

**Minutes**  
**Rail Energy Transportation Advisory Committee**  
March 23, 2010

The Surface Transportation Board's Rail Energy Transportation Advisory Committee (RETAC) convened at the Surface Transportation Board (STB) offices in Washington, D.C., on Tuesday, March 23, 2010. William Berg, co-chair, called the meeting to order at approximately 2:00 p.m. The meeting agenda and copies of referenced documents presented during the meeting are attached separately to the e-mail distributing these minutes.

**Attendance:**

**Surface Transportation Board:**

Daniel R. Elliott III, Chairman  
Francis P. Mulvey, Vice Chairman  
Charles D. Nottingham, Commissioner  
Scott Zimmerman, Designated Federal Officer  
Reamy Ancarrow, Office of the Chairman

**RETAC Members:**

Bill Berg, Co-chairman  
Stevan Bobb, Co-chairman

Susan Arigoni	Robert Hulick	Jeff Wallace
Bruce Blanton, USDA	Anthony Reck	Kent Smith
Robert Gabbard	Henry Rupert	Jeanne O'Leary, USDOT
John Gray	Dan Sabin	Joe Osborne
Daryl Haack	Darin Selby	
Ed McKechnie	James Stem	

STB Chairman Daniel Elliott, Vice Chairman Mulvey and Commissioner Nottingham welcomed the committee. Scott Zimmerman provided a reminder that activities of the group need to be in compliance with the Federal Advisory Committee Act and Antitrust Compliance Guidelines.

Bill Berg and Stevan Bobb welcomed the group with Bill advising that conference calls had been held with the co-chairs and the commissioners to set direction of RETAC for this year. Stevan advised that we would discuss frequency of meetings later in the session.

Minutes of the December 1, 2009, meeting of the RETAC Committee were approved.

Robert Hulick reported that the committee fund totaled \$1,786.38.

Copies of subsequent presentations are attached and available on the STB website. Additional information is available on the Energy Information Administration (EIA) site as well.

### **EIA Annual Energy Outlook 2010**

Diane Kearney presented the EIA short term outlook and annual energy outlook. Ms. Kearney noted that the EIA outlooks are an independent view based on current legislation. Major changes since last discussion with RETAC:

- Concern by financial community with financing non-CCS coal plant investments creates a 3% higher cost of capital.
- Renewable growth increased
- “Smart Grid Technology” reduces ‘peak power’ requirements
- New generation construction costs 14% higher for nuclear and 6% higher for coal.

Discussion Topics:

- Are there added transmission costs due to intermittency of renewable sources? – TBD
- Reasons for reduced nuclear builds? – higher capital costs
- Impact of mercury requirements? – Normal impact on retirements of older coal plants
- Noted that forecast is based on current regulations and existing technology
- Gas costs have decreased 11%
- Have delivered costs been adjusted due to changing sources of coal? – TBD
- Export ton decline market based, not production based

Ms. Kearney suggested additional questions be submitted to EIA and reminded group that reports are available on EIA website.

### **Best Practices Subcommittee White Paper**

Subcommittee Chair Susan Arigoni reviewed current draft of the Best Practices Subcommittee White Paper (attached). Henry Rupert presented the Railroad Perspective, Kent Smith presented the Producer Perspective and Susan Arigoni presented the Receiver Perspective. The White Paper provides a guideline for activities in each area.

Based on discussion, the subcommittee will revise the draft and resubmit. The group agreed that this topic will remain an open conversation with updates as continuous improvement may alter “best practices” identified.

### **Christensen Rail Competition Study Update**

Kelly Eakin reviewed the study update (presentation copy attached) with the committee. Two additional years (2007, 2008) of Carload Waybill Sample (CWS) data and Rail Form 1 (R-1) data have been reviewed resulting in updates to Chapters 8-15 of the original report. An Executive Summary presenting his findings is also available on the Christensen

Associates website. Mr. Eakin reported that the basic findings from the original study remain unchanged.

### **Performance Measures Subcommittee**

Attached report was received as information.

### **Roundtable Discussion**

#### **Supply Chain Inputs of Net Coal Exports**

In addition to uptick in met coal, there has been some burn rebound due to weather. This is viewed as temporary and somewhat offset by gas prices. One member suggested 2011 economic recovery and exports may cause some constraints. Others expressed concerns regarding variability in monthly demand. A multiple month view is critical to planning. An additional factor to consider is targeted stockpile declines. One receiver offered that they still have more coal than they need and doubt there will be a near term decrease in inventory due to contracts, reduced demand and gas options.

#### **Additional Topics**

Co-chairs requested that members suggest topics in advance of next meeting to foster additional roundtable discussions.

### **Meeting Frequency / Possible Dates**

Members agreed on a 3/year meeting frequency targeting September and December for next meetings. September 13 or 15 are dates being reviewed for next meeting to be held in Denver. Meeting adjourned.