

Minutes
Rail Energy Transportation Advisory Committee
October 24, 2007

The first Rail Energy Transportation Advisory Committee (RETAC) meeting was held at the Surface Transportation Board (STB) offices in Washington, DC on October 24, 2007. Paul Bowers and Alan Shaw, interim co-chairs, called the meeting to order shortly after 10:00 am. The meeting agenda, attendee list, and copies of documents presented during the meeting are attached separately to these minutes.

Welcomes and opening remarks were made by all three STB commissioners. STB Chairman Nottingham asked committee members to include comments about their desired outcome from RETAC during roundtable committee introductions. He also asked that members begin consideration on how RETAC could prioritize issues for discussions and provide information and guidance to the STB and other government organizations. Vice Chairman Buttrey remarked on the importance of electricity to both the U.S. standard of living and economy. He asked committee members to recognize that issues evolve over time. Commissioner Mulvey commented that he was very pleased by the high level of interest displayed in RETAC participation.

Committee members introduced themselves and their organizations role in supplying energy. During introductory comments most frequently desired RETAC outcomes included: recognition of changing dynamics of energy markets and emergence of new transportation demands; the need for improvements to rail capacity and reliability; a desire for improved visibility of capacity and reliability issues across the supply chain (mines, rail and utility components); improved planning; a focus on longer term solutions vs. current challenges; and, better dialogue regarding rail issues impacting bio-fuels and electricity production.

Tom Brugman of the STB's Office of Compliance and Consumer Assistance provided an update on STB activity on rail energy transportation issues. A copy of his presentation is attached.

Jeff Komarow, STB Office of the General Counsel, briefed RETAC on antitrust compliance guidelines and the Federal Advisory Committee Act. Copies of his presentations are attached. He also reminded participants that there could be no discussions of substance with STB commissioners or staff on any topics pending before the Board. A request was made to provide RETAC with a list of docketed items before the STB. A list will be distributed to RETAC members.

RETAC members elected Alan Shaw and Paul Bowers as Co-Chairs. David Rohal was elected Secretary/Treasurer.

After adjourning for a brief lunch, the committee reconvened for a presentation by Mark Meitzen of Christensen Associates on the STB-sponsored study of competition in the rail industry. A copy of his presentation is attached. The study is being paid for but not directed by the STB. Co-chair Bowers encouraged RETAC members to participate in providing perspective for the study by going on-line to www.lrca.com/railroadstudy.

During discussion following the presentation, Meitzen indicated that some examples of new information to be created by the study would be causes of rail rate increases and economic analysis of proposed policy prescriptions. The study is expected to conclude in November 2008. A question was asked about the possibility of mid-study updates to RETAC. The request will be considered with Mr. Meitzen indicating that perhaps there would be opportunity to update RETAC as the study progresses. The point was also made that there currently are no plans for circulation of early study drafts for review.

Co-chair Bowers posed a questions regarding frequency of RETAC meetings. The two meetings per year contained in RETAC charter was proposed as a floor. A consensus developed to meet quarterly over the near to mid-term going forward.

RETAC members next discussed the merits of establishing ethanol and coal subcommittees as well as ways to keep all RETAC members informed of potential sub committee activity. Discussion concluded with an agreement for RETAC members to provide Scott Zimmerman, the committee's Designated Federal Official (DFO), with a list of potential RETAC topics by November 16. The co-chairs will review this list for most common topics which may then help determine RETAC subcommittee structure.

STB Chair Nottingham also asked RETAC members to consider how the STB could be apprised of real time rail service status and utility coal inventory levels. He also asked RETAC members for suggestions on presentations the group would like to receive.

Annual dues were set by committee members at \$200 per year to support group lunches. Members will receive invoices with distribution of meeting minutes. A date was not set for next RETAC meeting, however Scott Zimmerman will circulate some potential first quarter 2008 meeting dates to members prior to year-end 2007.

Co-chairs adjourned RETAC at 2:00pm.