

Meeting Minutes
Surface Transportation Board
Rail Energy Transportation Advisory Committee
September 19, 2013

The Surface Transportation Board's (STB) Rail Energy Transportation Advisory Committee (RETAC) convened at STB Headquarters in Washington, D.C., on Thursday, September 19, 2013. Co-Chair Henry Rupert called the meeting to order at 9:10 a.m. The meeting agenda and copies of referenced documents presented during the meeting are attached to the e-mail distributing these minutes. This information is also available on the STB's website at: <http://www.stb.dot.gov/stb/rail/retac.html>.

Meeting Attendance

Surface Transportation Board:

Daniel R. Elliott III, Chairman
Ann D. Begeman, Vice Chair
Francis P. Mulvey, Commissioner

Michael Higgins, Designated Federal Officer
Reamy Ancarrow, Chief Counsel to the Chairman
Scott Zimmerman, former Designated Federal Officer

U.S. Department of Agriculture:

Bruce Blanton

U.S. Department of Energy:

John Ostrich (for Patricia Hoffman)

U.S. Federal Railroad Administration:

Scott Greene

Guest Speaker:

Diane Kearney, Energy Information Agency (EIA)

RETAC Members:

Henry Rupert, Co-Chair
Bob Hulick, Secretary/Treasurer

Dave Garin	Mark Hamilton	Ed McKechnie
Amy Newton	Joe Hopf (for Robert Gabbard)	Tony Reck
John Gray	Dan Sabin	Darin Selby
Kareen Gray	Mark Huston	Kent Smith
Bob Guy	Lee Johnson	Beth Whited
Darryl Haack	Christopher Marsh	John Carr (for William Berg)

Meeting Content

Chairman Elliott and Vice Chair Begeman offered opening remarks. Each welcomed the committee members, expressed appreciation for RETAC's work, and recognized Commissioner Mulvey for his past service, in light of his upcoming departure from the STB. Commissioner Mulvey also extended his welcome and thanked his colleagues for their remarks.

Preliminary Matters

Co-Chair Rupert introduced two new members: Dave Garin from BNSF Railway Company and Bob Guy from United Transportation Union, Illinois State Director.

Minutes of the March 14, 2013 meeting were approved.

Secretary / Treasurer Hulick reported that current available committee funds are \$882.21.

Member Darin Selby presented a Review of Performance Measures (copy attached). Member Christopher Marsh was appointed as new head of the Performance Measures Review subcommittee.

Industry Segment Updates

1. Railroads

Member Darin Selby reported on current favorable conditions in the rail industry, including no capacity constraints, favorable cycle times, and minimal network congestion. Railroad capacity investments are paying off in concert with a balanced regulatory environment. Railroads are committed to implementation of recent Federal Railroad Administration (FRA) emergency orders, related to petroleum shipments.

Mr. Selby noted that the Association of American Railroads (AAR) has reported a performance measure of 99.998% for successful transportation of hazardous materials. Accident rates are down, resulting in rail being the safest mode of transportation. Crude oil shipment performance has been excellent, resulting in product loss of only 2.2 gallons per million ton miles.

Frac sand and industrial sand markets remain strong with 293,000 carloads in 2012 and 193,000 carloads through the first half of 2013. Availability of railcars is critical and suppliers committed to provide adequate capacity.

2. Utilities

Joe Hopf (for Member Robert Gabbard) presented the utility update (copy attached).

3. Mines

Member Kent Smith reported an overall decrease in coal demand, primarily due to a detrimental regulatory environment and an excess international supply. Mines have been facing challenging conditions for some time, resulting in mine closures in the Central Appalachian region, shifting of demand to the Illinois basin, and hedging by utility purchasers. The last factor has created additional uncertainty due to short term purchases. Changes in international markets have negatively impacted thermal coal exports.

Additionally, shifts from basin to basin create a dynamic situation impacting mines' capital investment decision-making. This situation should be monitored closely for the benefit of all segments of the transportation industry.

4. Ethanol

Member John Gray presented an update (copy attached). It was noted that the bio-diesel blenders' tax credit expires in 2013, which may result in product stockpiling impacting transportation.

5. Railcars

Members Karen Gray and Robert Hulick presented an update (copy attached). Overall, the car supply forecast presently indicates that future demand will be met.

6. Oil

Member Lee Johnson presented an update (copy attached).

Guest Presentation – Energy Outlook 2013

Diane Kearney of EIA presented an update on the Energy Outlook 2013 (copy attached).

Additional Matters

Michael Higgins, DFO, reported that no written public comments related to RETAC had been received by the STB.

Co-chair Henry Rupert led the election of new RETAC officers:

- Member Darin Selby was elected as Co-Chair (railroad)
- Member Rob Gabbard was elected Co-Chair (shipper)
- Member Mark Hamilton was elected Secretary/Treasurer.

Retiring members and outgoing officers, including Susan Arigoni, John Hull, and Bob Hulick, were thanked for their service to the Committee and the railroad industry.

The next meeting date was set for March 6, 2014, at the STB Headquarters in Washington, DC.

The meeting was adjourned at 12:00 p.m.

Respectfully submitted,

/s/ Robert Hulick

Robert Hulick
Secretary/Treasurer (former)

Certified by:

/s/ Robert Gabbard

Robert Gabbard
RETAC Co-Chair
November 22, 2013

/s/ Darin Selby

Darin Selby
RETAC Co-Chair
November 22, 2013