

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**STB EX PARTE NO. 670:
ESTABLISHMENT OF THE RAIL ENERGY
TRANSPORTATION ADVISORY COMMITTEE**

**COMMENTS OF
THE SPRINGFIELD TERMINAL RAILWAY COMPANY**

The Springfield Terminal Railway Company (“STRC”) respectfully submits the following comments in connection with the Surface Transportation Board’s decision regarding the establishment of a Rail Energy Transportation Advisory Committee (“RETAC”). Specifically, these comments are intended to communicate the STRC’s position with respect to the potential utility and appropriateness of a RETAC.

With regard to the potential utility of a RETAC, the STRC respectfully submits that the establishment of such a committee is unnecessary given the cooperative climate that currently exists between rail and energy industry stakeholders. At present, the United States currently consumes approximately 25% of the world’s energy resources making it the number one consumer of energy resources worldwide. If this level of consumption is maintained, the rail industry will continue to play a vital role in the transportation of energy resources as it is the safest, most efficient and least costly means by which energy stakeholders can transport bulk energy resources such as coal, ethanol, gasoline, crude oil and liquefied petroleum gas to end users. Correspondingly, the energy resources shipped by energy stakeholders comprise a significant portion of the overall tonnage transported by rail and represent a significant source of revenue for the rail industry. In recognition of these reciprocal benefits, many rail carriers and energy resource shippers have chosen to work together in an effort to improve rail transportation efficiency. As part of this collaborative effort, many of these rail and energy industry stakeholders meet regularly to discuss energy resource transportation issues in their respective geographic regions and to develop solutions that will inure to their mutual benefit. Additionally, several rail and energy industry stakeholders have also formed associations that are working together to facilitate the improvement of rail infrastructure as part of a proactive approach to prepare for the inevitable increase in demand for alternative energy resources (“AER”) such as bio-fuel. Clearly, the market forces of supply and demand are acting appropriately as both users and suppliers seek mutually beneficial means to reach their respective goals. This cooperative and customer satisfaction based approach is exactly what was intended by the deregulation of the rail industry, first via the Staggers Act and then via the Interstate Commerce Commission Termination Act, and potential re-regulation such as the RETAC should be viewed

conservatively in light of the substantial benefits that deregulation has conferred on customers and carriers alike.

Moreover, the STRC would like to take this opportunity to point out that the expansion of users of rail services beyond coal and ethanol suppliers is further evidence that the flexible, market based approach in place today is meeting the needs of all parties. While coal and ethanol are likely to remain the primary energy resources transported by rail, increased global demand for energy resources, the continued depletion of fossil fuel supplies and U.S. attempts to lessen dependency on foreign oil will almost certainly cause exponential growth in the demand for AER. The effect of this growing demand for AER is already evidenced by the numerous prospective operators of AER generating facilities who are actively investigating sites suitable for the development of such facilities. Moreover, these prospective operators have begun to approach rail carriers in steadily increasing numbers to inquire regarding the accessibility of the U.S. rail network and the availability of rail transportation service. Based upon these inquiries, it is evident that the rail industry will be called upon to serve as the primary mode of transportation and distribution for AER producers and play a vital role in determining where AER generating facilities will be located. Therefore, it is the STRC's position that the market is working and that additional regulatory oversight is not necessary at the present time. Rather, the focus should be on encouraging suppliers of AER to utilize rail service and the examination of the scope of the improvements that will need to be made to the rail network infrastructure if efficient transportation and distribution of AER is to be achieved.

The foregoing comments notwithstanding, the STRC does believe that rail and energy industry stakeholders from all segments of the energy resources supply chain should have an opportunity to be heard and that such opportunities exist in today's regulatory environment. The current regulatory regime provides the Board with exposure to the full range of issues impacting rail and energy stakeholders and therefore no compelling reason currently exists for the establishment of a RETAC. Furthermore, should major difficulties arise in connection with the transportation of energy resources the Board could then revisit this issue. However, the STRC believes that it is critical that market forces be given the opportunity to work before additional regulation is undertaken.

In conclusion, the STRC would like to thank the Board for the opportunity to submit comments regarding the establishment of a RETAC. As discussed more fully above, it is the STRC's position that establishment of a RETAC is unnecessary given the cooperative climate that presently exists between rail and energy industry stakeholders and their ongoing collaborative efforts to improve the efficacy of energy resource transportation. Moreover, the STRC submits that the market based approach is working with respect to the transportation of energy resources and that additional regulatory oversight is not necessary at the present time. Rather, the focus should be on encouraging suppliers of AER to utilize rail service and the examination of the scope of the improvements that will need to be made to rail network infrastructure if the efficient transportation and distribution of AER is to be achieved. Finally, it is the position of the

STRC that, in today's regulatory environment, rail and energy industry stakeholders from all segments of the energy resources supply chain already possess the opportunity to make their views known. Accordingly, there is no compelling need for the establishment of a RETAC at this time.

Respectfully submitted,

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