

ATSI Initiative

September, 2005

Lisa Stabler – CWC Chairman



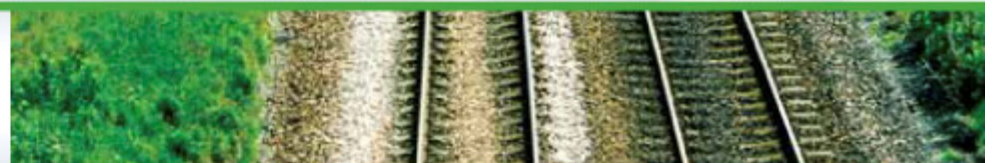
ASSOCIATION OF
AMERICAN RAILROADS

TOMORROW. ARRIVING BY TRAIN.



Actions Since Last Meeting

- ◆ Cost Recovery for Repairs Made on Line-of-Road
 - ◆ Recovery of added repair costs due to repairs made on line-of-road
 - ◆ Recovery of costs, not recovery of damages
 - ◆ Adjustable setout criteria based upon road's business model
 - ◆ Request made for ARB to consider potential rule changes
 - ◆ Expected implementation 2nd Quarter 2006
- ◆ Rule 88-Mechanical Requirements for Acceptance
 - ◆ Define conditions which should be remediated by a car owner during a significant shopping event



ATSI Re-Focus

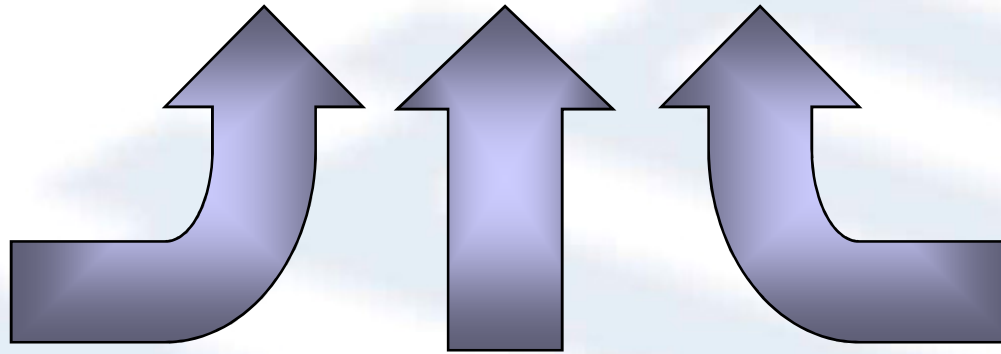
- ◆ Changing maintenance paradigm not efficient for some repairs
- ◆ Require car owners to proactively intervene for extensive repairs
 - ◆ For truck hunting, estimates are less than 10,000 cars per year
 - ◆ Other identified repairs should be of similar magnitude
- ◆ Car owners must receive advanced notification of car condition – InteRRIS/EHMS
- ◆ Utilize RAMP-ed for home shop movement



ATSI Initiative

3 Prong Approach

Rule 88 –
Mechanical
Requirements
for Acceptance



Required
Shopping for
Extensive
Repairs

Cost
Recovery for
Service
Interruptions



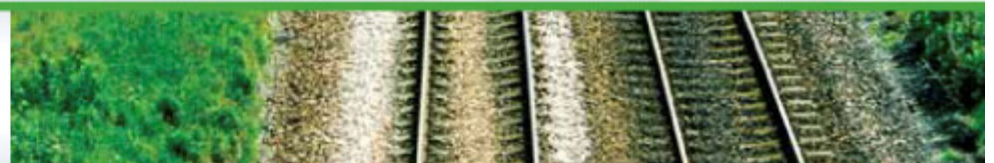
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CRB Overhead Study

- ◆ ARB will examine these items for potential inclusion in the current overhead rate
 - ◆ Detector capital cost, calibration and on-going maintenance costs
 - ◆ Material costs changes
 - ◆ Car per diem
 - ◆ Cost of the inspection process for all cars, not just the car identified as deficient by the inspector
 - ◆ Railroad cost of capital



