

**BIGGS APPRAISAL**

PROVIDING VALUATION AND TRANSPORTATION SERVICES TO THE RAIL INDUSTRY



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Premium Service

Merriam-Webster defines premium as a noun and adjective. "A high value or a value in excess of that normally or usually expected, or of exceptional quality or amount, also higher priced." In Railroad terms, Premium Service generally mean refrigerated or insulated boxcar service related to goods that are perishable or need to be protected from excessive heat or cold. Premium Service has been a part of many railroads service offering back to the 1850's, when a refer boxcar was cooled with ice. The Western Railroads most notably had, and continue to have, the largest refrigerated boxcar fleets. Some specialty shippers like Tropicana also have a dedicated fleet of reefer boxcars.

The refrigerated boxcar is an overlooked modern marvel that expanded markets for agricultural goods by linking distant cities to farms. It has changed and improved peoples eating habits and helped to usher in significant improvements to the everyday quality of life in North America.

By Ed Biggs

The transition from the 1970's vintage 50' mechanical reefers is just about completed. As of February 2025, the R660 fleet stood at 5,819 units with only 91 of those units being of the older 263,000-pound gross rail load capacity. The balance of 5,728 units in the R660 type are 64' and 72' and are very large modern capacity cars with a 286,000-pound gross rail load. The modern design of the interior of the cars allows the duct channels to get the refrigerated air to every part of the car, and special floor channels allow for uniform air flow, as well as easy clean up. This available capacity gives the railroads the ability to grow a substantial business for the produce moving from the West to markets all over the East, as well as anywhere that perishable products originate in large carload volumes.

To deliver Premium service, the railroads have made a significant investment in modern railcars as well as the facilities that Pre-Trip inspect, clean, service, and maintain the cars after each

trip. Many cars are pooled to a particular shipper, and the shipper may handle certain aspects of the Pre-Trip services to allow for faster turn times.

The modern reefers harken back to the early Billboard reefer cars, as they are almost always a heat reflecting white, and they are the provide a very large canvas for the graffiti artists that plague the railroad system.

Both the mechanical reefer and the insulated boxcars have the

same properties and dimensions. Many insulated boxcars can be retrofitted with a mechanical refrigeration unit. The mechanical refrigeration units are of a modular design have been simplified to be a drop in place and ready to go system in an easy to replace unit. This easy to replace feature allows palletized refrigeration units to be located at service points allowing a returning car with a cooling issue to be repaired and on its way quickly. This leaves the bad order refrigeration unit to be handled as a routine repair instead of a fire drill.



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Biggs Appraisal and Subjects of Value are service products of Edward D. Biggs III, LLC D/B/A Biggs Appraisal. An Accredited Senior Appraiser (ASA) member of the American Society of Appraisers with a focus on rail equipment, locomotive, railcar, and maintenance of way equipment valuations. Ed Biggs has spent over 48 years in the railroad industry with a mix of significant experience with railroads and leasing companies, including experience in fleet operations, mechanical, and sales. Biggs has particularly in-depth knowledge of railcar extended life upgrade and rebuilding programs. Biggs Appraisal also researches a wide variety of subjects to support valuations, both for its own interests and those of its clients. Stuart Biggs, ASA has been involved with every aspect of Biggs Appraisal's business for over 17 years and is an accredited Senior appraiser and inspector. Johanna Biggs, ASA has been working for seven years in research, appraisals, and inspections. Both Stuart and Johanna are members of the American Society of Appraisers. Edward Biggs IV works for our clients' interests both marketing surplus rail equipment and sourcing rail equipment. The articles in Subjects of Value are by necessity brief and are designed to spur further conversation. Questions, comments, and feedback are always appreciated. This newsletter is aimed at people interested in the rail industry. If you wish to be added to the Subjects of Value mailing list there is a sign-up form on the front page of our website Biggsappraisal.com. We encourage industry distribution of this newsletter.



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Premium Service

By Ed Biggs

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Refrigerated boxcars are among the most expensive cars to build, with pricing above \$300,000 a unit, and no one buys just one. They are also very costly cars to maintain and service. They have special monitoring equipment that tracks the temperature, when the doors are opened, fuel state, as well as the cooling engine operation. This information is transmitted to the home railroads premium service group to handle any issues that come up in the long routes these cars travel.

There is continued growth opportunities in Premium Service because railroads have been able to fine tune their systems by consistently reducing terminal dwell times and eliminate bottlenecks that improve over the road times.

What do the modern refrigerated cars carry? According to the Surface Transportation Board carload sample the R660 carried 40,240 carloads in 19 major commodity groups in 2022. The commodities were frozen vegetables, potatoes other than sweet, apples, carrots, onion, finfish, carcasses whole or part, meat fresh frozen, dressed poultry small, creamery butter, dry milk products, cheese, juice fruit or vegetable other than frozen, frozen processed (packaged) fish or seafood, frozen fruit, mixed loads of canned fruits and vegetables, wine, brandy, soft drinks or mineral water bottled or canned, and mixed loads of food or kindred products. Having a load limit of about 195,000 pounds, that's a lot of strawberries.

Many refrigerated boxcars are leased long term, and they are fully mixed into the railroad's fleets of cars. It is hard to distinguish one big white car from another, as they all are all typically maintained to a very high standard. On a recent inspection of a leased fleet, I was told that cars arriving at a service facility are generally on site less than 2 days. During my quick inspection of these cars, I was able to see just how fast the maintenance service to interchange process is. The

cars I was looking for had come and were almost entirely gone before I arrived. Luckily, other cars on my list arrived to allow me to get a small but representative sample.

My overall impression of railroad Premium Service describes a very positive attitude for superior service. I was very impressed with what I saw, and thought if I was investing in railcars, despite the initial significant investment, I would want some refrigerated boxcars in my long-term hold portfolio.

