

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

308012

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EX PARTE No. 770 (Sub. No. 1)

URGENT ISSUES IN FREIGHT RAIL SERVICE

UNIONS' COMMENTS IN SUPPORT OF PETITION FOR RECONSIDERATION

The Brotherhood of Locomotive Engineers and Trainmen; Brotherhood of Maintenance of Way Employees Division/IBT; Brotherhood of Railroad Signalmen; International Association Of Boilermakers; International Association Of Machinists And Aerospace Workers District #19; International Association of Sheet Metal, Air, Rail and Transportation Workers Mechanical Division; and National Conference of Firemen and Oilers, 32BJ/SEIU ("Unions") support the petition of the Freight Rail Customer Alliance ("FRCA") and National Coal Transportation Association ("NCTA") for reconsideration of the Board's decision to discontinue requiring the Class I railroads to submit service performance data in this docket.

The Unions agree with FRCA and NCTA that to the extent that the decision to discontinue requiring submission of service performance data was made in reliance on the carriers meeting most of their year 1 service targets established in this docket, such reliance was misplaced. The service targets were not based on any objective standard, but rather were unilaterally set by the railroads based on what they thought they could accomplish (without expending much extra effort). Achieving the goals set was like a high jumper setting the bar at 1 foot and stepping over it. The goal was achieved but there is no reason to be impressed by the accomplishment. And, to the extent that decision relied on statements from the Big 4 Class I's that they are committed to increasing volume and gaining traffic from trucks, such reliance was

an unwarranted act of faith that was at odd with experience. There is little evidence of the Big 4 actually trying to “grow the business”; certainly it is not evident from the employment numbers. In particular, Union Pacific seems intent on shrinking the business as it furloughed employees when other carriers did not, and it stated (in a 4th quarter call with financial analysts) that it is focused on having the lowest Operating Ratio in the industry, and that shippers must meet UP’s desired profit margin to be on the network. And NSR is now under attack by stock speculators who want to emulate the recent UP approach. Finally, the Unions also were aware of the FRCA/NCTA request that the service data reporting requirement in this proceeding be made permanent, and the Unions also anticipated that the Board would either continue the requirement or seek comment on the FRCA/NCTA request and were therefore surprised when the reporting requirement was discontinued.

For all these reasons, the Unions support the FRCA/NCTA petition for reconsideration.

Respectfully submitted,

/s/ Richard S. Edelman

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