

In This Issue

- Railroad & Policy
- Mechanical Brief
- Railroad Traffic
- Industrial Inside
- Financial Focus
- The Edge

Visit us at:

www.tealinc.com

**Why proposed rule
to increase freight
rail competition
would hurt
railroads and
customers**

**It's not hard to
predict the
financial outcome
of such regulatory
tinkering and faux
competition**

Railroad & Policy Updates

The freight rail industry faces a new tide of regulation that threatens what has been a remarkable industry comeback over the last three decades, from the depths of bankruptcy to one of the strongest industry sectors in the U.S. economy.

To put a finer point on it, the U.S. industry that the National Academies of Engineering called “the envy of the world” is under threat from U.S. regulators weighing a proposal that would smother freight rail growth and have a cascading impact on freight rail’s ability to deliver goods and products.

At issue is a proposal from a small group of rail customers seeking to lower the price they pay for freight rail service. The regulation would require that at least two Class I railroads be available to compete for freight carloads—even if the tracks of only one railroad serve a shipper’s facility. So if a shipper is within 30 miles of a rail junction, it could choose to require the railroad serving its facility to provide local switching service and then give up the freight for movement to its destination over a different railroad.

The rail proposal has several major downsides. First, it doesn’t take into account the detrimental impact across the economy that would result from these less efficient rail movements (the result would be much slower rail shipments across the network). [Second] it doesn’t take into account the huge costs required to maintain and operate a rail network providing “competitive switching” service for all customers. Lastly, the proposal doesn’t say how the railroads would be compensated.

It’s not hard to predict the financial outcome of such regulatory tinkering and faux competition. At the most basic level, railroads would require more resources to move the same amount of freight, returning the industry to the dark days of gross inefficiencies.

Rail industry leaders say that the result could be an annual revenue loss of \$7.9 billion from rate reductions. Rail companies will have less money to maintain and expand the nation’s 140,000-mile rail network, at a time when recent incidents hauling crude oil only serve to highlight the need for continued safety investment on the part of railroads. Some industry estimates peg the resulting reduction in capital expenditures at 13 percent, but that figure is far too low.

In each of the last two years, America’s freight railroads have spent more than \$25 billion annually of their own funds, not taxpayer money, to build and maintain a safe and reliable rail network. That could come to an end.

There is some irony in this proposal. One obvious response to weather-related service delays encountered on freight rails earlier this year is greater capital expenditure by railroads. But competitive switching would ensure insufficient funds to add capacity or smooth choke points.

Competitive switching is the biggest threat to freight rail in a long time. It is a throwback to another era thought to be long gone, back when government felt it knew best how to manage economic forces

DOT issued stricter set of rules for crude-by-rail train movements and other shipments of “flammable fuels”

If the industry is a gun shy about the specter of more government regulation, that’s because of how far it has traveled. In the 1970’s, the industry was in free fall due in part to a regulatory system that required railroads to make multiple routes available literally on request. At the time, most major railroads in the Northeast and several major Midwestern railroads were bankrupt. The cause in large part was excessive government regulations.

Industry-wide resuscitation came in the form of the Staggers Rail Act of 1980, which partially de-regulated the industry. The impact has been steady and dramatic. In the 1970s the industry could only muster an average return on investment of 2 percent. But that climbed to 4.4 percent in the 1980s, 7.0 percent in the 1990s, and by 2011 had topped 8.5 percent. The most recent data show the industry with an estimated return on investment in 2013 of 13.1 percent.

The default in Washington at the bi-partisan Surface Transportation Board, which is considering the proposal, theoretically should be against the regulation. As Michael Grunwald of Time magazine notes, the success of freight rail and its fundamental underpinning of our nation’s economy is something that transcends party alliance or political philosophy.

“The right should love railroads because they’re proof that deregulation can work and the private sector can upgrade infrastructure. The left should love railroads because they fight global warming and provide union jobs. We all should love railroads because they bring us our stuff and keep prices down,” he wrote.

Competitive switching is the biggest threat to freight rail in a long time. It is a throwback to another era thought to be long gone, back when government felt it knew best how to manage economic forces. Unlike other regulatory proposals affecting other industries, this one has minimal support outside the group proposing it. Still, as students of government will note, that in no way means it will be discarded.

