

# TrackShare®

## Cost Allocation Analysis Software



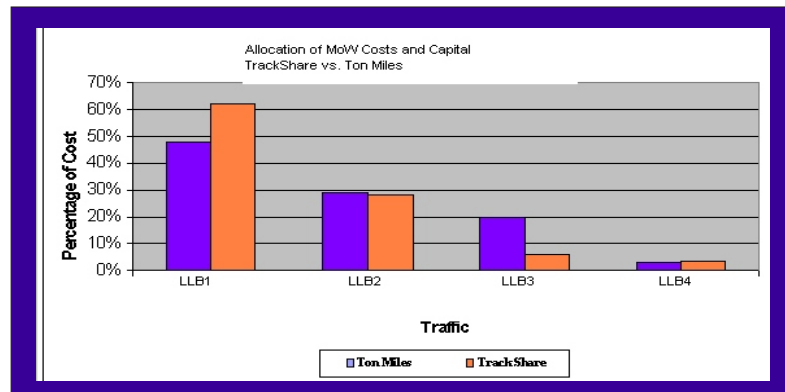
### Benefits

- A proven method for allocating costs among multiple users of shared railway rights of way
- Allocation is based on actual "damage" caused to the track by each traffic type and, therefore based on the real cost to the right of way owner
- Costs are auditable and reflect actual track maintenance expenses
- Track owners are assured of identifying and recovering the continuing costs of permanent way maintenance
- Model can be used to determine charges for track access for operators, owners and competitors
- Provides an equitable, neutral and transparent charging mechanism to recover public and/or private investment in railroads permanent way

### What is TrackShare?

TrackShare is ZETA-TECH's improved economic tool to allocate actual costs of shared rail rights of way among several users or lines of business. TrackShare provides enhanced capability to identify incremental costs for specific traffics and also costs "solely related" to one specific user of a shared right-of-way (e.g. the cost of higher track standards for high-speed passenger trains).

TRACK SHARE can be used by either an independent track infrastructure owner or by a fully integrated railway, or even by a train operating company, to determine network access fees.



*TRACK SHARE allows the owners of railway lines to identify the fixed and variable costs associated with a defined set of traffic types.*

### A Proven Solution

TRACK SHARE is based on a ZETA-TECH tool developed for the Association of American Railroads (the AAR) in the late nineteen eighties. The original model, known as "Weighted System Average Cost" (WSAC), was developed to allocate shared track maintenance costs between different types of rail traffic. Using engineering equations, WSAC "flowed" actual maintenance and rehabilitation costs to specific line segments and traffics, taking account of operating conditions and types of track components. This permitted development of segment costs even without segment-specific cost data.

By 1996, ZETA-TECH's WSAC model had attained regulatory acceptance at the U.S. Interstate Commerce Commission (ICC) as the "best available" method for determining "incremental" track maintenance.

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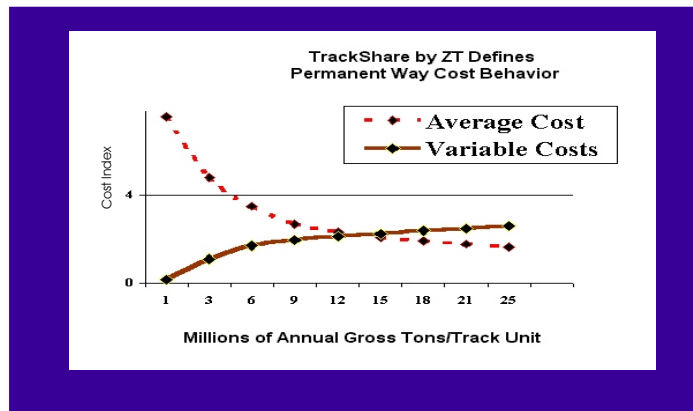
### Features

- Uses specific data for the Route network at issue
- Custom software applies location-specific adjustments and location-specific data sets for resolving disputes over sharing of permanent way costs
- Networks can be geographically segmented to reflect both changes in traffic volumes and types and changes in track maintenance requirements
- Results can be used to support both regulatory review and managerial planning and budgeting
- Underlying engineering formulas can be modified to adjust for data availability or for specific operating conditions and track components
- Set-up and data input can be quickly accomplished, even for large rail networks
- TrackShare model and its WSAC predecessor have been in regular use in a range of cost allocation applications since 1991
- Allocation process will run on either networked or stand alone computers.
- Can account for both "Incremental" (marginal) costs and "solely related" costs (those costs incurred only for specific traffics, and not for all users)

### How TrackShare Works

TrackShare is an engineering based economic model that calculates the consumption of physical track assets due to the passage of defined traffic types. TrackShare can use either system average costs and/or segment-specific cost records. In either case, the allocation process is the same. Costs are assigned to traffics based on total tonnage, operating speed of each traffic, vehicle characteristics (axle load, type of suspension), and track characteristics.

On this network, TrackShare then allocates historical track expenditures to both segments and traffic types. The output of a TrackShare application is a table of track segments, with a variable cost for each traffic on each segment as well as fixed cost and total cost for each segment. TrackShare also allows for the determination and quantification of costs specifically related only to one traffic (and therefore not properly allocable among all users), and permits a track owner to value the opportunity cost of line capacity as new business moves across the line. This allows a track owner (or a potential track user) to determine the cost of new business in advance.



TrackShare starts by segmenting the railway into route segments with a homogeneous mix of traffic. Typically these segments are 20 miles to 50 miles (30 to 80 km) long. Railway physical characteristics are then included, using available permanent way data.

### Practical Applications

TrackShare allows for the calculation of each traffic's share of maintenance of way costs for an entire route or for individual route segments

TrackShare allows for the calculation of any costs attributable to one traffic type and not another.

TrackShare allows both train operators and track owners to forecast how changes in traffic volume, operating speeds, or parameters such as car design might change costs.

TrackShare is available on either a single application or for license. User support is provided.

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