2005 EHMS Status

- ◆ On budget
 - ◆ \$1,490,000 actual vs. \$1,500,000 budgeted
- ◆ 2005 Enhancements
 - ◆ Wheel profile information added to InteRRIS
 - ◆ Using CRB records and EW to create a CRH record
 - ◆ Data integrity issues addressed
 - ◆ Maintenance Responsible Party management
 - ◆ Enhanced ability to determine present car remediation status



2006 EHMS Project Request

- ◆ Planned Enhancements
 - ◆ Clear Alerts More Efficiently
 - ◆ Leverage RAMP-ed technology for dispositioning empty cars
 - ◆ Consolidate Separate Databases
 - ◆ Add Detector Alerts as needed to EHMS
 - ◆ Enhance Security
 - ◆ Generate EHMS-related Statistics



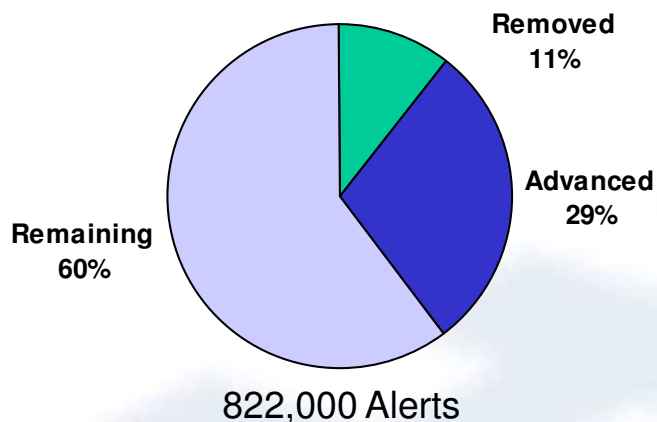
2006 EHMS Costs

- ◆ Software Development Costs
 - ◆ Railinc FTE – 12 heads
- ◆ Railroad Development Costs - \$1.25 million
 - ◆ Combined estimates from 6 Class I Railroads
- ◆ System Fees and Maintenance
 - ◆ \$1,375,000
 - ◆ Reduction from original request of \$1,600,000
 - ◆ Split between car owners and railroads
 - ◆ Car owners - \$41,000, billed on a per car basis
 - ◆ Railroads - \$1,334,000, billed on a revenue ton mile basis