Read the entire article:

<http://www.forbes.com/sites/beltway/2014/05/19/why-proposed-rule-to-increase-rail-freight-competition-would-hurt-railroads-and-customers/>

DOT issues open-ended NPRM on CBR, other flammable fuels

The U.S. Department of Transportation on Wednesday, July 23, 2014, issued a long-anticipated Notice of Proposed Rulemaking (NPRM) involving a new, stricter set of rules for crude-by-rail (CBR) train movements and other shipments of “flammable fuels,” designated as HHFT (high-hazard flammable trains). A 60-day comment period is now in effect.

The proposed rules—which contain several options and therefore are by no means definitive—cover train speeds, mandatory testing of oil and other products, and design standards for tank cars. Among other assertions, the proposed rule calls for older DOT-111 tank cars (pre-CPC-1232 cars, the

“Today's proposal represents our most significant progress yet in developing and enforcing new rules to ensure that all flammable liquids, including Bakken crude and ethanol, are transported safely”

DOT now seeks public comment on speed restrictions, and there are no fewer than five options.

rail industry's voluntary standard in effect since October 2011) used for the shipment of Packing Group I flammable liquids, including most Bakken crude oil, to be retired within two years unless retrofitted to comply with updated standards.

“Today's proposal represents our most significant progress yet in developing and enforcing new rules to ensure that all flammable liquids, including Bakken crude and ethanol, are transported safely,” Transportation Secretary Anthony Foxx said. He cited the record amount of CBR shipments related to North Dakota's Bakken activity, noting the oil produced in that region “is on the high end of volatility compared to other crude oil.”

In addition to enhanced tank car standards, the NPRM also calls for a classification and testing program for mined gases and liquids and new operational requirements for HHFTs that include braking controls and speed restrictions. It seeks further information on expanding comprehensive oil spill response planning requirements for shipments of flammable materials. “Given the urgency of the safety issues addressed in these proposals, PHMSA (Pipeline and Hazardous Materials Safety Administration) does not intend to extend the comment period,” DOT said.

DOT now seeks public comment on speed restrictions, and there are no fewer than five options. Option one is a 40 mph limit for all HHFT moves in all areas. A second option is a 40 mph limit for HHFT moves in HTUAs (high-threat urban areas, defined in 49 CFR 1580.3 as an area comprising one or more cities and surrounding areas including a 10-mile buffer zone). Option three is a 40 mph limit in areas with a population greater than 100,000.

A fourth option is a 50 mph limit for HHFTs in which all tank cars meet the yet-to-be determined standards. The fifth option is a 30 mph restriction for HHFTs that do not comply with possible “enhanced braking requirements.”

The NPRM “proposes to require all HHFTs to be equipped with alternative brake signal propagation systems. Depending on the outcome of the tank car standard proposal and implementation timing, all HHFTs would be operated with either electronic controlled pneumatic brakes (ECP), a two-way end of train device (EOT), or distributed power (DP).”

The proposed new tank car standards also contain several options. DOT said it “proposes new standards for tank cars constructed after October 1, 2015, and that are used to transport flammable liquids as part of an HHFT—e.g., thermal , top fittings, and bottom outlet protection; tank head and shell puncture resistance.”

PHMSA is requesting comment on three options for enhanced tank car standard requirements:

- Tank Car Option 1 would have 9/16-inch steel, would be outfitted with electronically controlled pneumatic (ECP) brakes, and would be equipped with rollover protection.

**PHMSA is
requesting
comment on three
options for
enhanced tank car
standard
requirements**

**Understanding rule
88: It's more
complicated than
most think**

- Tank Car Option 2 would also have 9/16-inch steel but would not require ECP brakes or rollover protection.
- Tank Car Option 3 is based on the 2011 CPC-1232 industry standard and has 7/16-inch steel, and does not require ECP brakes or rollover protection.

DOT also “proposes to require existing tank cars that are used to transport flammable liquids as part of an HHFT be retrofitted to meet the selected option for performance requirements. Those not retrofitted would be retired, repurposed, or operated under speed restrictions for up to five years, based on packing group assignment of the flammable liquids being shipped by rail.”

Read the entire article:

http://www.railwayage.com/index.php/regulatory/secdot-proposes-new-tank-car-rules.html?channel=40&utm_source=WhatCounts+Publicaster+Edition&utm_medium=email&utm_campaign=RGH+7.24.14&utm_content=Full+Article

Mechanical Brief with Steve Christian

Lately I have been working with Rule 88 in the 2014 AAR Office Manual on a project. It is amazing how much confusion and misunderstanding is generated from this rule. Because of this, I thought it would be helpful make a short overview of the rule that might get you more in tune with what the rule is and what it is trying to accomplish.

