

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
EXECUTIVE DEPARTMENT  
PUBLIC ADVOCATE OFFICE  
112 STATE HOUSE STATION  
AUGUSTA, MAINE

JOHN ELIAS BALDACCI  
GOVERNOR

04333-0112

STEPHEN G. WARD  
PUBLIC ADVOCATE

February 5, 2007

Senator L. Bartlett II, Senate Chair  
Rep. Lawrence Bliss, House Chair  
Joint Standing Committee on Utilities and Energy  
122<sup>nd</sup> Maine Legislature  
100 State House Station  
Augusta, Maine 04333

Senator Dennis Damon, Senate Chair  
Rep. Boyd Marley, House Chair  
Committee on Transportation  
122<sup>nd</sup> Maine Legislature  
100 State House Station  
Augusta, Maine 04333

RE: Annual Railroad Service Quality Report

Dear Senators Bartlett and Damon and Representatives Bliss and Marley,

In compliance with the by provisions of Section 1711 of Title 35-A and the reporting requirement established by Section 1711(6), we forward for review by the Utilities and Energy Committee and by the Transportation Committee the second annual Railroad Service Quality Report. This service quality report presents information generated by four quarterly surveys of freight shippers in Maine and the 86 responses submitted in 2006.

Thank you for the opportunity of providing information about how freight shippers evaluate the adequacy of railroad service in Maine. I am available to respond to questions from Committee members at your convenience.

Respectfully submitted,

Stephen G. Ward  
Public Advocate

cc: Sen. Barry Hobbins  
Rep. Herbert Adams  
Rep. Philip Curtis  
Rep. Seth Berry  
Rep. Stacy Allen Fitts  
Rep. Peter Rines  
Sen. Christine Savage

Sen. Douglas Smith  
Rep. Richard Blanchard  
Rep. Kenneth Fletcher  
Rep. Jon Hinck  
Rep. Michael Thibodeau  
Sen. Bill Diamond  
Rep. Charles Fisher



Rep. George Hogan  
Rep. Ann Peoples  
Rep. William Browne  
Rep. Richard Cebra  
Rob Elder, DOT  
Lynn Vicaire, Perma Treat Corp.  
Kathie Bilodeau, Transportation

Rep. Edward Mazurek  
Rep. Charles Ken Theriault  
Rep. Douglas Thomas  
Rep. Kimberley Rosen  
Steve Hudson, Hudson & Hudson  
Lucia Nixon, UTE  
Kristen Gottlieb, U&E

**Report of the Public Advocate on Railroad Service Quality**  
**2006**

**A. INTRODUCTION**

Under current provisions of Maine Law, the Public Advocate's Office is required annually to submit, no later than the first Monday in February, an annual report with the following information:

- A. A summary of railroad freight service quality data collected under subsection 2 and any actions taken pursuant to subsection 3;
- B. An evaluation of the effectiveness of any actions taken under subsection 3 and the need for the authority granted under that subsection, together with any recommendations for modifications to that authority; and
- C. An accounting of expenditures from the fund, prospective funding needs and any recommendations for changes in funding levels. (35-A M.R.S.A. Section 1711(6))

Subsection 2 of the law reads as follows:

- 2. **Tracking service quality.** The Public Advocate shall collect data on the quality of railroad freight service in this State. The Public Advocate may conduct surveys or employ other methods to gather information provided on a voluntary basis by shippers. The Public Advocate shall collect and organize the data in accordance with a performance matrix designed to measure service quality. The Public Advocate shall consult with the Department of Transportation and with shippers in developing the performance matrix. On a schedule mutually acceptable to the Public Advocate and the department, the Public Advocate shall provide to the department regular reports on the quality of railroad freight service based on data collected pursuant to this subsection. The Public Advocate shall report the data in a manner that is consistent with subsection 4. Reports provided pursuant to this subsection are public records.