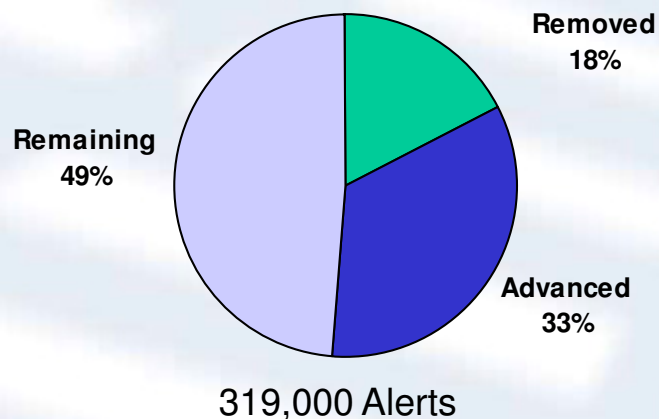


EHMS Statistics – WILD Remediation

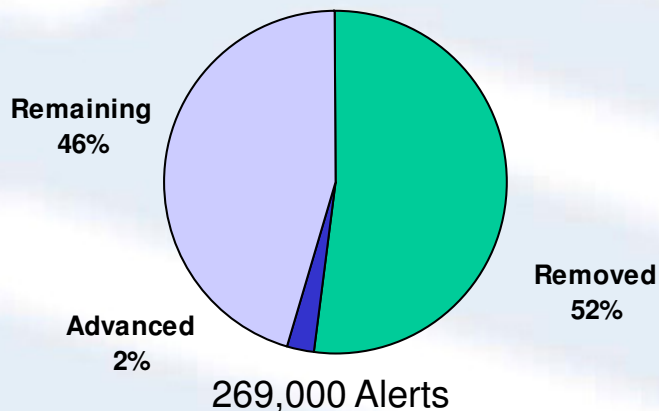
Window of Opportunity



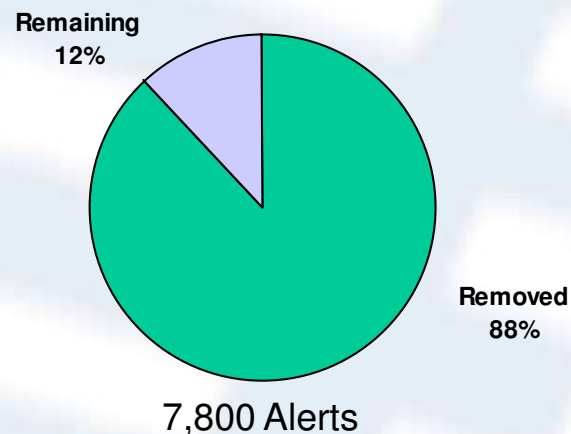