To start with, you need to understand what Rule 88 is talking about when they talk about a “Unit.” According to Appendix A of the AAR Office Manual, a “Unit” is defined as “a car, multi-unit car, articulated car, or multi-level superstructure which is identified by a unique reporting mark and number.”

Now that we know what a unit is, we can better understand the different statuses of units. The following explains the different unit statuses listed in Rule 88:

- **New Units (NW)** - This is a unit having a completely new car body and underframe, with individual components meeting the full requirements of AAR Office Manual Rule 88.
- **Newly Acquired Units** – An existing unit that was purchased for use in interchange service.
- **Rebuilt Units (RB)** - This is an existing unit that has been recognized as rebuilt under the provisions of AAR Office Manual Rule 88. Units recognized by the AAR as being rebuilt shall be stenciled by Owner “Rebuilt (month and year).” A rebuilt unit does not meet all the requirements for a new unit.
- **Modified Units (MOD)** - Units which are modified to include any of the changes that are referenced in AAR Office Manual Rule 88. These changes could include:
 - Changing length body or length
 - Increasing inside height

Extended Service Status: the AAR has closed the window on all new Extended Service Status Units on July 1, 2014

The process of changing the status of your railcars is not an easy proposition

- Increasing side doors
- Increasing forklift wheel load
- Changing structure
- **Increased Gross Rail Load Units (IGRL)** - This includes units that have had their load capabilities increased by making changes that are required under the provisions of AAR Office Manual Rule 88. There are three different levels (identified by codes) of IGRL as follows:
 - Code 1 greater than 263 up to 286 GRL free/unrestricted interchange
 - Code 2 greater than 263 up to 286 GRL controlled/restricted interchange
 - Code 3 greater than 263 up to 268 GRL controlled/restricted interchange
- **Extended Service Status Units (EXS)** - These are units that were built on or after July 1, 1968 and did not originally meet the requirements of AAR Field Manual Rule 88.A.1.a. However they have undergone all the requirements of Rule 88.C.1.f and approved by the Equipment Engineering Committee for extended interchange service for up to 50 years. *The AAR has closed the window on all new Extended Service Status Units on July 1, 2014.*
- **Increased Life Status Units (ILS)** - This is for cars that were built on or after 1-1-1964 is eligible to continue in interchange service beyond 50 years and up to 65 years. This can be a very involved and costly process. You not only need to get approval from the AAR Equipment Engineering Committee but also independent approval from the Federal Railway Administration. I believe this avenue is used primarily for very specialized railcars.

This is a very quick overview of what the different statuses of railcars (units) are. The mechanical requirements for each status are laid out in Rule 88 in the "Minimum Mechanical Requirements Chart." A great deal of these requirements reference various specifications in the Manual of Standards and Recommended Practices (MSRP). The MSRP is composed of multiple volumes of specifications. What I am trying to convey here is the point that the process of changing the status of your railcars is not an easy proposition.

To further reinforce the complexity of the process. Here is the checklist from Rule 88.C.4.c that shows everything that must accompany the application to the AAR Equipment Engineering Committee.

d. Rule 88 Car Review Checklist

Following is a short procedure description of the items required for AAR approval of a car under the terms of Office Manual Rule 88 "Mechanical Requirements for Acceptance." Applications should include the following:

1) Project Description

- a. This should include a description of the car type, intended service (including a diagram sheet), car numbers, car builder, if an upgrade who is doing the upgrade, Rule 88 category (i.e.,*

I hope that I have impressed upon you that this is a very detailed and tedious process. The only way to efficiently prosecute this process is to rely on someone with extensive experience and resources to get the job done

AAR reports increased traffic for June

RB,NW,MOD,EXS,IGRL, or ILS), and a short description of the shop work required for the cars in question.

