
RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL
Washington D.C.

2010 ANNUAL REPORT
February 18, 2011

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 2010.

I. Membership

The following are the designated members of the 15-member Council for 2010, 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; 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 2010 were: The Honorable Daniel R. Elliot III, Chairman, Surface Transportation Board; The Honorable Francis P. Mulvey, Vice Chairman; The Honorable Charles D. Nottingham, 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 2010 include Terry Voss, Chair; Reilly McCarren, Vice Chair and Bruce Ridley, Secretary. The Executive Committee is composed of the Officers and the At-Large Member. Elections for new officers were held at the November 2010 Council meeting. Officers for 2011 include Reilly McCarren, Chair; Bruce Ridley, Vice Chair and John Levine, Secretary.

II. Council Meetings - The Council met four times in 2010.

▪ **March 17-18, 2010 meeting:**

- ❖ Chairman Elliott, Vice Chairman Mulvey and Commissioner Nottingham gave the meeting opening. Main topics included the STB arbitration process and the need for the council to initiate white papers. STB Staff Brian O’Boyle, Craig Keats, and Anne Quinlan presented an overview of the RSTAC Statute and Ethics and Ex Parte communication rules. The financial report and annual dues were reviewed before

moving on to Council Business, which included approving November 18, 2009 minutes for placement on the STB site.

❖ **General Discussion**

- Bill Brennan of the STB staff provided an update to the Christensen study entitled: “A Study of competition in the U.S. Freight Railroad Industry and Analysis of Proposals that might enhance Competition.”
- Members discussed the STB Reauthorization Act of 2009 (S.2889)
- Reports from the Field
 - Members discussed and provided comments on business in their specific areas. Members commented on impact of economy, business levels, and service issues.
- Members discussed the need for positions and white papers
- Members discussed other topics of interest, including empty tank car charges, positive train control, the possibility of doing a small railroad and small shipper survey, passenger rail, rail infrastructure tax credits, energy efficient transportation, and rail infrastructure to the seaports.

▪ **May 5-6, 2010 meeting:**

- ❖ Chairman Elliott and Vice Chairman Mulvey and Commissioner Nottingham gave the meeting opening. Main topics were the current workload and the STB’s desire to initiate a mediation process. A financial update was given before moving on to Council Business, which included review and approval of minutes of the March 17-18, 2010 meeting for posting on the STB site.

❖ **General Discussion**

- White Paper Updates
 - There were updates on the white papers by:
 - ◆ The National Rail Plan Committee
 - ◆ The PTC Mandate Committee
 - ◆ The Railroad Tax Credit Committee
 - ◆ The STB Reauthorization Committee
- There was discussion between RSTAC members and Melissa Porter, Democratic Transportation Counsel of the Committee on Commerce, Science and Transportation of the Senate; and Mary Phillips, Senior Professional Staff Member, Subcommittee on Surface Transportation and Merchant Marine of the Senate. Most of the discussion revolved around the STB Reauthorization Act of 2009 (S2889).
- RSTAC briefly reviewed the CURE and AAR position points on the STB Reauthorization Act of 2009.
- Plans for the August offsite meeting and Chicago CREATE Project were discussed.
- Reports from the field were made by all in attendance.
 - Members discussed and provided comments on business in their specific areas.
- There were continued discussions on the goals and projects for 2010.

▪ **August 24, 2010 meeting:**

- ❖ Chairman Elliott and Vice Chairman Mulvey and Commissioner Nottingham gave the meeting opening. Main topics were the current workload, a possible mediation process, and a review of letters sent to the CEO's of all major railroads regarding service for the fourth quarter of the year. 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 5-6, 2010 meeting for posting on the STB site.

❖ **General Discussion**

- There was discussion of Senate Bill 3749-Freight Rail Infrastructure Capacity Expansion Act of 2009.
- White papers
 - There were updates on the white papers by:
 - ◆ The National Rail Plan Committee
 - ◆ The PTC Mandate Committee
 - ◆ The Railroad Tax Credit Committee
 - ◆ The STB Reauthorization Committee
 - It was agreed that the PTC Mandate and Railroad Tax White Papers were ready for distribution and posting on the STB website.
- There were reports from the field by all in attendance.
- There was general discussion regarding concerns of railroad readiness if the economy were to rebound in the near future.
- There was discussion on the proposed increased truck weights and the impact of such.
- There was discussion on the STB's newly formed TIH Advisory Council, and continued discussion on the goals and projects for 2010.

❖ **Field Visits**

- Members inspected several of the proposed CREATE rail improvement projects in Chicago on August 25, using a special train provided by the Union Pacific Railroad and the Chicago South Shore & South Bend Railroad.
- Members visited the Burns Harbor works of ArcelorMittal and observed first-hand the close integration between production and transportation at that facility.

▪ **November 3-4, 2010 meeting:**

- ❖ Opening remarks given by Chairman Elliott, Vice Chairman Mulvey and Commissioner Nottingham. The main topics included the current workload and that Commissioner Nottingham would be leaving the board and the impact of the election on committee changes. The financial report was reviewed before moving on to Council Business, which included review and approval of minutes of the August 24, 2010 meeting for posting on the STB site. Member Gary White submitted his resignation to the board on October 4, 2010.

❖ **General Discussion**

- The following officers were elected for 2011:

- Chairman – Reilly McCarren
- Vice Chairman – Bruce Ridley
- Secretary-Treasurer – John Levine
- The following dates were set for 2011 meetings:
 - March 1-2
 - May 18-19
 - August 24-25 (Field Meeting, Location TBD)
 - November 2-3
- There was discussion of the staff report for Chairman Rockefeller on the Current State of the Class 1 Freight Industry.
- There was discussion on commodity, boxcar and TOFC/COFC exemptions.
- There was discussion of the possibility of arbitration at the STB.
- There were reports from the field by all in attendance.
- There was discussion of goals and items to be reviewed in 2011.

III: RSTAC Achievements:

During 2010 RSTAC published two white papers covering, respectively, extension of the short line railroad infrastructure investment tax credit and the impact of Positive Train Control on railroads and rail customers. RSTAC supported extension of the investment tax credit, which has provided significant financial support for renewal and improvement of short line track infrastructure, but which had expired at the end of 2009. Subsequently, the tax credit was renewed by the U.S. Congress and signed into law by President Obama, and now extends until the end of 2011.

RSTAC spent considerable time considering the costs of Positive Train Control (PTC), required by the Rail Safety Improvement Act of 2008, trying to determine where those costs would fall, and the potential unintended consequences thereof. The Council has been particularly concerned that some of those costs may fall significantly on smaller railroads and rail customers. Moreover, the magnitude of those costs may inhibit smaller customers from using rail transportation altogether. RSTAC has outlined these concerns in its White Paper dated October 4, 2010. The Council notes that bill S.301 had been recently introduced in the U.S. Senate with the intent of mitigating some of the costs associated with PTC.

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