Opportunistic Repairs



AAR Condemnable

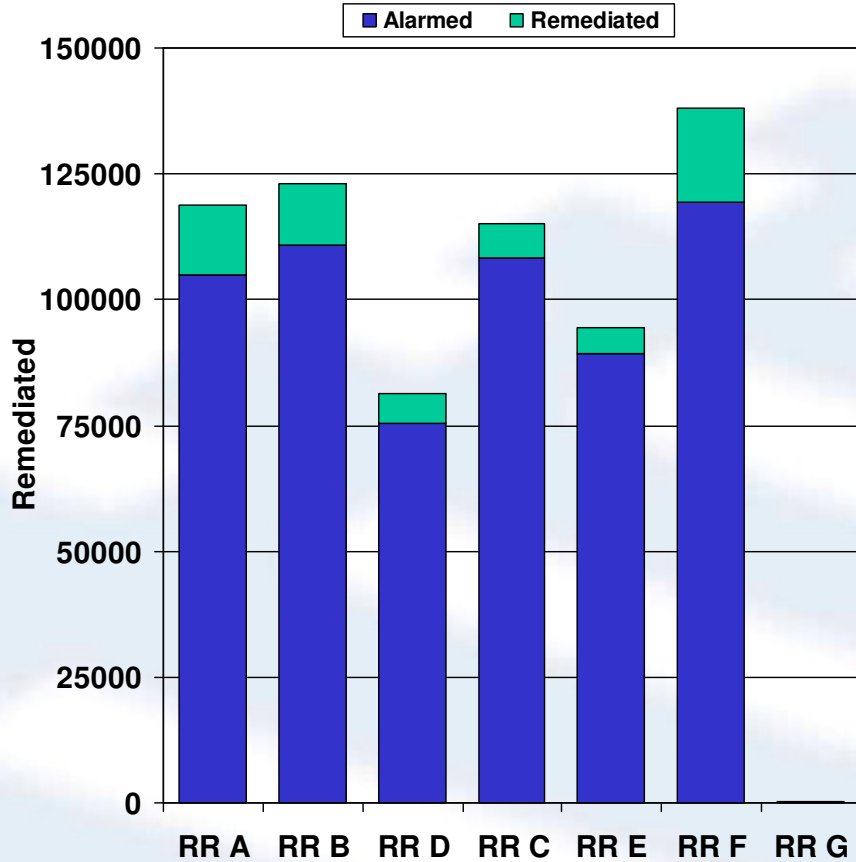


Final Alert

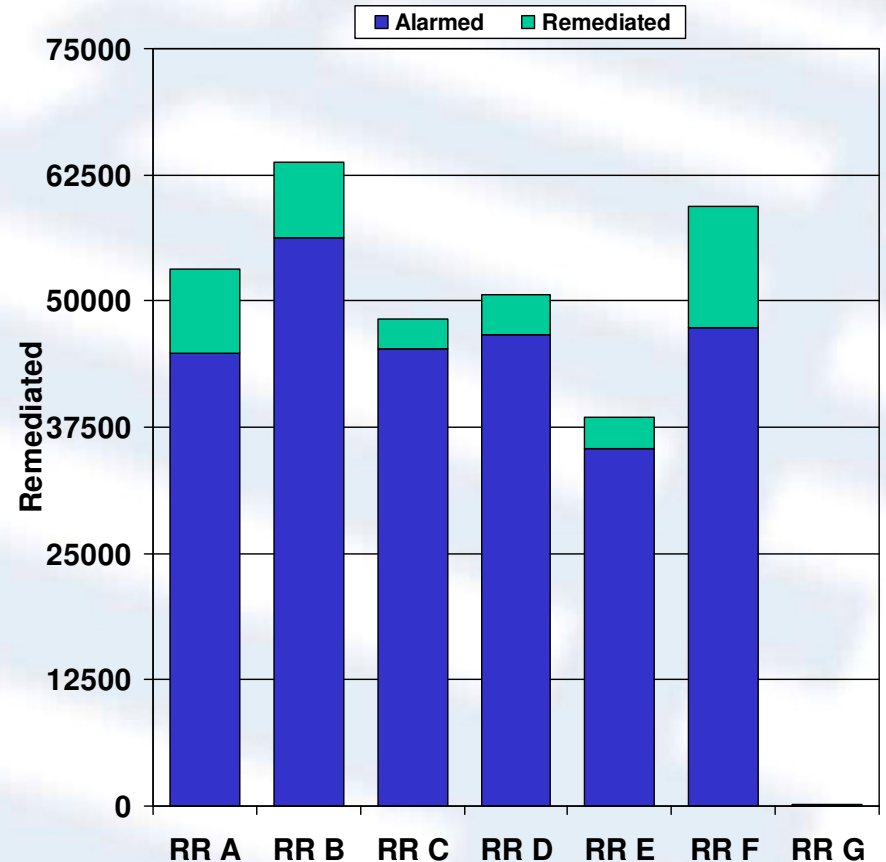


WILD Remediation Statistics

