



STB: Recent Events and a Look Ahead

RailTrends 2010

Vice Chairman Francis P. Mulvey

September 29, 2010

New York



STB Basics

- Surface Transportation Board is the independent economic regulatory agency for the railroad industry
- Three Board members
- Handles
 - Railroad rate and service disputes
 - Railroad mergers and acquisitions
 - Rail line abandonments and construction
 - Freight/passenger rail relationships
 - Limited jurisdiction over other modes



STB: BEST PLACE TO WORK 2010

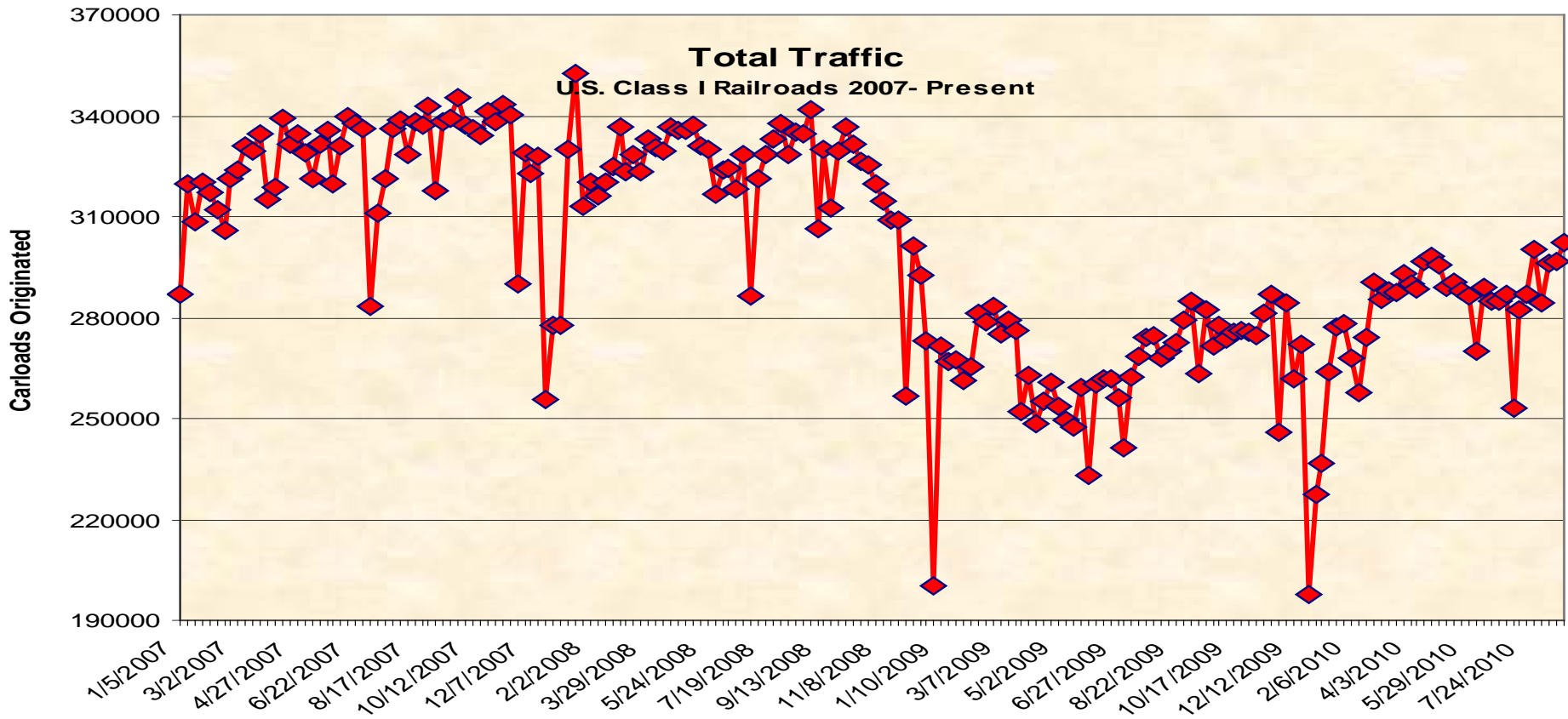
- Named #1 small agency - annual federal employee survey
- “One of the most obscure corners of the federal government train geeks and experts” *Washington Post*
- Highly graded professional staff - lawyers, economists, financial analysts, environmental and operational specialists



Rail Industry Trends

- Recent data point to a significant upswing in much rail traffic
 - August 2010 intermodal traffic was at highest level since August 2008
 - Carloads also show improvement, though at slower pace
 - Railroad execs cautiously optimistic; predict peak Fall season

Total Traffic (2007 - present)





Congressional Update

- STB Reauthorization bill – introduced December 2009, reported out of Senate Commerce Committee
- “Federal Role in National Rail Policy”
Senate Commerce Committee hearing held Sept. 15, 2010
 - STB Chairman Elliot testified
 - Chairman Rockefeller still committed to bill
 - Senate Judiciary Chairman Kohl committed to ending railroad antitrust exemptions



STB Initiatives Announced at Hearing

- Reexamination of Key Regulatory Policies
 - bottleneck & competitive access
 - class exemptions
- Active Monitoring of Industry
- URCS
- Transparency



URCS

- Board continues to work on the issues listed in May 2010 congressional report:
 - “make whole” adjustment
 - R-1 reporting changes
 - programming updates
 - treatment of consolidated firms, etc.
- Important tool in rate reasonableness and other cases
- Necessary to review and update periodically; improve accuracy
- House appropriations bill (DOT/HUD) provided URCS funding; awaiting results of Senate process



Transparency

- Monthly oral arguments/hearings
 - Demystify Board processes
 - Transparency
- Plain language digests
- News releases
- Meetings with stakeholders
- Public outreach and meetings



Paper Barriers

- Dissented from Board decisions permitting paper barriers in exemption cases
- Close scrutiny required
- Reauthorization bill would change the way agency considers paper barriers
- Not an announced initiative but Board can change paper barrier treatment without legislation



Pending STB Matters

- Large rate cases pending
 - Total Petrochemicals v. CSXT (SAC – chemicals - filed in May)
 - AEPCO v. BNSF/UP (SAC – coal – oral argument held yesterday); AEPCO v. UP (SAC – coal)
 - M&G Polymers v. CSXT (SAC – chemicals - filed in June)
- No small rate cases pending; recent settlements



Recent Rate Cases with Actual/Likely Settlements

- Seminole v. CSXT (SAC – coal)
- NRG v. CSXT (SAC - coal)
- US Magnesium v. UP (Simplified SAC – chemicals)
- Mediation/Negotiation key
 - Effective STB mediators
 - More funding requested from Congress to increase mediation efforts



Major Pending Practice Cases

- Arkansas Electric challenge to BNSF coal dust tariff (hearing held in July)
- Chemical shippers' challenge to railroads' interpretation of tank car tariffs
- Cargill's challenge to BNSF's fuel surcharge
- State of Montana challenge to BNSF 48-car shuttle trains
- Increase in unreasonable practices filings



Other pending cases

- Large abandonment in Maine involving Montreal, Maine & Atlantic (hearing held in Presque Isle in July)
- Entergy challenge to UP/Missouri Northern Arkansas interchange commitment/routing (second oral argument scheduled for October)
- Various challenges to demurrage assessments



Future at STB

- Fate of legislation
- Increased rail traffic
- Relationship between railroad/shippers
- Opportunities for Board to address big railroad/shipper issues
- Increased passenger rail oversight
- Stay tuned . . .



Thank you
Any Questions?