2) Rule 88 Checklist for Type Work Contemplated

This should include the following:

- a. Rule 88.C.4-Appropriate application forms with fee to AAR.*
- b. Rule 88.C.1-Determine which requirements must be complied with from the applicable section, list the items, and indicate how compliance will be accomplished.*
- c. Rule 88.C.3-Determine which column(s) is applicable, list the items, and indicate how compliance will be accomplished.*

3) Stress Analysis

- a. Include with application as required by the Rule 88 checklist provided.*

4) Springs and Truck Analysis

- a. Include with application as required by the Rule 88 checklist provided.*

5) Brake Analysis and/or Brake Tests

- a. Include with application as required by the Rule 88 checklist provided.*

6) Loading Issues

- a. Cooper Rating and/or UMLER IGRL codes applied as appropriate per the Rule 88 checklist provided with the project.*

I hope that I have impressed upon you that this is a very detailed and tedious process. The only way to efficiently prosecute this process is to rely on someone with extensive experience and resources to get the job done. Make sure you are working with experienced engineers, experienced and AAR approved shops and you have someone actively and aggressively managing this process. If not followed correctly, the AAR may never approve of the work performed leading to a loss of both time and money. Tealinc stands ready to assist you.

Steve Christian is the Manager Value Creation-Railcar Performance Manager for Tealinc, Ltd. You may contact Steve directly out of our Nebraska office at (308) 675-0838 or via email at steve@tealinc.com.

Railroad Traffic

The Association of American Railroads (AAR) reported on July 3, 2014 an increased U.S. rail traffic for June 2014, with both carload and intermodal volume increasing compared with June 2013. U.S. Class I railroads originated 1,177,655 carloads in June 2014, up 3.6 percent (41,310 carloads) over June 2013. Year-over-year monthly carload growth averaged 4.9 percent from March 2014 through June 2014, the highest average for any four-month period since December 2010 through March 2011. Total carloads averaged 294,414 in June, the highest weekly average for June since 2008.

Intermodal traffic in June totaled 1,077,385 containers and trailers, up 6.7 percent (67,967 units) over June 2013. The weekly average in June was 269,346 units, the highest for any month in history. In the second quarter of 2014, intermodal traffic grew 8 percent (253,921 units). The peak for intermodal traffic is generally in the fall, so look for more records to be set

Carloads of crushed stone, sand and gravel; grain; petroleum and petroleum products; motor vehicles and parts; and, primary metal products up

Public backlash as demand for frac-sand soars

“Frackers are expected to use nearly 95 billion pounds of sand this year, up nearly 30% from 2013 and up 50% from forecasts

in the months ahead. Through the first six months of 2014, containers accounted for 88.4 percent of intermodal volume, a higher percentage than ever before.

Seventeen of the 20 commodity categories tracked by the AAR each month saw year-over-year carload increases in June, the same as May. Commodities with the biggest carload increases in June 2014 over June 2013 included crushed stone, sand and gravel, up 12,217 carloads, or 14.1 percent; grain, up 10,394 carloads, or 16.5 percent; petroleum and petroleum products, up 4,736 carloads, or 8.6 percent; motor vehicles and parts, up 4,214 carloads, or 6.2 percent; and, primary metal products, up 2,753 carloads, or 6.6 percent.

“All in all, June was another good month for rail traffic,” said AAR Senior Vice President John T. Gray. “The fact that most categories of rail traffic were up in June, and that intermodal set a new volume record, supports the view that the economy is rebounding at a decent pace. Railroads will continue to do their part in ensuring this continues.”

Visit the AAR at:

<https://www.aar.org/newsandevents/Freight-Rail-Traffic/Pages/2014-07-03-railtraffic.aspx#.U8Voh1dVqU>

Industrial Inside

As the shale gas revolution continues a pace in North America, so does its wider environmental impact. And nowhere is that more apparent than in the burgeoning demand for frac-sand.

The demand for sand has been growing rapidly since the fracking revolution started.

“It’s huge,” said a U.S. Geological Survey mineral commodity specialist back in 2009. “I’ve never seen anything like it, the growth. It makes my head spin.”

By 2010 the value of the silica sand production had exceeded \$1 billion for the first time, according to statistics from the U.S. Geological Survey. And since then the demand has continued to rocket. According to an article in the *Wall Street Journal*, America’s fracking industry is expected to use nearly 100 billion pounds of sand this year. That is a staggering amount of sand.

According to the paper: “Frackers are expected to use nearly 95 billion pounds of sand this year, up nearly 30% from 2013 and up 50% from forecasts made by energy-consulting firm PacWest Consulting Partners a year ago.”

And next year the 100 billion pounds milestone will be reached. One of the reasons for the demand for more sand is not only the numbers of wells being drilled, but also the amount of sand per well being used. A year ago, the average well used roughly 2,500 tons of sand. Today’s wells often use double that amount, with some frackers using as much as 8,000

**made by energy-
consulting firm
PacWest Consulting
Partners a year
ago”**

**Demand is so great
it is now out-
stripping supply**

**Economists say
inflation fears
overblown**

tons of sand.

