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Office of Proceedings
May 11, 2017
Part of
Public Record

FD 35952

GLBT

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After reviewing the UPS letter in support of the Great Lakes Basin Transportation llc, I believe this is directly the heart of the matter. There is little question or debate in theory GLBT could provide a physically quicker and more efficient route around Chicagoland. While there are no guarantees GLBT will decrease the throughput time in and out of Chicagoland, at best GLBT hypothetically could decrease interconnect time between railroads. Essentially UPS endorses the idea but fails to commit.

UPS does not state they will demand their Class 1 rail services use GLBT. Simply put, UPS is stating they support others to use GLBT so their intermodal units have less wait time in Chicago. It's like saying "I support the construction of a high priced toll road so others can use it and free up my drive time on the free interstate next to it."

If UPS truly supports GLBT for greater efficiency in delivery times, why didn't UPS state the company will use GLBT with little or no regard for cost as delivery time trumps transportation costs?

Second, there needs to be a discussion on how taking freight away from the two Chicagoland interchange shortline railroads will increase the cost for all freight moving through the Chicagoland. With going from 2 interchange railroads to three, the fixed cost per unit transferred will increase for everyone.

This is basic farmer economics. If a farmer produces less bushels per acre of soybeans but the fixed costs remain, the cost per bushel increases. Like the farmers grain elevator cooperative, these shortline railroads are essentially a member owned cooperative with the effected Class 1 railroads each owning a share of the shortlines. Like the farmer cooperative, the purpose of these interchange railroads is less to maximize profits but more to offer a necessary service to all of the member owned railroads.

GLBT hypothetically believes they can take 25% of the switching away from the interchange railroads. This will affect the cost per unit and ultimately increase the consumers cost regardless if the goods are shipped over GLBT or not. I believe UPS is being a bit myopic in only looking at potential improved rail efficiency and neglecting the big picture which is cost of service.

There are no guarantees offered by GLBT that movement through rail intermodal yards will be expedited. There are no statements that there will be an ACTUAL cost/time benefit. UPS states in their letter ".....while balancing financial time-in-transit constraints of the rail network." so obviously finances matter. The UPS basically states the more options the better without evaluating actual cost and other consequences.

Price is king with transportation. Efficiency is secondary.