



ASSOCIATION OF AMERICAN RAILROADS

Law Department

Louis P. Warchot
Senior Vice President-Law
and General Counsel

April 16, 2007

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

Re: STB Ex Parte No. 670, Establishment of the Rail Energy
Transportation Advisory Committee

Dear Secretary Williams:

Pursuant to the order of the Board served March 9, 2007, attached are the
Comments of the Association of American Railroads for filing in the above proceeding.

Respectfully submitted,

Louis P. Warchot
Attorney for the Association of
American Railroads

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Ex Parte No. 670

ESTABLISHMENT OF THE RAIL ENERGY
TRANSPORTATION ADVISORY COMMITTEE

COMMENTS OF THE ASSOCIATION
OF AMERICAN RAILROADS

LOUIS P. WARCHOT
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*Attorney for the Association of
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Dated: April 16, 2007

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Ex Parte No. 670

ESTABLISHMENT OF THE RAIL ENERGY TRANSPORTATION ADVISORY
COMMITTEE

COMMENTS OF THE ASSOCIATION OF AMERICAN RAILROADS

The Association of American Railroads (AAR) appreciates the opportunity to submit comments in response to the request of the Surface Transportation Board (“Board”) for views related to the establishment of the Rail Energy Transportation Advisory Committee (“Advisory Committee”). Since 1934, the AAR, a non-profit trade association, has represented the interest of major freight railroads in North America, which continue to play an important role in the nation’s energy supply chain.

I. Overview of the Board’s Request for Comments

By decision issued on March 9, 2007, the Board seeks comment on the desirability of establishing the Advisory Committee to provide independent advice and policy suggestions to the agency on the reliability of transportation by rail of resources critical to the nation’s energy supply, including coal and ethanol. The Board also seeks comments on the appropriate scope of responsibility, size and composition of the Advisory Committee if established.

As a backdrop for requesting these comments, the Board appropriately cites its statutory authority over rail transportation, the importance of the nation's energy supply to the country's economic and national security, and the significant role of rail transportation in meeting the energy supply needs of the country. The Board also expresses its belief that, particularly in the current environment of transportation capacity constraints, an advisory committee would foster needed dialogue among stakeholders about issues related to rail capacity and provide helpful advice to the Board as appropriate.

Regarding the specifics of such a committee, the Board asks for comments on what the appropriate subject matter of the Advisory Committee's work should be, and in particular whether the Committee should look at more than coal and ethanol. In addition, the Board asks for views on how many members the Advisory Committee should have, and how the membership should be allocated among the various stakeholder groups to achieve a fairly balanced cross section of those directly affected, interested and qualified, as required under the Federal Advisory Committee Act. The AAR offers the following general comments in response to those questions.

II. The Utility of the Advisory Committee

The freight rail industry understands the importance of having a reliable energy supply, and of the significant role that railroads and other members of the energy supply chain play in ensuring that the energy supply needs of the country are met. A forum, such as the one the Board suggests, that would bring interested parties together to discuss how these needs can best be met would seem appropriate and timely, particularly in light of continuing rail capacity constraints.

The AAR envisions that the Advisory Committee suggested by the Board would have two important roles. The first would be to provide appropriate advice to the Board as it

implements its statutory authority in connection with rail transportation. The second would be to provide a forum for interested parties to discuss private-sector solutions to rail transportation issues affecting energy supply. Creating a forum for stakeholders to discuss issues among themselves without the need for formal governmental intervention could facilitate needed resolution of energy supply issues related to rail capacity. The AAR cautions in this regard, however, that because the membership of the Advisory Committee would likely be made up of railroads that compete with one another and carriers and customers that have direct commercial relationships with one another, the Advisory Committee should not engage in discussions about rates and related commercial terms that would be more appropriately discussed between individual parties.

The Board asks what the appropriate scope of the Advisory Committee's work should be, and specifically whether the Advisory Committee should look at energy supply issues beyond coal and ethanol. Energy supply issues are affected by the availability of various energy sources, which in turn affects the need for rail transportation. Accordingly, the AAR believes that the Advisory Committee should have the authority to review more than coal and ethanol supply issues if necessary to address fully the adequacy of rail capacity to meet energy supply needs.

III. Other Matters Relating to the Advisory Committee

The Board also asks for comments on the optimum size of such a committee and how the its membership should be allocated among the various stakeholder groups. The AAR also offers some general thoughts on these two questions.

First, the AAR does not believe that there is an optimum number of members as such. It is more important, in the AAR's view, that the stakeholder community is well represented such that the Advisory Committee can provide a worthwhile forum for constructive dialogue about the issues at hand. As to the membership, the AAR believes that it is important for the Advisory

Committee to be made up of individuals, rather than trade association representatives, who are directly involved in the transportation of resources critical to the country's energy supply. Such individuals should represent: individual Class I, Class II, and Class III railroads; individual mines and utilities representing the various regions of the country, including the Powder River Basin and Appalachia; individual rail car owners, lessors and manufacturers; and employees representing the freight rail industry. The AAR also envisions that the Board Members would be ex officio members of the Advisory Committee.

The AAR certainly understands and appreciates the interest of the Board in having a forum such as the Advisory Committee to discuss and advise on the important matter of energy supply and rail capacity. If the Board proceeds to establish the Advisory Committee, the individual members of the AAR would be pleased to participate.

Respectfully submitted,

A handwritten signature in cursive script, reading "Louis P. Warchot".

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