Demand is so great it is now out-stripping supply. The best sand for fracking – called Northern White which is found in states like Wisconsin and Minnesota – is now in seriously short supply. The company which mines Northern White expects demand for its sand will be at least 25% higher than it can supply for the rest of this year.

And with the boom comes bumper profits. One frac-sand company Emerge Energy Services, which began trading just over a year ago at \$17 per unit, is today at \$109. Shares of two other sand miners, U.S. Silica Holdings and Hi Crush Partners, have more than doubled in the past year. Desperate for more sand, companies are looking to exploit lower grade deposits in states like Texas and Arkansas.

As the frac-sand rush continues, the *Wall Street Journal* points out that there has been “a massive public backlash about the truck traffic, dust and breathing problems” associated with new mines in Wisconsin, Minnesota and Illinois.

These problems stretch as far as Canada, where officials are warning of a potential public health risk after children were seen playing in spilled frac-sand at an industrial area in the central Alberta town of Bashaw. As the sand is so fine, with a high silica content, breathing it can damage the lungs.

The backlash against the frac-sand boom should also be a warning to countries such as the UK, which recently opened up half their country to fracking.

Read the entire article at:

<http://priceofoil.org/2014/08/06/public-backlash-demand-frac-sand-soars/>

Financial Focus

Economists see little risk of a surge in inflation, despite mounting evidence that the American economy is rumbling to life.

Recent economic data have shown the employment picture improving more quickly than expected, with jobs being added at a pace of nearly 300,000 a month — the magic number that economists say would be needed to bring down the nation’s stubbornly high unemployment rate.

Along with the quickening job growth, consumer prices have been rising at a rate not seen in months. That combination could indicate the U.S. is nearing an era of higher inflation — an outcome critics of the Fed say is bound to arrive sooner or later.

“The question isn’t if inflation occurs, it’s when,” said Rep. Kevin Brady (R-Texas), chairman of the Joint Economic Committee.

But economists say that beneath the headline numbers, there is little to

“Inflation has picked up slightly over the past few months, but it still remains very low, still remains below the Fed’s target”

Economists say there is little risk of the Fed creating runaway inflation because the major drivers of spiking prices are not there

suggest the country is at risk of seeing the kind of runaway inflation that helped drive former President Jimmy Carter out of office.

“Inflation has picked up slightly over the past few months, but it still remains very low, still remains below the Fed’s target,” said Gus Faucher, senior economist at PNC Bank. “I don’t see any indication it’s going to get above that target in the next year or two.”

In June, the Labor Department reported its Consumer Price Index was up 0.4 percent in May, the largest one-month increase since February 2013. And in the past year, prices were up 2.1 percent — just a hair above the Fed’s 2 percent target.

Core inflation, which removes more volatile food and energy prices from the equation, was up 2 percent in the last year.

However, the Fed’s preferred way to measure inflation, the Commerce Department’s Personal Consumption Index, was up 1.8 percent in the last year — an increase from previous numbers but below the central bank’s target for the 25th straight month.

The quickening pace of the price increases comes at a time when employment data is raising hopes of a lasting recovery in the economy.

The Labor Department reported that the government added 288,000 new jobs, the fifth straight month of gains exceeding 200,000 jobs. The jobless rate has fallen half a percentage point in the first six months of the year, to 6.1 percent, faster than most analysts had expected.

Persistently high unemployment has long been a major concern for the Fed, while inflation has presented less of an issue; it has lingered below the Fed’s ideal level since the financial crisis. Bank officials were more concerned with deflation during the recovery because price growth was so stagnant.

Fed Chairwoman Janet Yellen said at her most recent press conference that the Fed could act to raise rates sooner if the economy was growing faster than it predicted. But she downplayed the recent increase in inflation data as more of a fluke than a trend.

“The data that we’re seeing is noisy. I think it’s important to remember that, broadly speaking, inflation is evolving in line with the committee’s expectations,” she said.

Economists say there is little risk of the Fed creating runaway inflation because the major drivers of spiking prices are not there. Specifically, experts say rapid inflation usually is driven by strong wage growth, because employers have to increase the prices of their goods and services to continue paying a competitive wage.

Wage growth has been relatively flat, and many believe the labor market would have to improve substantially before prices would start to rise.

