

RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL
Washington DC

**MINUTES OF APRIL 14, 2004 MEETING OF THE
RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL**

The Railroad Shipper Transportation Advisory Council (the "Council"), pursuant to notice, held a meeting on April 14, 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, Anacostia & Pacific Company, Inc.; 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; George Price, Berg Steel Pipe; Dean Atkinson, Bobcat Company; and Robert Pugh, Georgia-Pacific Corporation.

The following member was absent: Rick Webb, Watco Companies

I. Agenda

- A motion was made to accept the January 20, 2004 minutes. Motion was moved and accepted.
- The RSTAC financial statement was reviewed. 2004 Dues invoices were distributed to RSTAC members to manage future RSTAC operating expenses (meals and miscellaneous expenses).

II. Surface Transportation Board Overview

- STB Commissioner update: Per Roger Nober, the confirmations of the two STB Commissioner Nominees - Francis Mulvey & Douglas Buttrey - were in process and confirmation expected prior to the next RSTAC meeting in July.
- STB Conrail Oversight: With the 5-year anniversary coming up 6/24/04, STB has scheduled a Conrail Oversight hearing on May 3, 2004 in Washington, DC.
- STB Conrail Oversight Meeting – Shared Asset Area, Trenton, NJ April 2, 2004. Roger Nober provided feedback on the on the SAA meeting:
 - Hearing lasted 4 ½ hours / very crowded (150 people) / 21 presentations
 - Suggestion to hold meetings more often – perhaps once a year.
 - Getting out there - - bringing "sunshine to the process".
 - Shipper response: all over the map. Major concerns: growth in volume and service demands - - but lack of investment resulting in congestion.
 - Concern that since it is a "shared" asset area, there is a lack of investment in infrastructure: grade crossing, track, etc. Perception is that NS is investing in PA and not in SAA. NS response: investments are made all over and that OPA investment will support a much broader area / customer mix
 - UTU encouraged that growth can bring on more jobs.
- RSTAC Composition: several members discussed that a significant segment of the "rail industry" was not represented at RSTAC: railcar manufacturers, parts suppliers and lessors. Discussion centered around the creation of 3 non-voting advisors (individual appointments, not trade organization representatives) with a focus on the freight environment. Motion made to appoint three non-voting advisors: 2 supplier side / 1 from financial community.

III. STB Service Metrics

- Mel Clemens, STB Office of Enforcement & Compliance, presented the STB Rail Performance Metrics: Average Train Speed, Cars on Line, Terminal Dwell Time, and SAA Operating Performance. A robust discussion followed:
 - STB website posts basic trends / models.
 - Request made to increase information to include “historical perspective” by providing 1-year and 5-year rolling averages / trend line.
 - Concern expressed on consistency of measurement systems among railroads (dwell time?).
 - Bottom line, is STB evaluating current data with historical to determine if measurable progress is being made by the railroads and realized by the shipping public?
 - Agreement reached that as rail advocates, we must work together to create an environment (information systems / performance measurements) that will improve operations, grow market share / volume and encourage capital investment.

- A subsequent, “equally-robust” discussion took place on the current state of the rail and motor carrier capacity:
 - Growth up to 7% + this year - - railroads / motor carriers cannot keep up.
 - Capacity constraints = higher prices = hopefully, hiring people / infrastructure investment.
 - Fourth quarter peak will stress capacity of all modes.
 - Car hire costs up dramatically due to lack of rail fluidity - - major impact on short-lines.
 - Concern expressed about “lack of belief” that overheated economy will continue.

IV. Rail Rate Issues

- Discussion on how the “rules of the game” are changing:
 - All railroads have competition: direct RR, alternative mode, geographic source, etc.
 - Shipper Concern: some railroads say that they have all the business they can handle – not interested in competing for more.
 - RSTAC Railroad Member: “Right business, right price, right cost / asset base”

V. Miscellaneous

- To Do: Bill Gelston to send out FRA study; Charlie to work on Data Transparency Draft Letter; Mel Clemens to return at July RSTAC Meeting to review 5 year service numbers.

- Reviewed dates for July RSTAC Meeting.