Window of Opportunity

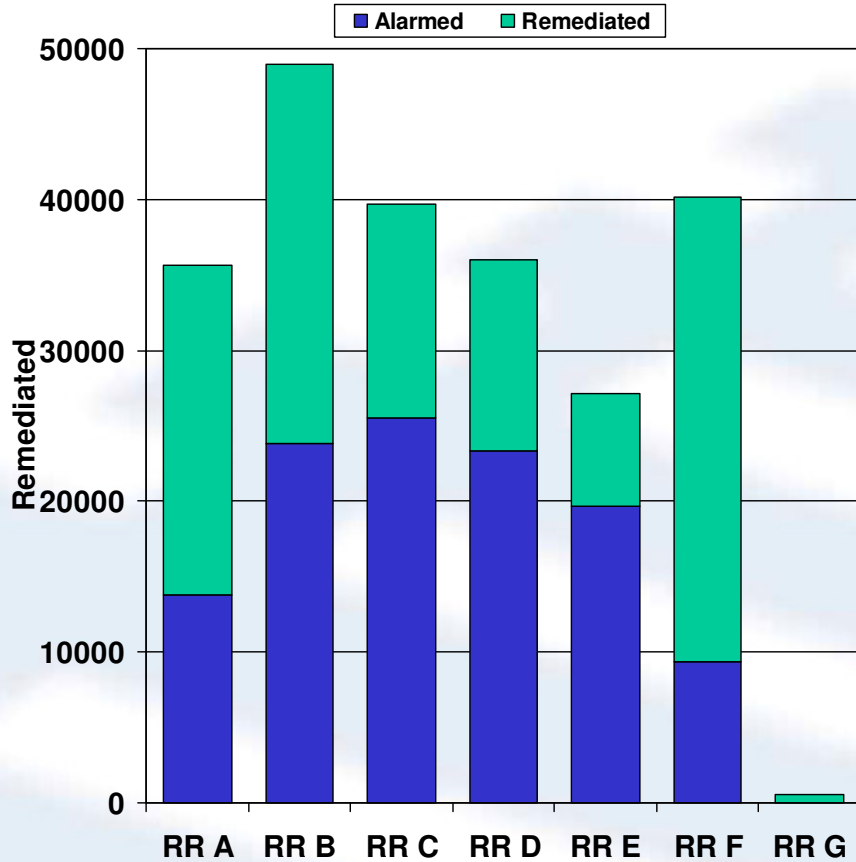


Opportunistic Repairs

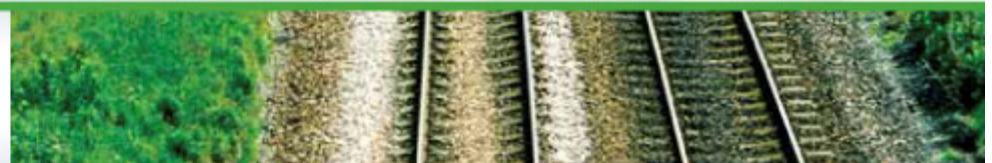
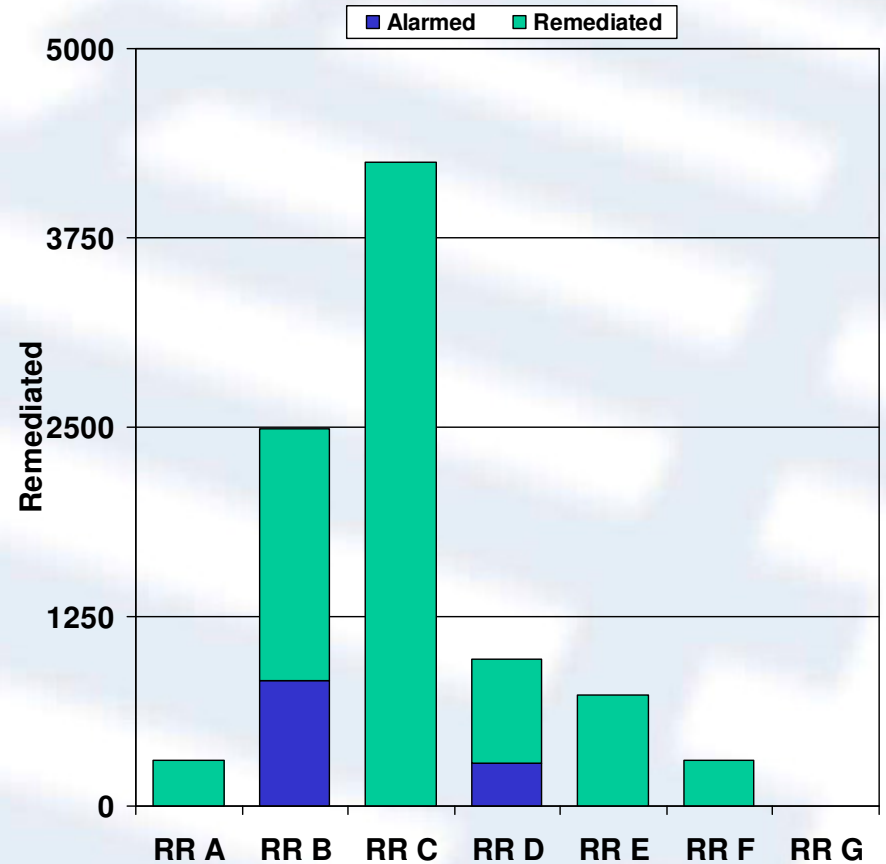


