

218147

Date: November 24, 2006

Sent by U.S. mail, with delivery confirmation

From: Stephen J Thompson
320 Independence Avenue, Southeast
Washington DC 20003-1044

phone: 202 544 2111
fax: 202 544 0080
email: verbs_verbos@yahoo.com

To: Mr. Vernon Williams, Secretary
Surface Transportation Board
1925 K Street, Northwest
Washington DC 20423-0001

Re: Ex Parte 665: Rail Transportation of Grain
Written statement dated November 24, 2006, for inclusion in the record (one original plus 10 copies)
Proof of service to parties of record in the proceeding

Dear Mr. Williams:

I sent you a letter on November 9, 2006, that gave you notice of my intent to participate as a party of record in STB Ex Parte 665: Rail Transportation of Grain. Enclosed with that letter was my written statement dated November 9, 2006, for inclusion in the record of Ex Parte 665. The purpose of the present letter is to provide you with my second written statement, executed today, that I would appreciate having included in the record of Ex Parte 665. Enclosed with the present letter are one original and 10 copies of my written statement for use by the Surface Transportation Board.

I have served all parties of record in this proceeding with a copy of my written statement executed November 24, 2006. Enclosed for reference is a copy of the service list to whom I sent the written statement today by U.S. mail. Stapled to that list is a copy of the cover letter that I sent to them.

I appreciate the opportunity to participate in this proceeding.

Sincerely,

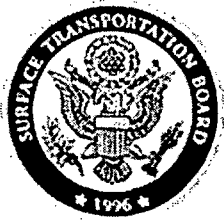


Stephen J Thompson

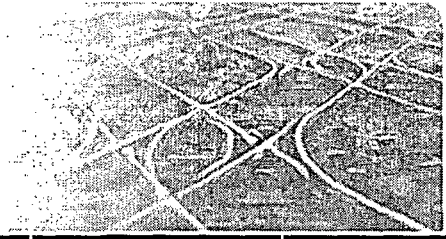
Enclosures: Written statement executed November 24, 2006 (one original and 10 copies)
Service list of parties of record to whom a copy of my written statement was mailed today
Cover letter sent to parties of record accompanying my written statement



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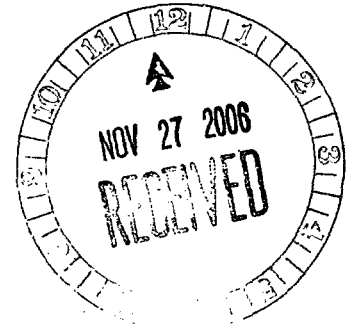
INDUSTRY DATA

ENVIRONMENTAL MATTERS

PUBLIC INFORMATION

Docket #: **EP_665_0**

Case Title: **RAIL TRANSPORTATION OF GRAIN**
28 Service List entries found.



Party Of Record: Keith, Kendell W
National Grain And Feed Association
1250 I Street, Nw, Ste 1003
Washington, DC 20005-3917

Party Of Record: Schuler, Dale
National Association Of Wheat Growers
415 Second St., N.E., Suite 300
Washington, DC 20002

Party Of Record: Wallace, Darrell R
Bunge North America, Inc.
PO BOX 28500
St Louis, MO 63146-1000

Party Of Record: Voss, Terry J
Ag Processing Inc
PO BOX 2047
Omaha, NE 68103-2047

Party Of Record: Opal, Robert T.
Union Pacific Railroad Company
1400 Douglas Street, Stop 1580
Omaha, NE 68179-0001

Party Of Record: Scheib, John M.
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510-9241

Party Of Record: Cutler Jr, John M
Mccarthy Sweeney Harkaway Pc
2175 K Street Nw Suite 600
Washington, DC 20037

Party Of Record: Wogsland, Dan
North Dakota Grain Growers
4023 State Street, Suite 1000
Bismarck, ND 58503

Party Of Record: Whiteside, Terry C
Whiteside & Associates
3203 3Rd Ave N Ste 301
Billings, MT 59101

Party Of Record: Armbrust, Steven
Csx Transportation Inc.
500 Water Street (J150)
Jacksonville, FL 32202

Party Of Record: Linville, Randal L.
The Scoular Company
10801 Mastin, Suite 800
Overland Park, KS 66210-1658

Party Of Record: Hynes, Terence M.
Sidley Austin Llp
1501 K Street Nw
Washington, DC 20005

Party Of Record: Sipe Jr, Samuel M
Steptoe & Johnson Llp
1330 Connecticut Avenue Nw
Washington, DC 20036-1795

Party Of Record: Macdougall, Gordon P
1025 Connecticut Avenue, Nw, Suite 919
Washington, DC 20036

Party Of Record: Kalick, Theodore K
Canadian National Railway Company
601 Pennsylvania Ave., Nw., Ste. 500 North Bldg.
Washington, DC 20004

Party Of Record: Cochran, Christine
1300 L Street, N.W., Suite 1020
Washington, DC 20005

Party Of Record: Neal, Jr., Arthur L.
U.S. Department Of Agriculture
1400 Independence Avenue, Sw
Washington, DC 20250

