
RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL
Washington D.C.

2009 ANNUAL REPORT
March 22, 2010

Pursuant to Section 726 of the Interstate Commerce Commission 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 2009.

I. Membership

The following are the current designated members of the 15-member Council by category:

Small Railroad (4) - John Levine, Pinsky Railroad Company; Reilly McCarren, Arkansas & Missouri Railroad; Rick Webb, Watco Companies, Inc; Henry Lampe, Chicago South Shore & South Bend Railroad

Small Shipper (4) - Roger Fray, West Central Cooperative; Bruce Ridley, Packaging Corporation of America; Terry Voss, Ag Processing; Gary White, International Resource Partners.

Large Railroad (3) - Eric Butler, UP; Dean Piacente, CSX Transportation; 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 2009 were: The Honorable Daniel R. Elliot III, Chairman (8-09 to 12-09); The Honorable Charles D. Nottingham, Chairman (1-09 to 3-09); The Honorable Francis P. Mulvey, Chairman (3-09 to 8-09); The Honorable W. Douglas Buttrey (retired); The Honorable Ray LaHood, Secretary of Transportation, who is represented at Council meetings by Scott Greene of the Federal Railroad Administration.

Council officers for 2009 include Rick Webb, Chair; Reilly McCarren, Vice Chair and Terry Voss, Secretary. The Executive Committee is composed of the Officers and the At-Large Member. Elections for new officers were held at the November 2009 Council meeting. Officers for 2010 include Terry Voss, Chair; Reilly McCarren, Vice Chair and Bruce Ridley, Secretary.

II. Council Meetings - The Council met four times in 2009.

- **January 29, 2009 meeting:**
- ❖ Chairman Nottingham, Vice Chairman Mulvey and Board Member Buttrey gave the meeting opening. The Board introduced the new RSTAC member Henry Lampe and potential new member Gary White. They discussed the need to fill large shipper vacancy. The financial report and annual dues were reviewed before moving on to Council Business, which included approving November 13, 2008 minutes for placement on the STB site and discussion of 2008 Annual Report.

❖ **General Discussion**

- STB continually working on ongoing items such as TIH/PIH, Small Rate Case and Common Carrier, along with other new items.
- 2009 Meeting Dates
 - Moved April 29-30 meeting to May 5-6 due to ASLRRA Annual Convention
- Reports from the Field
 - Members discussed and provided comments on business in their specific areas. Members commented on impact of economy and service quality, while also addressing specific issues such as Rail Safety Act. Some commodities slowly increasing, while other remain low.
- Railcar Repair-Claims Process Review
 - An overview of ExxonMobil's railcar repair-claims process was presented, followed by discussion.
- Regulatory Issues on the Horizon with the New Congress

▪ **May 5, 2009 meeting:**

- ❖ Acting Chairman Mulvey and Vice Chairman Nottingham gave the meeting opening. New RSTAC Members Gary White and Leslie Moll were introduced, along with new STB/RSTAC Staff Mary Turek and Brian O'Boyle. Former STB/RSTAC staff Susan Hugel, Lucy Marvin and Jamie Rennert were recognized for their contributions and support. FRA Deputy Administrator Karen Rae was introduced and discussed the National Rail Plan, which was expected to be drafted during 2009. The financial report was reviewed before moving on to Council Business, which included review and approval of minutes of the January 29, 2009 meeting for posting on the STB site. A draft of the 2008 Annual Report was reviewed.

❖ **General Discussion**

- Mission Statement, Guidelines and Goals
 - Reviewed and discussed meaning of Mission Statement and suggested improved phrasing for clearer direction and message. Need to work toward improving communication to increase knowledge of RSTAC.
 - Reviewed Guidelines to ensure existing and new members were familiar with them.
 - Discussed 2009 goals and identified white paper topics. Members were asked to review the following list of topics and choose which one to work on by next meeting.
 - ◆ National Rail Plan-Freight Passenger Balance and Capacity
 - ◆ STB Reauthorization
 - ◆ PTC Mandate
 - ◆ Railroad Tax Credits
 - ◆ Rail Competition Legislation Advice
 - ◆ Tax Credit Update
 - Shortline Credit
 - Investment Credit
 - Other ideas
- Also discussed steps RSTAC should take to help small shippers and small railroads

