MINUTES OF JANUARY 25, 2005 MEETING OF THE
RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL

The Railroad Shipper Transportation Advisory Council (the "Council"), pursuant to notice, held a meeting on January 25, 2005, in the Hearing Room of the Surface Transportation Board, 1925 K Street, NW, Washington DC. The meeting was called to order at 9 am.

The following members were present: Sharon Clark, Perdue Farms Incorporated; Bob Bailey, Port Jersey Railroad; Robert Pugh, Georgia Pacific; Steve Bobb, BNSF Railway; George Price, Berg Steel Pipe Corp.; Connie Thede, Muscatine Power & Water; Bill Gelston, Federal Railroad Administration; Mike Scherm, BP Solvay Polyethylene North America; and David Brotherton, Bowater Inc Dean Piacente CSX Transportation; Karen Phillips, Canadian National/Illinois Central; Rick Webb, Watco Companies; and Chairman Roger Nober, Vice Chairman Francis Mulvey and Commissioner Doug Buttrey, Surface Transportation Board;

The following members were absent: Charles Marshall, Genesee & Wyoming Inc; Peter Gilbertson, Chicago South Shore & South Bend Railroad; James Brunkenhoefer, United Transportation Union, Dean Atkinson, Bobcat Company

I.   Council Business

- A motion was made to accept the September 17, 2004 minutes. Minutes were approved and seconded and approved to post on the STB website. Confirmed approval of the minutes of 1/20/04, 4/14/04 and 7/14/04; minutes were approved, seconded and approved to post on the STB website.

- Financial update: 2004 Review of Bank Account provided by Robert Pugh. Agreed to pursue alternate checking account structure which would not charge interest. Agreed to review dues format structure at next meeting.

- Reviewed draft of 2004 Annual RSTAC Report: Report was moved and seconded to approve with one change, to reflect change in CSXT membership from Jim Howarth to Frank Onimus to now Dean Piacente in CY 05.

- Election of New Officers: Moved and seconded to appoint Bob Bailey Chair of RSTAC; Robert Pugh Vice Chair; and Connie Thede Secretary with officer slate to stay in place through RSTAC's third quarter meeting (Sept05). In fourth quarter, re-evaluate officer slate and determine if new elections are needed with potential of new RSTAC member appointments effective 10/06/05

II. Data Transparency Discussion: (included Charles Marshall via teleconference)

- **Guest Attendees**: Steve Potter, AVP Customer Service, CSXT; Kathleen Hoffman, Director Industry Initiatives-BNSF; Woody Sutton, VP Business Development & Interline Alliances, UPSP; Dale Schaub, Sr. Director Customer Service, NS; Richard Timmons, President, ASLRRA; John Carroll, Sr AVP Business Services, AAR; Jeff Usher, Sr Director Business Services, AAR

- **General Discussion**: Why is interline rail movement data not always accurate and available to all parties in a transparent, standard format? Central site data, site is 30 years old now, an old legacy system. Truck vs. rail different as to what is available in a centralized environment. Shipments in SteelRoads won't always match that on carrier websites. Issue with timing of data (most railroads 24/7 in 15 minute intervals) and different communications (AEI, GPS, on-board computers). CLM's not a railroad developed standard but designed by

NITL many years ago. The rail industry shares RSTAC concerns about shipment event discrepancies, particularly where destinations are not consistent.

- **General Concerns**: Each railroad can set own parameters, still too much individual initiative within each railroad. There is commonality of trip plans but each road may get there differently; create a standard with "teeth" to create minimum standard of information with trip plan. Biggest problems where there are hand offs between cars. Who has the car, may be function of scanners. Difference in time between reporting and acceptance. AEI readers not always moved when operating agreements or interchanges are changed. Estimates 1% of cars have glitches; ASLRRA: 545 railroads, over 50,000 miles, 20,000 employees. Have data gaps with non-reporting roads.

- **Implementing four phase program**:
  - Phase I - shorten reporting event from 4 hours to 1 hour;
  - Phase II/III - have gone from 225 non-reporting railroads to 112;
  - Phase IV - 1 hour reporting requirement with fairly significant population of events.
  - Have delayed implementation to next summer.
  - Many railroad's don't work over weekends so don't report.
  - Need to decide what policy should look like
  - Need consistent quality of information input into SteelRoads. Some shortlines all junction settlement, need consistency between roads on how they are shown in route. Not more information, need consistent information from each of the carriers
  - Customers have split into three camps to get information (1). Use individual railroad web site (typically on-line shipper) (2.) Use SteelRoads (typically shipper that uses many roads) (3). Use 3PL to gather and audit data (typically shipper that uses many roads)
  - Investigating an inexpensive AEI reader for shippers and short lines to install to improve data collected.
  - Not sure realistic to corral competitive companies into one system. Central, planned approach hasn't worked because 6-7 railroads have chosen to operate differently and the 3PL's have knitted this information together
  - Can SteelRoads provide exception reporting e.g. bad order more than 2 days, dynamic eta's, information push vs. information pull?
  - The system needs to function fluidly on interline, need from point A to point B - limitation is the appetite for the carriers to do so, as carriers have chosen to invest in individual websites

- **Action Steps:**

  - ASLRRA to provide list of 112 non-reporting railroads to RSTAC members to help coach on need for data visibility
  - Determine if AAR would entertain federal funding for developing a more robust SteelRoads ...if so, RSTAC could contact Congress with issue explanation and request for assistance on behalf of AAR
  - RSTAC members who are members of NIT League start a pilot project to target 4-5 large accounts to provide data transparency examples in April/May, then have AAR Electronic Commerce Working Committee meet with NIT League at July meeting to discuss
  - Advise shippers/small railroads to channel data discrepancies through the appropriate railroad member of the AAR Electronic Commerce Working Committee for resolution by the involved railroad.
  - Advise Jeff Usher of AAR of any other general data policy

- **Guest attendees left the meeting at approximately 1:00 PM.**

V. General Discussion

- Discussed Rail Service in general, topics raised included:

- There is a huge amount of rail car capacity going away in the next 10 years and rising car values are not episodic but reflect a structural economic change. Car demand is strong but values don't justify new builds at this time. Car builders are at capacity – prices are high – lead times are extended.
- Shippers can no longer budget transportation cost ... don't know what final rail bill will be given unreliability in transit time affecting car values, rising rates, rising accessorial charges and fuel surcharges
- Railcar maintenance fees are increasing as railroads embrace science-based processes with mechanical devices to monitor cars. Private car owners are experiencing huge increases in their railcar maintenance costs.
- What is the likelihood of a homeland security surcharge on railcars? Who will bear this additional cost?
- Shipper concerns are mounting and the shipper members of the Council have been gathering information and soliciting recommendations for improvement from their peers and area shippers.

VI: Next Meeting – Will be scheduled in April, 2005