Subsection 3 of the law reads as follows:

- 3. **Authority to take certain actions.** In order to enhance and promote railroad freight service quality in this State the Public Advocate may:
  - A. Provide information to federal, regional and state agencies, groups and organization and monitor federal and state regulatory actions of interest to Maine shippers;
  - B. Provide advice and assistance to shippers;

- C. With the consent of the parties, facilitate or mediate railroad freight service disputes; and
- D. Take any other appropriate actions consistent with the purposes of this section.

The law also provides, at Section 4, for the treatment as confidential information any survey response that would reveal the identity of a shipper and, at Section 4, for a \$20,000 transfer from the Department of Transportation to cover all costs associated with these new responsibilities.

**B. SURVEY METHODOLOGY**

The Public Advocate staff sent out 96 surveys in each quarter in 2006 (384 in total) to businesses in Maine that regularly ship freight on railroads doing business in Maine. The survey questions on each occasion were identical and consisted of the following questions:

In the 3-month period ending December 31, 2006, please identify how many events in the following categories occurred, by railroad. Please identify each railroad by initials in one or both of the columns below, selecting from the following: EMR (Eastern Maine RR), SMO/MER (Maine Eastern RR), MMA (Montreal Maine & Atlantic RR), NBSR (New Brunswick Southern RR), SLAR (St Lawrence and Atlantic RR), GRS/ST (Guilford Rail System/Springfield Terminal):

Railroad	Railroad	
	<u>    X    </u>	<u>    Y    </u>
1. <u>Late placements/on-time placements</u>		
• Number of on-time placements (occurring on the date for which ordered), of in-bound loads or cars released by shipper	_____	_____
• Number of late placements	_____	_____
• Average number of days late (total number of late days divided by total late placements)	_____	_____
2. <u>Cars requested/cars rejected by customer</u>		
• Number of empty cars requested in quarter	_____	_____
• Number of empty cars actually delivered	_____	_____
• Number of empties rejected for any reason	_____	_____

- Number of full cars requested in quarter \_\_\_\_\_
  - Number of full cars actually picked up or delivered \_\_\_\_\_
  - Number of times service was requested and not provided at all (as opposed to delayed) \_\_\_\_\_
3. Number of complaints
- Number of individual complaints regarding service problems in Maine, other than a request for a switch or a car \_\_\_\_\_
  - Number of contacts with personnel of a Maine railroad concerning service problems \_\_\_\_\_
4. Other comments \_\_\_\_\_

These questions and the survey format generally resulted from consultations between the Public Advocate and his staff and individual freight shippers who comprise an informal association of rail consumers. The Public Advocate also consulted with the Office of Freight Transportation at Maine's Department of Transportation.

The surveys identified six railroads (Eastern Maine Railroad, Maine Eastern Railroad, Montreal Maine and Atlantic, New Brunswick Southern, St. Lawrence and Atlantic and Guilford/Springfield Terminal) in these quarterly surveys. The total of 86 responses to the 384 quarterly surveys mailed in calendar 2006 indicate a response rate of 22% - a favorable response rate, in our opinion.

Details about rankings of railroads with respect to survey criteria are provided in Attachment 1.

**C. SURVEY RESULTS**

The following is a presentation of all the narrative comments received in 2006 from survey respondents.

1. Eastern Maine Railroad

- This is a sister-company of ours. Though I'm probably slightly biased in my comments, I have had very few problems with the service. Our products going in their direction are feeding our paper mill in St. John, NB. We all know our part in keeping the mill running - NSBR won't drop the ball.

