

RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL
Washington DC

**MINUTES OF JULY 26, 2007 MEETING OF THE
RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL**

The Railroad Shipper Transportation Advisory Council (the "Council"), pursuant to notice, held a meeting on July 26, 2007 in the Hearing Room of the Surface Transportation Board, 395 E Street, SW, Washington DC. The meeting was called to order at 8am.

The following members were present: Connie Thede, Muscatine Power & Water; James Brunkenhoefer, United Transportation Union; Rick Webb, Watco Companies; Reilly McCarren, Arkansas and Missouri Railroad; Charles Marshall, Farmrail; D. J. Kratzberg, Exxon Mobil, Bill Matheson, Schneider National, Larry Parsons, Wheeling and Lake Erie Railway; Terry Voss, Ag. Processing; Robert Pugh, Georgia Pacific; Eric Butler, Union Pacific Railroad; Owen Zidar, Kansas City Southern Railway; Roger Fray, West Central Cooperative; Francis P. Mulvey, Surface Transportation Board; Alice Saylor, Surface Transportation Board; William Gelston, Federal Railroad Administration. Absent were: Dean Piacente, CSX Transportation; Bruce Ridley, Packaging Corporation of America.

I. Opening Remarks by Commissioner Francis Mulvey

- Mentioned recent passing of Chairman Nottingham's brother
- Reviewed discussion following address to Minnesota Regional Railroad meeting in Duluth
- Reviewed recent energy transportation hearing in Kansas City

II. Financial Report

- Account balance, supplemental dues invoice and recent expenditures reviewed

III. Council Business

- May 2nd meeting minutes were approved for placement on the STB website.
- Discussion of combined NARS/Customer Forum Meeting in May

IV. Position Papers

- No position paper planned at this time

V. General Discussion

- Proposed NITL "Rail Compromise Plan"
 - Alternative Dispute Resolution
 - Opt-in/opt-out provisions
 - Likely course for negotiation
- Private Equity impact on rail industry – comments at NARS meeting May, 2007
- Current Freight Environment
 - Volume slumping across all sectors
 - Impact of housing downturn underestimated
 - Significant overcapacity in dry van trucking markets
 - Recovery may not occur until 2008

- Minimal impact railroad industry capital plans to date
- Noted significant, recent improvements in rail service
 - Modest traffic reductions coupled with new capacity
 - Some cars being stored due to improved velocity
- Merchandise service pilot project
- RSTAC Shipper Survey efforts

VI. Next Meeting – October 16 & 17, 2007