American Short Line and Regional Railroad Association
Annual Convention

Frankly Speaking: Hot Irons in the Fire at the STB

San Antonio, Texas
May 5, 2008

Francis P. Mulvey
Vice Chairman
Surface Transportation Board
STB Background

- Successor to the ICC
- Three Member Board—Non-partisan
- Railroad Rate and Service Disputes
- Railroad Restructuring
- Limited Jurisdiction over other modes
- Much Railroad Traffic Exempt from STB Regulation
- STB Regulates where Market Dominance Exists
Irons in the Fire

• New Approaches to Handling Rate Cases
• Review of Carrier Operating Practices
• Railroad Restructuring
• Environmental Reviews
• Changes in STB Practices
• Potential Legislative Changes Affecting the STB and/or the Railroad Industry
New Approaches to Rate Cases

- Streamlined Procedures to Reduce Time and Cost for Adjudicating Large Rate Cases
- First Large Rate Cases Handled Under New Guidelines
- Guidelines for Situations Where Value of Case is Too Small to Justify Full Blown SAC Approach
- Simplified Stand Alone Cost and Three Benchmark Approaches
- First Cases Brought Under New Small Rate Guidelines
Review of Carrier Operating Practices

- April 24-25 Hearing on the Railroads’ Common Carrier Obligation
- Hearing on Paper Barriers and Proposed Disclosure Rules; Entergy Case
- STB’s Fuel Surcharge Decision and Shipper Reactions: Class Action Lawsuits, Dairyland Power Case
- STB-Sponsored Study of RR Competition
Railroad Restructuring

- STB’s Revised Merger Guidelines
- The Board’s Classification of Railroad Mergers
- Canadian Pacific’s Proposed Acquisition of the DM&E
- Canadian National’s Proposed Acquisition of the EJ&E
Environmental Reviews

• Overall Responsibility for Environmental Review of New Railroad Construction or Abandonments
• DM&E Powder River Basin Expansion Project and the IC&E
• Yucca Mountain
• Environmental Review of the CN/EJ&E Proposal
Changes in the STB’s Practices and Procedures

- Rail Cost of Capital Methodology Revision and Examination of Multi-Stage Discounted Cash Flow Model
- Rail Energy Transportation Advisory Council
- Reorganization of Consumer Protection and Enforcement and Public Affairs Sections
- Temporary Limits on STB’s Jurisdiction over Pre-emption in MSW Cases
Legislative Activities Affecting the STB and/or the Railroad Industry

• Shortline Railroad Investment Tax Credit
• Class I Railroad Investment Tax Credit
• Senate and House Measures to Change Railroad Regulatory Framework
• Proposed Change to Railroad Industry Anti-Trust Exemption
• Proposed Changes to STB’s Responsibility toward Disputes Between Freight RRss and Amtrak/Commuter Rail
Thank you
Any Questions?