CHRISTOPHER S. PERRY
Senior Trial Attorney

United States Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590
(202) 366-9282
christopher.perry@dot.gov