

SURFACE TRANSPORTATION BOARD

Ex Parte 711 (Sub-No. 1)

Summary of Ex Parte Meeting between Association of American Railroads and

Surface Transportation Board Chairman Martin Oberman

303078

October 5, 2021

AAR Attendees:

- Ian Jefferies, President and CEO
- John Gray, Senior Vice President, Policy and Economics
- Tim Strafford, Associate General Counsel and Corporate Secretary
- Fred Miller, Assistant General Counsel and Government Affairs Liaison

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STB Attendees:

- Martin Oberman, Chairman
- Adam Kress, Attorney Advisor
- Stephanie Borges, Administrative Assistant

Meeting Summary:

AAR thanked Chairman Oberman for inviting AAR back to continue its discussion on the proceeding.

AAR noted the importance of developing an appropriate compensation structure for Board-ordered switching. The AAR pointed to its written comments regarding the general principles of demand-based differential pricing that should guide the Board in considering how it would approach setting compensation among railroads for performing switching ordered by the Board in those instances where a negotiated outcome cannot be reached.

In response to a question, AAR discussed instances in which Board-ordered switching might be required under the current rule. There was discussion about the interplay between switching and rate regulation. AAR expressed concern with Board-ordered switching being used as a means to circumvent the Board's statutory responsibilities to regulate certain rates. The Chairman noted his preference for enhanced competition over costly rate litigation.

There was discussion of the statutory term "practicable and in the public interest." The Chairman expressed interest in a rule that promotes rail competition and he encouraged AAR, in presenting its recommendations to the Board, to make specific proposals on how such a rule can be made feasible and practicable. There was also discussion regarding possible procedural next steps for the proceeding.