“When inflation creeps in, it’s usually due to the demand for goods and

“I’m convinced the sooner the Fed refocuses on inflation, the stronger foundation we have for our economy... we don’t have anything to fear from normalizing our interest rates”

services being increased because employers are having to pay more wages,” said Jay Morelock, an economist at FTN Financial. “That is just absolutely not in the data. ... We see that nowhere.”

Critics of Fed policy are still pushing for the central bank to act as quickly as possible to wind down its stimulus. The bank is gradually shrinking the size of its monthly bond purchases that make up “quantitative easing,” but has emphasized it might not raise rates for some time after those purchases wrap up.

Brady and other GOP lawmakers say the Fed needs to act more aggressively to exit stimulus and hike rates.

“I’m convinced the sooner the Fed refocuses on inflation, the stronger foundation we have for our economy,” Brady said. “We don’t have anything to fear from normalizing our interest rates.”

Learn more at:

<http://thehill.com/policy/finance/economy/211513-economists-say-fears-on-inflation-overblown>

The Edge

It’s August already! It’s hard to believe the summer is moving along so quickly. We’ve spent a good deal of our past year engaged in operations consulting ranging in scope from negotiations with railroads for carload and unit train operations and corresponding rates to operations design and supervising construction of rail load out and receiving track design. All this work has been justified by determining corresponding values of returns on investment.

We’ve also spent a good deal of time working with companies that are trying to revamp current infrastructure to better match up with ever changing railroad requirements. This work is even more challenging in that it’s extremely difficult to justify a new operating scenario when the old or existing one works... but just not well; however, it’s an important review in that existing infrastructure can often times be tweaked to make a significant improvement in operations efficiency.

The railroads themselves are going through this process right now. Look at the capital investment programs in infrastructure that’s being invested by them it equates to billions of dollars. Why? Because the infrastructure requirements have changed with the significant volume growth of crude-by-rail and the significant volume decline of coal traffic. These commodities have a small percentage of infrastructure overlap - I’d venture to guess that they share less than half of the same track structure for the majority of their ton miles. This causes a necessary review of existing infrastructure by the railroads for track and operations investments and human resources requirements to support the new infrastructure. But herein lies the rub. The capital improvements are available to be used as soon as they are completed. Most will be complete in this construction season. The human resources will need to be vetted, trained, tested and qualified and in the process learn enough to contribute to the movement of freight across the nations’ infrastructure. This process is more than adding warm bodies to a roster and takes several months to start and years to effectively train.

So how does that affect me and my operations?

Note the first two paragraphs to this article. If you're designing infrastructure understand where you're at in the railroad operations infrastructure scenario to develop the most seamless fit with the connecting carrier. This approach will result in better service. If you're retrofitting or considering a retrofit review of your current infrastructure, take the same approach. Review what changes the railroad has made in service and infrastructure which require you to change and match up with the new railroad operating scenario.

Here are a couple of projects we've been working on that depict both scenarios. Project one a unit train receiver and carload shipper along a major coal route. There's been a 7% decrease in coal traffic on this route so one would think that there'd be substantial resources (track, space and human resources) to move their traffic. Not so. The railroad in this corridor decreased the human and motive power resources more than a corresponding decrease in coal traffic to control operating costs. This means that there's plenty of track but limited resources to move trains and carload business. In this case a review suggested an on-site expansion that would allow them to receive larger unit trains and ship larger carload blocks of traffic outbound. It seems crazy to have to make on-site infrastructure requirements in an area that has had a decrease of traffic but it saves the railroad resources by allowing direct placement of larger unit trains and less handling of carload traffic. The value created for the receiver / shipper is a decrease in railcar costs and increase in service reliability decreasing commodity costs and minimizing lost business opportunities.

Project two is a new project that has never shipped commodities by rail. Their business plan calls for single, small blocks and occasional unit train shipments. The dilemma for this new shipper is that they are located on a major intermodal route and a new crude oil route, both requiring the majority of available resources. Good luck with displacing either of these commodities. After struggling to obtain rates and service packages for less than unit train shipments we guided this customer to consider trucking the carload business to an established nearby trans-load site and negotiated acceptable unit train rates for the balance of their business. Not an ideal solution but one that fits within the railroads available resources for that corridor.

Your situation is probably unique as are most situations. There's no cookie cutter approach and each scenario needs to be evaluated on a stand-alone basis. If we can be of assistance in assisting you with an evaluation, we encourage you to give us a call.

We look forward to earning your business!