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RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL  
Washington D.C.

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**2011 ANNUAL REPORT**  
**February 9, 2012**

Pursuant to Section 726 of the ICC Termination Act (ICCTA), the Chair of the Surface Transportation Board (STB) in mid-1996 announced the formation of the Railroad-Shipper Transportation Advisory Council (“RSTAC”). As required by section 726(f) (4) of ICCTA, RSTAC hereby submits this Annual Report for 2011.

**I. Membership**

The following are the designated members of the 15-member Council for 2011, listed by category:

Small Railroad (4) - John Levine, Pinsky Railroad Company; Reilly McCarren, Arkansas & Missouri Railroad; Henry Lampe, Chicago South Shore & South Bend Railroad; Michael Ogborn, OmniTRAX, Inc.

Small Shipper (4) - Roger Fray, West Central Cooperative; Bruce Ridley, Packaging Corporation of America; Terry Voss, Ag Processing; Howard Kaplan, US Magnesium.

Large Railroad (3) - Eric Butler, UP; John Friedmann, NS; Owen Zidar, KCS.

Large Shipper (3) - Doug Kratzberg, Exxon Mobil; Peter Weiss, Chrysler Group LLC; Leslie Moll, ArcelorMittal USA.

At-Large Member (1) - Jeff Keever, Virginia Port Authority

*Ex officio members who participated in RSTAC during 2011 were: The Honorable Daniel R. Elliott III, Chairman, Surface Transportation Board; The Honorable Charles D. Nottingham, Vice Chairman; The Honorable Ann Begeman, Vice Chairman; The Honorable Francis P. Mulvey, Commissioner; and The Honorable Ray LaHood, Secretary of Transportation, who is represented at Council meetings by Scott Greene of the Federal Railroad Administration.*

Council officers for 2011 include Reilly McCarren, Chair; Bruce Ridley, Vice Chair and John Levine, Secretary. The Executive Committee is composed of the Officers and the At-Large Member. Elections for new officers were held at the November 2011 Council meeting. Officers for 2012 include Jeff Keever, Chair; John Levine, Vice Chair and Howard Kaplan, Secretary.

**II. Council Meetings** - The Council met four times in 2011.

▪ **March 1-2, 2011 meeting:**

- ❖ Chairman Elliott, Vice Chairman Nottingham and Commissioner Mulvey gave the meeting opening. STB Staff Brian O’Boyle presented an overview of the RSTAC Statute and Ethics and Ex Parte communication rules. The financial report was given and there was discussion of moving the account from Reilly McCarren to John Levine, before moving on to Council Business, which included approving November 3-4, 2010, minutes for placement on the STB site.

❖ **General Discussion**

- There was discussion between RSTAC members and Bill Hunecke of the STB on the usefulness of the Uniform Rail Costing System (URCS) and the cost, impact and options of updating URCS.
- There was discussion on the process for arbitration/mediation filing. (Note: STB Members were not present for substantive discussions regarding this matter).
- There were reports from the field by all in attendance.
- The “Terminals” white paper was cancelled.
- RSTAC discussed issues affecting rail competitiveness in shorter-haul lanes and the truck size and weight issue. A committee comprised of John Friedmann, John Levine, Doug Kratzberg, and Leslie Moll was formed to discuss the topic further at the August meeting. (Note: STB Members were not present for substantive discussions regarding this matter).
- There were continued discussions on the Goals/Projects for 2011.

▪ **May 18-19, 2011 meeting:**

- ❖ Chairman Elliott, Vice Chairman Begeman and Commissioner Mulvey gave the meeting opening. A financial update was given before moving on to Council Business, which included review and approval of minutes of the March 1-2, 2011, meeting for posting on the STB site.

❖ **General Discussion**

- Reports from the field were made by all in attendance.
  - Members discussed and provided comments on business in their specific areas.
- There was a significant discussion about the future of URCS.
  - URCS – discussion continues with Bill Brennan, Mike Boyles, STB Staff (Note: STB Members were not present for substantive discussions regarding this matter.)
- Rail Opportunities Committee – John Friedmann presented a draft White Paper on Short Haul Rail and Truck Size and Weights.
- Joyce Rose and Fred Miller of House Transportation & Infrastructure Committee spoke about Surface Transportation reauthorization.

▪ **August 24-26, 2011 Houston, TX meeting:**

- ❖ Chairman Elliott, Vice Chairman Begeman and Commissioner Mulvey gave the meeting opening and a safety briefing was given by Doug Kratzberg. A financial update was given for the year-to-date before moving on to Council Business, which included review and approval of minutes of the May 18-19, 2011, meeting for posting on the STB site.