## 2. Guilford Rail Systems/Springfield Terminal

- After much back and forth discussion with the railroad, they did waive demurrage for the months of February and March.
- We have change shipping methods to bulk truck.
- No cars provided or shipped this quarter. Thanks.
- There has been a vast improvement in the quality of service by Guilford rail systems. Better communications at lower levels of management which minimizes the amount of time senior management needs to be involved. I hope this continues.
- In section #2 - we requested empty cars a total of 8 times; only 7 cars were delivered in the first quarter. #8 was delayed until the second quarter.
- Some of the results I have seen in previous survey recaps concern me because I believe they paint a picture that is too negative. Railroading is a difficult business and the ST operates in one of the most difficult areas of the country. One need only look at the experience of shippers dealing with the BAR becoming the CDAC becoming the MMA to understand that maybe the management at the ST does know what they are doing. They have managed to provide reasonable service at relatively low cost for many years. I may not like some of the decisions that ST management has made but, in the long run, they have probably kept a rail system operating that would otherwise largely be gone.
- No problems, service is good.
- We have discontinued using any rail service due to the terrible service we received from Guilford. We are using transport loads exclusively now.
- I can count at least 8 deliveries to pick up at railcars at \_\_\_\_\_ by GRS/ST in 2nd quarter for my customer \_\_\_\_\_ for business going to \_\_\_\_\_. Their service is unreliable and inconsistent at best and I will probably lose the business in the future. Guilford is only coming up once a week to \_\_\_\_\_ and I need more interchange service, it is taking 7-10 days to go from \_\_\_\_\_ to \_\_\_\_\_ to interchange with SLR for delivery to \_\_\_\_\_. I know our General Manager is on the phone at least a couple of times per week trying to obtain a delivery schedule.
- In the three month period ending June 30, we have had no activity with railcars.
- Guilford/ST service unreliable, unpredictable.
- We basically need to load 60 cars a week, but the ST is lucky to get us 45 cars a week.
- Service is good, no problems.
- Prompt service is an ongoing, daily issue with railroad.
- We have not used the railroad in over two years.
- I have absolutely nothing good to say about this carrier, except to say they're honest. They have admitted to passing over our cars of pulpwood in order to pull higher priced cars. They are very slow at moving our cars - our customer is to receive 32 cars per week, we are lucky if ST delivers half of that. I can't talk to anyone about customer service. I can never reach anyone at their Waterville or Northern Maine Junction locations, and the people in Massachusetts never return my calls. The only people that will contact me are the accounting folks when we've underpaid our freight bills.
- The GRS/ST seemed to be doing a better job at delivering empties to use at a regular basis.
- 1/c delays both directions; excessive dwell time in ST yards, bad order repair delays; inconsistent service, embargos on warehouses, derailments, billing and routing issues.

- We did not have any activity in the 4th quarter of 2006. We will, however, have rail service both in and out of \_\_\_\_\_ in the 1st quarter of 2007.
- Service is very good.
- We don't use this service anymore.
- Unable to establish new rate contract that was competitive to other modes of transport. E.g. truck/intermodal.

### 3. Montreal Maine and Atlantic Railroad

- Rail cars setting in Canada border waiting to cross for more than a week - meantime I'm running low on cars and product.
- This is my 1st response to you. My only complaint relates to the sizeable rate increase that we are absorbing. Approximately \$500 per rail car. To a company like ours this increase in cost is not passable to our customers and a hit of \$500 + 500 cars is a huge increase in our cost structure.
- We stopped using the railroad.
- We feel that things are improving and look forward to the future. Our only problem is that cars are slow being set and picked up.
- Need better rail service.
- No complaints or comments.
- Great service Jan./Feb./March 2006. Very responsive. No snow.
- Service is not reliable. Can't count on train service on a regular basis.
- Shortage of rail cars delayed service. Overall very good service.
- Because of the \_\_\_\_\_ mill we currently are not using the rail service.
- No placements or shipments for the 1st quarter of 2006 from either MMA or GRS/ST.
- During request by email at MMA - they still cannot get it right. Sending demurrage bills then customers has to follow up with copies of the emails sent to railroad to show that we did what were suppose to do and they did not. So there is no durrage due to MMA.
- MMA no improvement in service. Service is not reliable!
- No complaint.
- For the most part, we always have empties available for loading in our \_\_\_\_\_ yards. The problems arises when we make requests for specific car types in specific yards. I find that the rail carrier's business moves much slower than ours does and often times cars arrive after the need has passed. If the cars aren't there when we need them we are forced to pay higher freight costs to get the product moved. In some cases we don't have the luxury of a backup plan, so it's necessary for us to wait until cars are placed. As a customer I expect my Company to be treated at though we are the only customer. I have called and e-mailed several complaints to the MMA staff - from the customer service center to the Chairman of the Board. My frustrations are with the incompetence in giving me what I ask for in a timely manner. I know that sounds bad, but I expect the same good service that we give our own customers.
- No complaints.
- All went well.
- No shipments for quarter.
- Things have gone well this quarter - \_\_\_\_\_ yard workers (SC) very helpful when we had a problem.