Party Of Record: Maslyn, Mark
American Farm Bureau Federation
600 Maryland Avenue, Sw Suite 1000W
Washington, DC 20024

Party Of Record: Shudtz, Peter J.
Csx Corporation
1331 Pennsylvania Avenue, Nw, Suite 560
Washington, DC 20004

Party Of Record: Brown, Steven L.
Jack's Bean Company Llc
P. O. Box 327
Holyoke, CO 80734

Party Of Record: Strege, Steven D
North Dakota Grain Dealers Association
118 Broadway 606 Black Building
Fargo, ND 58102

Party Of Record: Warchot, Louis P
Association Of American Railroad
50 F Street, Nw, Suite 12041
Washington, DC 20001

Party Of Record: Whiteside, Terry C.
Alliance For Rail Competition
412 First Street, N.W., Suite I
Washington, DC 20003

Party Of Record: Hayes, Evan
National Barley Growers Association
600 Pennsylvania Avenue, Se, Suite 320
Washington, DC 20003

Party Of Record: Mullins, William A
Baker & Miller Pllc
2401 Pennsylvania Ave, Nw-Suite 300
Washington, DC 20037

Party Of Record: Knight, Bruce I.
U.S. Department Of Agriculture Marketing And Regulatory Programs
1400 Independence Avenue, Sw
Washington, DC 20250

Party Of Record: Hecker, Jayetta Z.
United States Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Party Of Record: Thompson, Stephen J.
320 Independence Avenue, Se
Washington, DC 20003-1044



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U.S. Department of Transportation

FIRSTGOV.gov

Date: November 24, 2006

From: Stephen J Thompson
320 Independence Avenue, Southeast
Washington DC 20003-1044

phone: 202 544 2111

fax: 202 544 0080

email: verbs_verbos@yahoo.com

To: Party of Record in STB Ex Parte 665: Rail Transportation of Grain

Re: Ex Parte 665: Rail Transportation of Grain

Copy of my written statement executed November 24, 2006 for inclusion in the record

Dear Sir or Madam:

The purpose of this letter is provide you with a copy of my written statement executed November 24, 2006, that I have submitted to the Surface Transportation Board for inclusion in the record of Ex Parte 665: Rail Transportation of Grain.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve", written in dark ink.

Stephen J Thompson

Enclosure: Written statement of Stephen J Thompson executed November 24, 2006

SURFACE TRANSPORTATION BOARD
STB Ex Parte 665 Rail Transportation of Grain
EP_665_0



Written Statement # 2
by Stephen J Thompson
November 24, 2006

Stephen J Thompson
320 Independence Avenue, Southeast
Washington DC 20003-1044

phone: 202 544 2111
fax: 202 544 0080
email: verbs_verbos@yahoo.com

SURFACE TRANSPORTATION BOARD

STB Ex Parte 665 Rail Transportation of Grain
EP_665_0

Written Statement # 2
by Stephen J Thompson
November 24, 2006

My name is Stephen J Thompson. I stated my qualifications in my first written statement (dated November 9, 2006), so I will not repeat them here. I am retired. This statement represents my own views and it is not intended to represent the views of any organization or other individual. I appreciate the opportunity to participate in this proceeding. My intention is to participate in the public policy dialog regarding the rail industry in a way that promotes a financially stronger and more stable rail carrier industry, expanded employment opportunities for rail employees, and better price and service options for rail customers.

Because of the successful implementation of the 4R Act and Stagger's Rail Act by the Surface Transportation Board (STB or Board), the Board now faces the opportunity to achieve the goals stated above and at the same time be beneficial to the environment, slow the growth of global warming, slow the growth in highway congestion, and improve highway safety, as I discussed in my statement dated November 9, 2006. I addressed several such Board options in my first written statement that I submitted to the Board on November 9, 2006. In the present statement, I would like to address several more options. In my first written statement, I referred to a study funded by the U.S. Federal Railroad Administration, and therefore I would like to begin with some comments and observations about that study. (That report is entitled *Railroad Cost Conditions -- Implications for Policy*, June 2000, Grant # DTFR53-99-H-00025.) (Referred to herein as the FRA report or FRA study.) For simplicity of presentation, I have numbered my suggestions for Board consideration, and I have briefly stated my justifications following each suggestion.

1. Consider using the results of the FRA study, and similar studies, only after careful evaluation of the data, methodology and assumptions used in the studies. The reason is that the policy implications can be reversed by refinements in the data and methods used in the study, as discussed in the FRA report. (Pages 23-36.)

The author of the FRA study states that “As noted above, many studies using post-deregulation data failed to include the innovations introduced in previous rail cost function estimations.” (Page 32.)

