

RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL  
Washington DC

**MINUTES OF JANUARY 20, 2004 MEETING OF THE  
RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL**

The Railroad Shipper Transportation Advisory Council (the "Council"), pursuant to notice, held a meeting on January 20, 2004 in the Board Room of the Surface Transportation Board, 1925 K Street, NW, Washington DC. The meeting was called to order at 9:00 am.

The following members were present: Peter Gilbertson, Chicago South Shore & South Bend Railroad; Sharon Clark, Perdue Farms Incorporated; Steve Bobb, BNSF Railway; Connie Thede, Muscatine Power & Water; Charles Marshall, Genesee & Wyoming Inc; James Brunkenhoefer, United Transportation Union; Bill Gelston, Federal Railroad Administration; Chairman Roger Nober, Surface Transportation Board; Mike Scherm, BP Solvay Polyethylene North America; David Brotherton, Bowater Inc.; Bob Bailey, Port Jersey Railroad; Karen Phillips, Canadian National; Frank Onimus, CSX Transportation; Rick Webb, Watco Companies; and Robert Pugh, Georgia-Pacific Corporation.

The following members were absent: George Price, Berg Steel Pipe Corp.; and Dean Atkinson, Bobcat Company.

**I. Agenda**

- A motion was made to accept the October 21, 2003 minutes. Motion was moved and accepted.
- The RSTAC financial statement was reviewed. There was a motion made to assess dues to finance meals and miscellaneous expenses. Motion was moved and accepted.

**II. Surface Transportation Board Overview**

- STB Commissioner update: Per Roger Nober, Francis Mulvey & Douglas Buttrey were nominated in mid-November. There is hope for a confirmation hearing next week. The best-case scenario would be for Mulvey and Buttrey to be confirmed and fill the existing STB vacancies between early March and Memorial Day.
- STB Conrail Oversight: With the 5-year anniversary coming up 6/24/04, STB has to decide whether to let oversight expire or impose lasting conditions. STB will undertake public hearings in Washington DC and a Shared Asset Area location (e.g. Trenton, NJ).

It is believed that the SAA must survive, even with no conditions. To disband SAAs would require a new STB proceeding. One comment STB has received has been to ask NS to open the lines for passenger service. A RSTAC member commented that there should be a separate commercial marketing entity from the operating entity in SAAs to improve market performance. Another RSTAC member commented that prices are being raised in the SAAs to finance the Conrail transaction.

**III. Railroad Service Issues**

- RSTAC Shipper members commented that car supply continues to be an issue with railroads - - there are cost-based and market-based discussions on car supply.

- There is little resilience in the systems - carload volume on mainlines are growing while line-haul track / terminal capacity is decreasing. Capital demands starve distribution system for non-train service e.g. local service.
- Velocity has deteriorated. One RSTAC Shipper member reported better transit time on cars in 1995 on the national rail system than in 2004. Subject company has had to increase fleet size 15% with no increase in production, managing more assets and increasing inventories due to increased transit times.
- All about consistency. Some shippers report increasing motor carrier pools e.g. keep 300-400 trailers on plant sites at all times.

#### **IV. Railroad Competitiveness**

- Suggestions to make the railroad industry more competitive: 1) Data transparency and 2) Car utilization improvements (e.g. TTX).
- Action steps: 1) RSTAC to send letter to AAR regarding data transparency. Urge AAR to consider ways to improve accuracy/availability of car movement information while considering customer data integrity. 2) Charlie Marshall will poll RSTAC members for response on potential Class I consolidation; and 3) Continue to discuss what barriers are in place for shippers to bring small rate cases before STB.