- Have not shipped or used the railroad for this period.
- Car being held up @ the border by MMA and paperwork.
- Only received 11 cars this Quarter.
- No complaints.

4. St. Lawrence & Atlantic Railroad

- No comments as we are only starting to use their line next week to move \_\_\_\_\_ from Quebec to Northern Maine via MMA.
- No railcars, delivered to during the 4th quarter.
- Excellent service.

**D. OTHER REPORTING PROVISIONS**

Section 1711(3) provides authority for the Public Advocate to take certain actions “in order to enhance and promote railroad freight service quality in this State.” Those actions include providing assistance to shippers, mediating freight service disputes (when the parties consent) and monitoring federal and state regulatory actions of interest to Maine. During the period following effectiveness of these provisions (September 17, 2005), the Public Advocate has not undertaken any action other than conducting the quarterly surveys that are the subject of this report.

Section 1711(6)c authorizes the Public Advocate to be compensated for efforts regarding railroad service quality by means of an annual transfer of \$20,000 from the Department of Transportation. This transfer occurred in the fourth quarter of the State fiscal year 2006. According to OPA timesheets, OPA personnel spent 199.5 hours on railroad service-related issues in the twelve months ending July 1, 2006. These efforts corresponded to 2.9% of all office hours during that period booked to an area of office responsibility. Other areas of office responsibility are electric, telephone, natural gas, radioactive waste and water utility advocacy.

**E. CONCLUSION**

The Public Advocate welcomes input and suggestions about how we may more effectively undertake the responsibilities given to us pursuant to Section 1711. Thank you for the opportunity of serving the people of the State and freight shippers relying on railroads doing business in Maine.

**A. Survey Highlights**

- 1) Eastern Maine Railroad ranked best in seven out of nine categories losing the best ranking in only two categories: "Number of empty cars actually delivered out of empty cars requested" (to MMA) and "number of full cars delivered out of full cars requested" (to GRS/ST).
- 2) Guilford/Springfield Terminal ranks poorest of all railroads surveyed in five categories for 2006:
  - a) number of complaints by shippers about service problems;
  - b) number of contacts from customers about service problems;
  - c) the average number of days that placements were late; and
  - d) the percentage of empty cars delivered out of cars requested.
- 3) Guilford/Springfield Terminal ranks best in one category in the last six months of calendar 2006: "full cars actually picked up/delivered out of cars requested."
- 4) Montreal Maine and Atlantic ranks poorest of all railroads surveyed in three categories for 2006:
  - a) the number of late placements of inbound cars or cars released by shipper;
  - b) the percentage of late placements out of all cars delivered; and
  - c) the number of cars requested by shippers but never actually delivered.
- 5) St Lawrence & Atlantic ranks best in two categories in 2006: "number of individual complaints regarding service problems in Maine (0)" and "number of times service was requested and not provided overall (0)." It ranked poorest in two categories: "number of empties rejected for any reason (606)" and "percentage of full cars requested (28.53%)."

**B. Notes**

- 1) The average response rate for 2006 survey was 22% out of 96 surveys mailed. All surveys went to shippers located in the State of Maine who rely on one or more railroads doing business in Maine.
- 2) Narrative comments submitted in both surveys primarily focused on two railroads: Guilford/Springfield Terminal (23 out of 49), and Montreal Maine and Atlantic (23 out of 49). Comments were both favorable and unfavorable.