



The Chemical Company

September 29, 2006

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington DC 20423-0001

Re: Ex Parte No. 661, Rail Fuel Surcharges

Dear Secretary Williams:

BASF is grateful to the Surface Transportation Board for their fair-minded effort in opening this important issue to public hearing and subsequent review. We are equally pleased that upon consideration, the Board has recognized its authority on this matter of practice. Finally, while we applaud a number of the proposed reforms, we respectfully request the Board's consideration of these important additions:

- **Consistent Methodology** - The Board's proposed adoption of a single uniform fuel index, and the requirement that each carrier submit a standardized monthly report, both demonstrate the Board's concern that consistent methodologies be applied. To this end, we feel it is of equal import, that the STB, potentially through the assistance of a carrier/shipper joint committee, work to develop and prescribe a specific computation, to be used uniformly and consistently by all class one carriers, to calculate and assess Fuel Surcharge more closely linked to its increased fuel costs attributable to a particular movement.
- **Exempted Traffic** – The Board's wise recognition of the broad impact of this issue, and the subsequent decision to revoke certain exempt traffic, allowing these proposals to be applied more fully, would be improved by stating further, that Fuel Surcharge provisions contained within a carrier tariff are applicable to this new rulemaking, regardless of whether applicable shipper freight rates are contained within a freight tariff, or contained within a private freight contract which then references a carrier's Fuel Surcharge Tariff. Further, we would hope that any attempt by carriers to seek exemption on this matter through other, as yet unspecified procedural avenues, would be quickly disqualified.

In closing, there have been comments indicating a degree of opposition to the proposed changes based on current technological limitations and anti trust concerns. We feel strongly that neither technological limitations, which are short term in nature, nor anti trust concerns, which can be confidentially addressed in a fashion similar to Board reported waybill data, are of sufficient magnitude to hamper a far reaching and strongly needed process revision. We thank the Board once again for your difficult work on this matter, and appreciate the opportunity to share our views.

Sincerely,

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