

SURFACE TRANSPORTATION BOARD**Ex Parte 755*****Final Offer Rate Review*****ENTERED**
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Summary of Teleconference Meeting between Union Pacific Railroad Company ("UP"), Norfolk Southern Railway Co. ("NS"), CSX Transportation, Inc. ("CSXT"), and the US rail operating subsidiaries of Canadian National Railway ("CN"), and Surface Transportation Board Chairman Ann Begeman

June 29, 2020

Railroad Attendees:

UP: Rhonda S. Ferguson, Executive Vice President, Chief Legal Officer and Corporate Secretary

NS: Vanessa A. Sutherland, Executive Vice President and Chief Legal Officer;

CSXT: Nathan D. Goldman, Executive Vice President, Chief Legal Officer and Corporate Secretary;

CN: Kathryn Gainey, Counsel, U.S. Regulatory Affairs;

STB Attendees: Ann Begeman, Chairman; Rachel Campbell, Managing Director; Craig Keats, General Counsel; Bill Brennan, Director of the Office of Economics; Kim Hillenbrand, Transportation Industry Analyst; Chris Diamond, Attorney-Advisor; Adam Kress, Attorney-Advisor; Amanda Gorski, Attorney-Advisor; Valerie Quinn, Attorney-Advisor.

The railroads thanked the Board for holding these ex parte meetings. The discussion focused on ways that the Board could reform its voluntary arbitration process for smaller rate disputes. The railroads outlined a potential framework for a confidential and non-precedential voluntary arbitration program targeted to smaller rate disputes and discussed potential changes that the Board could implement to better tailor its voluntary arbitration program to small rate disputes. These changes could include enhanced confidentiality, greater flexibility in selecting

arbitrators, and a more streamlined process for determining market dominance, mediation. The railroads discussed the reasons why they believed that voluntary arbitration would be attractive for both railroads and customers and a better alternative than other proposals that have been suggested for determining the maximum lawful rate in small rate cases. The railroads suggested that as an incentive to encourage a Class I railroad to opt into such a voluntary arbitration program, the Board could consider a waiver from other rail rate review methodologies, such as FORR or the revenue adequacy constraint.

Chairman Begeman thanked the railroads for their willingness to engage. Chairman Begeman asked questions about the proposed process, potential eligibility for the program, and the proposed waiver. The attendees discussed ideas about ways to encourage participation in voluntary arbitration. Chairman Begeman also asked about discussions of the potential voluntary arbitration program with other stakeholders, and the railroads indicated that those discussions were ongoing.