

April 27, 2006

Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

216374

Reference: STB Ex Parte No.661

To Whom It May Concern:

Forest City Trading Group, LLC wishes to submit the following comments regarding rail carrier fuel surcharges:

Background –

FCTG has ten subsidiary companies that engage in the business of buying and selling forest products (lumber – STCC 24211, plywood – STCC 2432184, oriented strand board – STCC – 2432184). During 2005 FCTG subsidiaries shipped 60,000 rail cars from/to various points within the United States and Canada. The following shipment categories apply to FCTG shipments: a) single line movements and Acct Rule 11 movements are 54% of the total shipments. b) joint line movements using through rate documents are 46% of the total. Fuel surcharges are assessed as a % of the freight invoice and are shown as a separate line item.

Position –

FCTG supports a fuel surcharge program for the recovery of unexpected changes in fuel costs. Our expectation is that the carriers individually and collectively for joint line/through rate movements, reports the total of fuel expenditures and the total income through surcharge programs and that portion of the freight rate that contributes to fuel. We believe surcharges should be applied to all shipments transported whether moving under public rate documents or using contractual agreements. In addition we would like to see a comparison of fuel costs and income for the various commodities groups.

Research –

FCTG analyzed shipments since 2003 for average rate increases compared to fuel surcharges. It appears to us that carriers are generating more income from that portion of the rate contributing to fuel and fuel surcharge programs than the changing cost of fuel.

2003	Average freight rate increase 2%	-	Average fuel surcharge 2%
2004	Average freight rate increase 4%	-	Average fuel surcharge 5%
2005	Average freight rate increase 8%	-	Average fuel surcharge 13%
2006	Average freight rate increase 8%	-	Average fuel surcharge 15%

It is very easy to see that the amount collected for fuel through the current method has increased substantially. We would like each carrier to publish data for the dollar amount collected for fuel in both the rate and the surcharge and compare that to the cost of fuel.

When shipping using through rate documents that involve more than one carrier, we find the application of fuel surcharge confusing. As mentioned 46% of FCTG shipments involve joint line routes using through rate documents. It appears to us the originating carriers "controls" the fuel surcharge. We are billed using the originating carrier stated fuel surcharge. How is this divided among all carriers party to the rate/route. Is it based on standard divisions or some other negotiated method? The CN currently has two programs in place that could apply to identical movements. One document lists the April 1st fuel surcharge at 10.5% and the other documents shows the April fuel surcharge to be 18%.

Alternative Methods For Recovery of Fuel Costs –

The BNSF introduced a mileage based fuel surcharge that has been implemented for Agriculture commodities. We are not aware if this will be implemented for the Merchandise or Forest Products traffic.

The NS announced on April 24th their intention to change (raise) the price point at which fuel surcharges become effective on July 1st. The intent is to increase the rate of price documents also effective July 1st. In our opinion they are attempting to make permanent in the rate structure a large portion of the current fuel surcharge. The NS fuel surcharge is announced to be 16% on May 1st and 18.8% on June 1st.

Summary –

FCTG does support fuel surcharge programs for rail carriers to recover the cost of fuel over that which is recovered in the transportation rate. It appears to us that carriers are recovering more than their cost with these surcharge programs. We urge the Surface Transportation Board to investigate this matter as an "unreasonable practice". We are seeking to have the carriers show us the difference between their revenue and cost for fuel.

Respectfully submitted,

Elizabeth A. Myzak
Vice President Transportation
FOREST CITY TRADING GROUP, LLC
10250 SW Greenburg Road, Suite 200
Portland, OR 97223
503-246-8500 x211