- Supplemental Report on Christensen Study
 - Bill Brennan, STB, summarized the supplemental report and discussed key points
 - ◆ Reviewed responses and made plans to follow up with those who requested
- Regulation of railroads pending legislation review
 - Members discussed the Investment Tax Credits, Rail Competition Study, Antitrust Bill and their effects on rail capital expenditures and rail customers.
 - White papers
 - ◆ Members discussed the creation of white papers on a variety of subjects, which will be decided upon prior to next meeting.
 - Reports from the field
 - ◆ Members discussed and provided comments on business in their specific areas. Members commented on impact of economy, freight-passenger balance capacity and reregulation
- **August 19, 2009 meeting:**
 - ❖ New Surface Transportation Board Chairman Daniel Elliott was introduced by Vice Chairman Nottingham and Commissioner Mulvey. Virginia Port Authority representative Jeff Keever was recognized as meeting host. Members introduced themselves to Chairman Elliott. The financial report was reviewed before moving on to Council Business, which included review and approval of minutes of the May 5, 2009 meeting for posting on the STB site. Members discussed a variety of concerns shared by small railroad and small shippers. Concerns included regulation, TIH/PIH, rates, high-speed rail impact, Anti-Trust, competition and bottlenecks
 - ❖ **General Discussion**
 - Members discussed other topics of interest, including high-speed rail, on-time delivery, car repair and STB reauthorization. Potential solutions and improvement plans were discussed in an effort to improve service to railroads and shippers.
 - White papers
 - Members divided into groups and discussed action plan for creation of white papers on the following topics. White Papers will be reviewed at next meeting.
 - National Rail Plan
 - PTC Mandate
 - Rail Competition
 - Railroad Tax Credits
 - STB Reauthorization
 - Reports from the Field
 - Members discussed and provided comments on business in their specific areas. Members commented on impact of economy, service issues, freight-passenger balance, reciprocal switching and reregulation.

- **November 18, 2009 meeting:**

- ❖ Opening remarks given by Chairman Elliott, Vice Chairman Nottingham and Commissioner Mulvey. The financial report was reviewed before moving on to Council Business, which included review and approval of minutes of the August 19, 2009 meeting for posting on the STB site.

- ❖ **General Discussion**

- The following officers were elected for 2010:
 - Chairman – Terry Voss
 - Vice Chairman – Reilly McCarren
 - Secretary-Treasurer – Bruce Ridley
- The following dates were set for 2010 meetings:
 - February 9-10
 - May 5-6
 - August 24-25 (Field Meeting, Chicago)
 - November 17-18
- White Papers
 - Members discussed and reviewed subcommittee presentations of PTC Mandate, Railroad Tax Credits, STB Reauthorization and Rail Competition.
- Federal Railroad Administration Preliminary Rail Plan
 - The October 2009 document was reviewed and discussed.
- Reports from the field
 - Members discussed and provided comments on business in their specific areas. Members commented on service issues, freight-passenger balance, reciprocal switching and reregulation.

III: RSTAC Achievements:

At the August 2009 meeting, the RSTAC members had an in-depth conversation about regulatory changes that Congress was considering to better promote competition in the railroad industry. Based on that conversation, a consensus emerged among a majority of the voting members of RSTAC about the merits of several of the regulatory changes that Congress was contemplating. To carry out its statutory mandate to advise Congress on “rail transportation policy issues it considers significant,” (see 49 U.S.C. 726(f)) the voting members of RSTAC decided to draft a White Paper expressing the recommendations of the majority as concerned future regulatory changes. RSTAC issued the White Paper on October 16, 2009 and submitted copies to the Senate Committee on Commerce, Science, and Transportation and the House Committee on Transportation and Infrastructure. In the White Paper, RSTAC specifically addressed the issues of: Reciprocal Switching, Paper Barriers, Antitrust Exemptions, and the Stand-Alone Cost Methodology.

The release of the White Paper was one of the more significant actions that RSTAC has taken in recent years, as demonstrated by the response that followed its release. An article was published in the industry publication, Journal of Commerce, discussing the White Paper (see John D. Boyd, “Rail-Shipper Panel Urges STB Changes,” Journal of Commerce, October 23, 2009, at:

<http://www.joc.com/rail-intermodal/rail-shipper-panel-urges-stb-changes>)

and the shipper advocacy group Consumers United for Rail Equity (CURE) issued a statement in response. In addition, the officers of RSTAC were invited to meet with the staff of the Senate Committee on Commerce, Science, and Transportation to discuss RSTAC's recommendations. The meeting, which occurred in November 2009, was attended by Reilly McCarren, RSTAC's Vice Chair, and Terry Voss, RSTAC's Secretary. RSTAC hopes that this meeting will be the start of a continued dialogue between RSTAC and the Committees on both sides of the Capitol, particularly when future legislative proposals are considered. The members of RSTAC feel that their expertise can be used as a valuable resource in that regard.

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