RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL

Washington D.C.

2013 ANNUAL REPORT

January 31, 2014

Pursuant to Section 726 of the ICC 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 2013.

1. Membership

The following are the designated members of the 15-member Council for 2013, listed by category:

Small Railroad (4) - John Levine, Pinsly Railroad Company; John McCreavy, SMS Railroad Services; Henry Lampe, Chicago South Shore & South Bend Railroad; Michael Ogborn, OmniTRAX, Inc.

Small Shipper (4) – Tom Giovinazzi, Holcim; Howard Kaplan, US Magnesium; Wayne Hurst, Agricultural Shipper; Shelley Sahling-Zart, Lincoln Electric System

Large Railroad (3) – George Duggan, BNSF; John Friedmann, Norfolk Southern; Michael Mohan, Canadian National Railway Company

Large Shipper (3) – Robin Burns, Occidental Chemical Corporation; Robert Byrd, Nucor Corporation; Jeanne Sebring, International Paper

At-Large Member (1) – open

2013 RSTAC members who resigned during the year: Jeff Keever, Virginia Port Authority; Peter Weiss, Chrysler, LLC; Leslie Moll, ArcelorMittal, USA and Jerry Cope, Dakota Mill & Grain

*Ex officio members who participated in RSTAC during 2013 were: The Honorable Daniel R. Elliot III, Chairman, Surface Transportation Board; The Honorable Ann Begeman, Vice Chairman; The Honorable Francis P. Mulvey, 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 2013 include John Levine, Chairman-Treasurer; Tom Giovinazzi, Vice Chairman; and Howard Kaplan, Secretary. The Executive Committee is composed of the Officers and the At-Large Member. Elections for new officers were held at the November 2013 Council meeting. Officers for 2014 include Tom Giovinazzi, Chairman; Mike Ogborn, Vice Chairman; Howard Kaplan, Secretary; and John Levine, Treasurer.

1. Council Meetings - The Council met four times in 2013.
   * February 26-27, 2013 meeting at STB in DC:
   * RSTAC Chairman John Levine gave opening remarks. STB Chairman Elliott, Vice Chairman Begeman and Commissioner Mulvey gave their remarks. The financial report was given by John Levine, before moving on to Council Business, which included review and approval of minutes of the December 4-5, 2012 meeting for posting on the STB website.
   * **General Discussion**