❖ **General Discussion**

- There was an Exxon Mobil Corporate presentation given by Michelle Mattix of Exxon Mobil and an Exxon Mobil Energy Outlook presentation given by Vincent Yuskiewicz
- There were reports from the field by all in attendance.
- URCS – further discussion of draft white paper
- Rail Opportunities Committee – further discussion of draft white paper

- There was discussion of the many RSTAC Board retirements at end of 2011 (5-6 people)
  - Elections of officers for the coming year discussed and suggestions for new members requested

❖ **Field Visits**

- Members toured the Houston Ship Channel Chemical Industry facility
- Members travelled from Port Terminal Railroad Association's north yard in Houston, by Kansas City Southern Railroad to Victoria, TX inspecting restored Rosenberg-Victoria line and the new Rosenberg intermodal terminal.

▪ **November 2-3, 2011, meeting:**

- ❖ Opening remarks given by Chairman Elliott, Vice Chairman Begeman and Commissioner Mulvey. The financial report was reviewed before moving on to Council Business, which included review and approval of minutes of the August 24-26, 2011 meeting for posting on the STB site.

❖ **General Discussion**

- The following officers were elected for 2012:
  - Chairman – Jeff Keever
  - Vice Chairman and Treasurer – John Levine
  - Secretary – Howard Kaplan
- The following dates were set for 2012 meetings:
  - February 28-29
  - May 18-19
  - August 24-25 (Field Meeting, Location TBD)
  - November 2-3
- Reports from the field by all in attendance. 2011 was a stronger year than anticipated.
- Rail Opportunities Committee – White Paper changes made and approved.
- URCS – White Paper changes made and approved.
- Reflections and feedback on Energy Presentations from the August meeting.
- How to maximize RSTAC contributions going forward was discussed.
- Goals, projects and schedule for 2012 were discussed.

**III: RSTAC Achievements:**

In March 2011, RSTAC filed in the “Assessment of Mediation and Arbitration Procedures” in Ex Parte 699. In November 2011, RSTAC published a Position Paper on the URCS covering, respectively, RSTAC’s recommendation that the STB needs to completely review and revamp URCS to ensure an up-to-date accurate costing system, taking into consideration the key differences between the Class I, Class II, and III Railroads. Furthermore, RSTAC recommends that Congress provide the STB the funds necessary to enable it to completely overhaul URCS to apply in exercising its jurisdictional obligations.

RSTAC spent considerable time considering the challenges and opportunities of short haul rail. A substantial short haul rail market still exists for some commodities, and shippers, railroads and governments have sought to expand rail short-haul market share as truck costs have risen and road congestion has increased. These efforts have met with mixed success, and recent initiatives to increase truck size and weight (TS&W) could threaten existing short haul rail markets and stop progress toward expansion of these markets. RSTAC published the Position Paper “Short Haul Rail: Challenges and Opportunities”, dated November 3, 2011, which further outlines these concerns as well as areas of opportunity for short line rail growth.

#### **IV: Future Plans:**

- RSTAC will continue to pursue the Council charge by following the Mission Statement:
  - To work together as a council of rail advocates on a common goal to strengthen the national rail industry, improve service levels and foster mutually beneficial relationships between large and small railroads and shippers, across all commodity groups. To that end, we will address improvements in the primary issues of capacity constraints and the evolution of merchandise carload network, including the elements that impact them, and bring forth recommendations for improvement.
- The Council will do so by:
  - Applying the diversity of the RSTAC Council to fairly and openly address small shipper/railroad concerns; being accessible to shippers; monitoring and discussing the issues; and providing knowledge and education where possible.
  - Encouraging shippers and railroads to improve communications toward a goal of improved customer satisfaction.
  - Focusing on discussion/problem-solving for issues that impact the access of shippers to a viable, healthy and stable rail transportation option to meet their shipping needs.
  - Consider recommendations regarding rail policy and the STB’s role to create more effective oversight in a capacity-constrained environment.

Although the Council consists of a diverse group, we all share the common objective of improving the industry. Each of us brings a unique perspective, resulting in larger opportunities to improve or solve issues that rail shippers and service providers face. As rail advocates, we appreciate the opportunity to play a role in meeting the needs of those in this ever-changing industry.

Additional RSTAC information is available at:  
[http://www.stb.dot.gov/stb/rail/railshipper\\_council.html](http://www.stb.dot.gov/stb/rail/railshipper_council.html)