2. Consider not using the monopoly model to analyse the rail carrier industry. The FRA report uses the monopoly model. The General Accountability Office (GAO) report that was a motivation for the Board to conduct Ex Parte 665 addressed the issue of rail carrier monopoly. (The GAO report is entitled *Freight Railroads: Industry Health Has Improved, but Concerns about Competition and Capacity Should Be Addressed*, October 2006, GAO-07-94.) The GAO report states that “In 2004, origin and destination routes with access to only one Class I railroad carried 12 percent of industry revenue and 10 percent of industry tonnage, which represents a decline from 1994, when 22 percent of industry revenue and 23 percent of industry tonnage moved on routes served by one Class I railroad (see table 1).” (Pages 27-28.) Rather than being a monopoly, the rail carrier industry, in some markets, has some characteristics of a government-regulated cartel in which customers are divided among various rail carriers, rather than allowing all rail carriers to have access to all rail customers. (For a discussion of the extent to which competition -- and lack of competition -- exist in the rail industry, see the discussion on pages 19-53 of the GAO report.) Of course, the current situation is a result of the historical development of the rail industry and the historical development of public policy toward the rail industry. But, in assessing where we go from here in formulating better public policy toward the rail industry, the government-regulated cartel model of economic analysis might provide some insights into the state of competition in the rail industry today, compared to what we might like it to be in the future.

3. Consider using engineering studies and cost accounting methods when considering possible increased costs and revenues that could result from actions that the Board might take to permit or require more interlining of rail traffic over more than one railroad, whether that interlining would result from joint use of terminals, switching services, trackage rights, reductions in “paper barriers”, or other means. The accounting profession adheres to the principle that “if you can’t measure it, you can’t control it”. The FRA study uses carrier-wide and industry-wide data. The methodology, assumptions and data in the FRA study do not meet the accounting

profession standard; the FRA study does not provide measures that facilitate good business management decisions -- or good public policy decisions -- about whether to favor specific interlining rail traffic options. Engineering studies and use of cost accounting methods could provide such data. These issues are addressed more specifically in suggestion 4 which is discussed next.

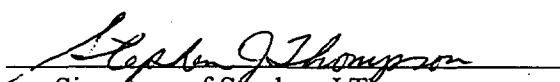
4. Consider applying the suggestion in item 3 above to specific interlining proposals. For example, consider matching the added costs from transporting specific commodities over specific routes with the added revenue that would come from specific customers, specific city pairs, or specific types of traffic that would result from such interlining. In contrast, the FRA uses broad “elasticity of demand” data for the rail industry as a whole to determine whether interlining rail traffic would be beneficial to railroads as a whole. The FRA approach does not meet the accounting profession standard of using specific cost and revenue numbers related to specific interlining operations that would permit prudent decision-making by rail executives -- and by public policy-makers. That is to say, the FRA approach does not provide “measure and control” information. Use of the accounting profession standard could help rail carriers maximize profits while increasing the options available to rail customers; it could help public policy-makers promote competition where it would be helpful to rail customers without causing undue harm to rail carriers.

5. Consider requesting Congress to provide rail employees with more options in 2 respects. These 2 potential changes in public policy toward railroads would allow rail carrier employees to enjoy benefits from public policies and private business practices that are generally accepted in many industries outside the rail industry. While the subject matter of these 2 suggestions is not administered directly by the STB, the 2 suggestions would potentially contribute to the financial health and stability of the rail industry, as well as benefitting rail carrier employees. These 2 suggestions arguably would make a contribution to the financial health and stability of the rail industry by nudging the rail industry a little closer to public policies and private industry practices that are generally agreed upon as good government policies and good private industry practices in industries outside the rail industry.

First. Consider giving rail employees who now contribute to the Railroad Retirement program the option to invest those funds in 401(k)s, IRAs and Roth IRAs.

Second. Consider giving rail employees the option of choosing to be covered by a workers compensation program rather than continuing to require all rail employees to be covered by the Federal Employees' Liability Act (FELA). Under workers comp., a worker receives compensation for medical attention and physical therapy, and that compensation often begins shortly after a work-related accident or injury. Under FELA, an employee (or the employee's family in the event of a work-related death) might never receive any compensation. When they do receive compensation, that compensation could be received months or years after the work-related injury or death. The reason is that compensation is awarded by a court only if an employee demonstrates to the court that the rail carrier contributed to the cause of the accident or injury. These legal proceedings can take years. After an award of benefits by a court, the FELA attorneys representing the employee typically take up to a third or more of the financial award granted to the rail employee or his or her survivors. In order to avoid the stress and uncertain outcome from such legal proceedings, and to avoid the associated delays and costs, rail employees often reach an out-of-court settlement with the railroad. This negotiating process itself usually causes delay and expense to rail employees. In some cases, rail employees accept lower compensation than they would have received under workers comp. in order to avoid the stress, uncertainty, delay and expense of a FELA-related legal proceeding. In some cases, medical treatment and physical therapy are postponed or never received because of the uncertainty and delay associated with compensation to pay for medicines, medical services and physical therapy.

I, Stephen J Thompson, declare under penalty of perjury that the forgoing is true and correct. Further, I certify that I am qualified and authorized to file this pleading. Executed on November 24, 2006.


Signature of Stephen J Thompson

November 24, 2006
Date signed

I, Stephen J Thompson, hereby certify that I have served all parties of record in this proceeding with this document by United States mail.

Stephen J Thompson
Signature of Stephen J Thompson

November 24, 2006
Date signed