

Meeting Minutes  
U.S. Surface Transportation Board  
Rail Energy Transportation Advisory Committee  
March 6, 2014

The Surface Transportation Board's (STB) Rail Energy Transportation Advisory Committee (RETAC) convened at STB Headquarters in Washington, D.C. on March 6, 2014. Co-Chair Darin Selby called the meeting to order at 9:10 a.m. The meeting agenda and copies of referenced documents presented during the meeting are 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 Chairman  
Christopher Diamond, Office of Chairman  
Michael Higgins, Designated Federal Officer

**U.S. Department of Agriculture:**

Bruce Blanton

**U.S. Department of Energy:**

John Ostrich

**U.S. Federal Railroad Administration:**

Scott Greene

**Guest Speakers:**

Chris Oerhle, STB, Office of the General Counsel  
Timothy Butters, Pipeline and Hazardous Materials Safety Administration (PHMSA)  
Darren Epps, SNL Energy

**RETAC Members:**

Darin Selby, Co-Chair  
Mark Hamilton, Secretary/Treasurer

Dave Garin	Scott Yaeger	Brad Hildebrand
Amy Newton	Hank Baumann (for Robert Gabbard)	Tony Reck
John Gray	Dan Sabin	Bob Hulick
Kareen Gray	Mark Huston	Kent Smith
Bob Guy	Lee Johnson	Beth Whited

John Soethe  
Jeff Wallace

Christopher Marsh  
Henry Rupert

William Berg

### Meeting Content

Chairman Elliott and Vice Chairman Begeman offered opening remarks. Chairman Elliott welcomed the committee members, expressed appreciation for RETAC's work, and mentioned the challenges of harsh winter weather conditions across the U.S. and related service issues. Vice Chairman Begeman also welcomed the committee members, expressed gratitude for RETAC's efforts, and noted challenges created by winter weather conditions and related rail service issues. Additionally, Vice Chairman Begeman referred to changing circumstances in the rail industry, including crude oil transportation and safety issues, and welcomed the outside speakers for the meeting.

### Preliminary Matters

- Co-Chair Selby introduced two new committee members:
  - Scott Yeager, Vice President–Transportation, Peabody Energy Corporation
  - John Soethe, Director of Fuels, Salt River Project
- Secretary/Treasurer Hamilton reported that current available committee funds are \$634.71.
- Chris Oerhle, STB, Office of the General Counsel, presented an overview of the Federal Advisory Committee Act (FACA), and related ethics rules.
- Minutes of the September 19, 2013 meeting were approved.
- Member Chris Marsh presented a Review of Performance Measures.

### Industry Segment Updates

#### 1. Railroads

Member Dave Garin reported that despite the worst winter weather in decades the overall fluidity of the Class I railroad coal and energy transportation network remains strong. Rail carriers have taken additional steps to bring their networks back to normal including staffing and operation of round the clock command centers; redeployment of personnel and equipment; relocation of locomotives and critical components; rerouting of trains; and, close coordination of interchange with other carriers. Mr. Garin stated that safety remains paramount in restoring the network to normal conditions. With regard to transport of crude oil by rail, Mr. Garin noted that 99.993% of shipments are delivered without incident.

Separately, Mr. Garin commented on the BNSF Railway network. Mr. Hamilton commented on the Norfolk Southern Railway system. Mr. Rupert commented on the CSX Transportation network. Mr. Hildebrand expressed concern for the movement of ethanol to refineries located in the eastern United States. Mrs. Whited of Union Pacific Railroad, and Mr. Rupert and Mr. Hamilton responded, referring to winter operating impediments and constrained fluidity through the Chicago gateway.

## 2. Utilities

Member Jeff Wallace presented the utility segment update. Utilities are concerned about increased coal consumption and coal stockpile replenishment, going forward. Demand for coal has increased due to rising natural gas prices and colder winter weather. Some utilities have taken coal-fired units offline to preserve stockpile availability, reflecting a concern about reliable rail delivery and network congestion extending into the summer.

## 3. Mines

Member Kent Smith presented the coal mine update. He reported a continued decrease in coal production resulting in total U.S. production falling below 1 billion tons for the first time since 1993. The detrimental regulatory environment, coupled with lower market prices has resulted in reduced production. Mine closures continue in the Central Appalachian region while production from the Illinois basin continues to grow. Export prices are challenged due to declining demand and lower cost Australian coal in the market.

## 4. Ethanol

Members Brad Hildebrand and Mark Huston presented the ethanol segment update. Both members voiced concerns over tank car supply and replenishing of ethanol stocks. The U.S. was a net exporter in the 2013/2014 crop year. Stocks remain low after a massive drawdown in the fourth quarter of 2013. Rail velocity has declined, impacting service in both the east and west. Weather has been a challenge. The concern was stated that rail transportation of ethanol is being treated the same as crude oil with regard to safety regulations and recent regulatory initiatives.

## 5. Railcars

Members Kareen Gray and Robert Hulick presented the railcar segment update. Key drivers of rail traffic are showing positive gains and performance in 2014. Tank car demand continues to be driven by chemicals and petroleum products and covered hopper demand is being driven by grain and frac sand.

## 6. Oil

Member Lee Johnson presented the oil industry segment update. Railroad capacity and service has been challenged during winter of 2013/2014. Loading capacity at terminals is adequate but development of off-take terminals is needed. There is uncertainty regarding ongoing tank car safety regulatory activity. The petroleum industry is committed to the safer movement of crude oil and bringing the number of incidents to zero.

### Guest Presentations – Special Topics

Timothy Butters, Deputy Administrator, PHMSA, presented an update on PHMSA safety initiatives related to rail transportation of crude oil.

Darren Epps, Analyst, SNL Energy, presented an overview of currents in domestic coal production, consumption, and generation.

### Additional Matters

- Michael Higgins, DFO, reported that no written public comments related to RETAC had been received by the STB.
- Roundtable Discussion: none.
- The next meeting date was set for October 2, 2014, at STB Headquarters in Washington, D.C.
- The meeting was adjourned at 12:45 p.m.

Respectfully submitted,

/s/ Mark Hamilton

Mark Hamilton  
Secretary/Treasurer

Certified by:

/s/ Robert Gabbard

Robert Gabbard  
RETAC Co-Chair  
April 28, 2014

/s/ Darin Selby

Darin Selby  
RETAC CO-Chair  
April 28, 2014