* STB Staff Gabe Meyer presented an overview of the RSTAC Statute and Ethics and Ex Parte communication rules.
* Update on PTC white paper from committee presented by George Duggan.
* There were reports from the field by all RSTAC members.
* Presentation by Scott Green on MAP-21Freight Policy Council.
* Discussed developing list of current ex parte cases before the STB to set the 2013 agenda and avoid conflicts.
* Discussions held on future meeting topics for presentations and white papers and Goals/Projects for 2013 including arbitration and mediation rules, presentations from House T&I Committee and Senate Commerce Committee Staff.
* May 21-22, 2013 meeting at STB in DC:
* RSTAC Chairman Levine gave opening remarks. STB Chairman Elliott, Vice Chairman Begeman gave their remarks. A financial update was given by John Levine and introduction of new member Wayne Hurst, before moving on to Council Business, which included review and approval of minutes of the February 26-27, 2013 meeting for posting on the STB website.
* **General Discussion**
  + There was a presentation by Dan Neumann, Senate Transportation Sub-Committee, on predominant issues to the committee- particularly passenger rail safety and PTC.
  + Overview of Rail Energy Transportation Advisory Council (RETAC) by Scott Zimmerman, Proceedings Branch Chief, STB.
  + National Grain Car Council overview by Fred Forestall, Transportation Industry Analyst, STB.
  + Discussion of recently issued STB rules on arbitration and mediation.
  + Reports from the field were made by all RSTAC members.
  + Update on PTC white paper from committee presented by Mike Ogborn followed by discussion with all agreeing that the committee will conference to prepare a final draft A.S.A.P. Marc Schultz of BNSF presented a PTC technical update for the group.
  + Group requested more information from STB staff on railroad performance and on status of ex parte cases before the Board.
  + Update on schedule and plans for August 20-21 field trip to Newark Port combined with RSTAC business meeting and rail tour of North East Corridor down to DC with overview of passenger/freight conflict issues and possible Amtrak/Conrail discussions and presentations.
* August 20-21, 2013 Newark, NJ Airport meeting:
  + RSTAC Chairman Levine gave opening remarks. STB Chairman Elliott, Vice Chairman Begeman and Commissioner Mulvey gave their remarks. It was noted the STB website contained a summary of the Board’s arbitration and mediation process. A financial update was given for the year-to-date by John Levine before moving on to Council Business, which included review and approval of minutes of the May 21-22, 2013 meeting for posting on the STB website.
* **General Discussion**
* Reports from the field were made by all RSTAC members.
* Update on PTC White Paper by Mike Ogborn and final review by RSTAC members.
* Discussed future topics including a crude by rail presentation from BNSF.
* RSTAC members requested STB staff provide further information on rail performance and ex parte case status for further review during RSTAC members only section of next meeting on November 6 or 7.
* The meeting was followed by a presentation regarding the Port of Newark.
* **Field Visit on August 21:**
  + Members had a site visit including a train inspection tour by Norfolk Southern. The tour was of the North East Corridor to Washington, D.C. from Conrail’s Ridgefield Heights Auto facility on combined passenger and freight tracks. A presentation was made by Conrail on its 37 year history evolving from a Class 1 railroad to a switching and terminal operation.
* November 6-7, 2013 meeting at STB in DC:
* RSTAC Chairman Levine gave opening remarks. Then STB Chairman Elliott, Vice Chairman Begeman and Commissioner Mulvey gave their remarks. New commissioner, Deborah Miller, awaits senate confirmation. The financial report was given by John Levine before moving on to Council Business, which included review and approval of minutes of the August 20-21, 2013 meeting for posting on the STB website.
* **General Discussion**
* The following officers were elected for 2014:
* Chairman – Tom Giovinazzi
* Vice Chairman – Mike Ogborn
* Secretary – Howard Kaplan
* Treasurer – John Levine
* The following dates were set for 2014 meetings:
  + February 25-26
  + May 20-21
  + August either week of 11th or 18th Field Meeting and site visit to be hosted by George Duggan, BNSF (location TBD)
  + November 5-6
* New members introduced: Robert Byrd, Nucor Steel and Jeanne Sebring, International Paper
* Thank you to John Friedmann and Norfolk Southern for the August field trip.
* Reports from the field by all RSTAC members.
* George Duggan, BNSF, gave a presentation on Crude by Rail. Presentation slides will be distributed to all by STB staff.
* Presentation by Scott Greene of FRA Transportation Policy Planning and slides will be distributed by STB staff.
* STB Chairman Elliott and RSTAC Chairman Levine offered special appreciation comments to Frank Mulvey for his service to the STB over the last ten years with agreement by all.
* John Levine offered kudos to past RSTAC council members Leslie Moll, Peter Weiss and Jeff Keever.
* STB Staff presented a list of status of ex-parte cases before the board; Council requested to add initiation dates on cases, list of cases older than 2 years, and open rate cases with filing dates and current status, and number of cases filed and cleared in the last 3 years.
* Staff will put PTC white papers and up-to-date minutes on the website.
* John Levine will prepare 2013 annual report for council review and posting on the website.
* The PTC paper will be presented on the Hill and Mike Ogborn agreed to coordinate this in early December.
* Discussion of possible 2014 topics.
* RETAC performance standards were distributed for Council review. Mostly coal statistics were included and Council asked for a more generic review; Gabe Meyer agreed to assemble this information and distribute before 2014 February meeting for further Council information and comments.

III: RSTAC Achievements:

In November 2013, RSTAC gave a final review of the PTC white paper and voted on for circulation unanimously. The PTC paper will be presented on the Hill and Mike Ogborn agreed to coordinate the presentation.

The field trip was a success showing the operation of the North East Corridor and capacity challenges of freight and passenger in an environment in expanding demand.

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.
* Review of topics for 2014: General consensus was to focus on 3 main areas:

A: Railroad equipment supply trends and issues

B: Rate case reformation impacts and possible influence of revenue adequacy.

C: How to coordinate with FRA Transportation Policy Planning to optimize joint efforts.

New Chairman Giovinazzi to work to assemble task groups on these to develop scopes prior to next meeting February 25, 2014.

Other proposed areas for possible review were:

* + Network impacts of coal declines on systems.
  + Productivity issues impacted by regulatory agencies such as OSHA and EPA.
  + Recommendations on how to make the new arbitration and mediation regulations more effective.

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>