WILD Remediation Statistics

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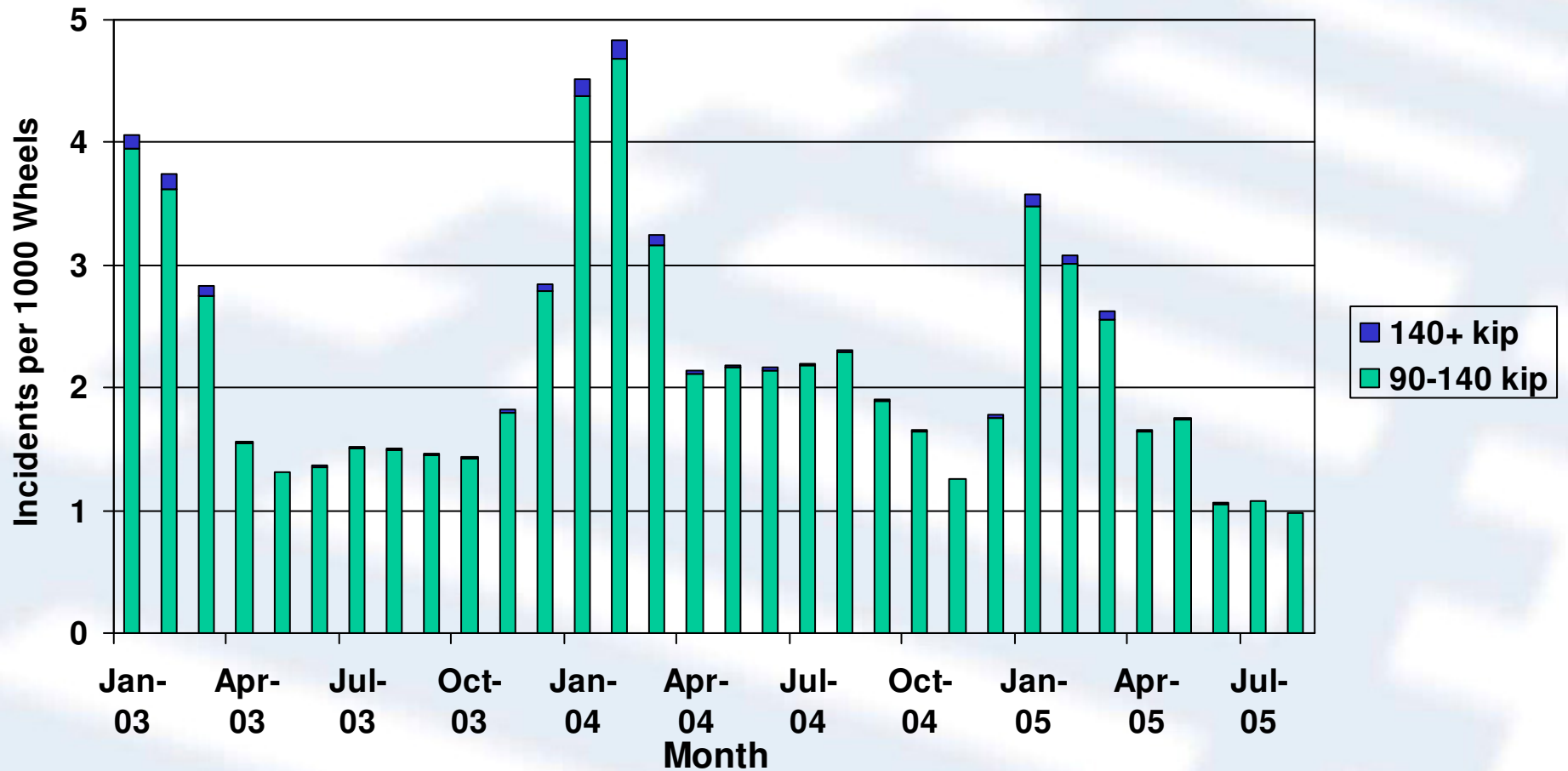


Opportunistic Repairs



High Impact Wheels

Per 1000 Wheels Past a Detector



ATSI Request for SOMC

- ◆ Support 3-prong approach for ATSI
 - ◆ Cost recovery on line-of-road
 - ◆ Car condition after shopping dictated by Rule 88
 - ◆ Home shopping process for extensive repairs
- ◆ Support continuation of EHMS in 2006 along with associated total projected cost of \$1,375,000

