

Minutes  
Rail Energy Transportation Advisory Committee  
September 10, 2009

Rail Energy Transportation Advisory Committee (RETAC) convened at the Surface Transportation Board (STB) offices in Washington, D.C., on Thursday, September 10, 2009. Alan Shaw, co-chair, called the meeting to order at 9:00 a.m. The meeting agenda and copies of referenced documents presented during the meeting are attached separately to these minutes.

**Attendance:**

**Surface Transportation Board:**

Daniel R. Elliott III, Chairman  
Francis P. Mulvey, Commissioner  
Charles D. Nottingham, Vice Chairman  
Scott Zimmerman, Designated Federal Official  
Raymond A. Atkins, Chief of Staff

**RETAC Members:**

Alan Shaw, Co-chairman

Betsy Monseu	William Berg	Mark Huston	Daryl Haack
Susan Arigoni	Stevan Bobb	Bruce Blanton	Kent Smith
Dan Kuehn	Sameer Gaur	John Hull	James Stem
Henry Rupert	Darin Selby	Darrell Wallace	Anthony Reck
Ed McKechnie	Dan Sabin	Robert Hulick	John Gray

STB Vice Chairman Nottingham and Commissioner Mulvey welcomed the committee and new members, John Gray representing Hawkeye Gold and Anthony Reck representing Four Rivers Transportation. Vice Chairman Nottingham also introduced Chairman Elliott. Former members David Rohal and James Redding were recognized for their contributions.

Minutes of the June 11, 2009, meeting of the RETAC Committee were approved.

Co-chairman Shaw reported that the committee fund totaled \$2175. Member terms were discussed, highlighting that current members were assigned to 1, 2 or 3 year terms and new members to 3 year terms.

Scott Zimmerman advised that an updated contact list will be distributed.

Co-chairman Shaw reminded members to select subcommittees to assist in furthering the activities of the committee.

Co-chairman Shaw then conducted the election of new officers as follows:

Co-chairman (Shippers) - William Berg  
Co-chairman (Railroads) - Stevan Bobb  
Secretary/Treasurer - Robert Hulick

STB representatives expressed their thanks to Messrs Shaw, Wallace and Rohal for their service as officers of RETAC.

**Coal Dust Mitigation Presentation** – Stevan Bobb, BNSF

Attached presentation was made by member Bobb defining the issue of coal dust mitigation, what is being done by BNSF and measures of success. Use of dust collectors, trackside monitors, establishment of thresholds and train monitoring have been employed.

Comments following the presentation:

Member Reck – How does loss at bottom of car compare to top? - Typical 400 mile trip = 45 pound bottom, 600 pound top.

Member Huston – How far from mine does loss continue? – Unpredictable.

Commissioner Mulvey – How is fugitive coal dust handled when removed from ballast?

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Believed to be benign, transported to landfill.

Member Berg – Has consideration been given to vacuuming of track? – Focus is on avoiding emission.

Member Kuehn – This has been a controversial contentious issue when dealing with cost allocation and possible tariffs associated with dusting of trains.  
Appreciative of sharing of data.

Vice Chairman Nottingham – How great is customer concern related to loss of paid-for Commodity? – Certainly a concern, several alternatives to improve under consideration: Body Spray, Topper Spray, Covers, Vibrater, etc. It is a competitiveness and environmental issue.

**Subcommittee Updates:**

- 1) Capacity Planning – Henry Rupert reviewed attached report. It was noted that with 30% of the coal fleets idle, capacity issues are not as prevalent. The subcommittee has asked the Board to respond to white paper to provide guidance regarding path forward. It was noted that capacity planning relates to the entire system, Producers, Transport and Consumption. The subcommittee also requested proposed topics for study in 2010.

Comments following the presentation:

Co-chairman Shaw – Noted investment is based on earnings / risk. Current network may be over capitalized 10-20%. Cap and Trade potential and PTC investments are of concern.

Member Hull – Improved train speeds have been a benefit. Has consideration been given to the impact on train speeds when business returns?  
- CSXT, spikes difficult to predict and manage vs. trends or shifts.  
- BNSF coal velocity improvements due to both capacity investments and process changes, not only business levels.

- 2) Performance Measures – Betsy Monseu reviewed attached report. Subcommittee requested input on coal dashboard, noted that additional ethanol information will be added and subcommittee plans to prepare a white paper.

Comments following the presentation:

Co-chairman Shaw – Forecast shows little reduction in inventories in 2010.

Member Gaur – Days inventory appears greater than 80 days.

Commissioner Mulvey – ETA is expecting increases in natural gas prices.

Member Arigoni, Kuehn, Berg – Inventory reduction would lead to reductions in supply requirements.

Member Darrell Wallace reviewed ethanol and DDG demand trends, production and impact of blending limits and California low carbon fuel standards included in the attached report.

- 3) Best Practices – Susan Arigoni reported the first draft of the subcommittee white paper will be prepared for discussion at next meeting. Additional focus on forecasting to be implemented.
- 4) Communications – Edward McKechnie reported that the work of this subcommittee will be defined by agreed upon RETAC guidelines for distribution of information beyond the STB.

### **Roundtable Discussion:**

Members Sabin and Arigoni lead a discussion of the topics submitted. A list of topics is attached. Initial comments focused on the perceived benefit of STB discussions with

other Governmental Departments regarding transportation planning to reduce risk aversion created by uncertainty.

Comments supported an ongoing role for coal in the energy market albeit reduced and with limited growth due to increased use of alternatives. It was suggested that RETAC schedule a presentation of the Electric Power Research Institute (EPRI) Prism and MERGE analyses for a future meeting.

It was expressed that the clarity of the future is impaired by the lack of a National Energy Policy and a National Transportation Policy. It was also suggested that ongoing House and Senate updates, similar to those presented at the June 11 meeting would be a benefit. Issues to monitor included coal gasification technology, carbon sequestration, cap and trade and transmission systems for captured CO<sub>2</sub>.

Discussion topics will be reviewed by the Co-chairmen for possible assignment to the subcommittees for additional review.

**Next Meeting Date**

December 1, 2009, 9 a.m., location to be determined (may be hosted by FERC).