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DANIEL R. ELLIOTT III
CHAIRMAN
SURFACE TRANSPORTATION BOARD

BEFORE THE U.S. SENATE
COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION

HEARING ON THE FEDERAL ROLE IN
NATIONAL RAIL POLICY

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Good Morning, Chairman Rockefeller, Ranking Member Hutchison and Members of the Committee. My name is Daniel Elliott, and I am Chairman of the Surface Transportation Board (STB or Board). I appreciate the opportunity to appear before this Committee today to address the Board's regulation of the freight railroads and how it is part of the federal government's role in national rail policy.

I am also honored to be testifying alongside Deputy Secretary Porcari of the Department of Transportation. The Preliminary National Rail Plan that the Deputy Secretary will address today is an important step in developing a comprehensive approach to rail transportation in the United States. As we look out over the next several decades, those of us engaged in transportation policy must be dedicated to ensuring that this nation has a world class transportation system for freight and passengers. Railroads are an important part of this vision. While the Board's primary role is one of impartial adjudicator of disputes, I commend the Department of Transportation on the work they have undertaken to plan for the future.

This is my first appearance before the Committee since I became Chairman last August. It has been a busy and productive year for the Board. In addition to the day-to-day business of judging cases and issuing decisions, I have spent the year learning about the Board, its staff, and processes. I have also spent a great deal of energy reaching out to stakeholders to learn how the railroad industry affects nearly every sector of the American economy. I believe that this foundation will allow me to lead the Board in a proactive and effective way in the coming years.

During this period, this Committee has been working very hard on reauthorization legislation for the Board. I commend the Committee for the approach it has taken: seeking bipartisan consensus among all stakeholders to reach solutions to difficult policy problems in economic regulation. There are many important pieces contained in the legislation that would greatly enhance the

agency's ability to fulfill its mission. For example, the Board generally lacks the ability to launch an investigation on its own initiative. Moreover, the agency has not been reauthorized since it was created in 1996.

I should also note that the past year has presented extremely challenging times for all segments of American industry. Significant changes in the economy have often occurred quite rapidly. These macroeconomic trends inevitably affect the dynamics of railroad/customer relationships and the allocation of labor and resources throughout the transportation industry. As conditions continue to improve in the coming months, the Board will need to monitor how and to what degree it should reexamine and tailor its regulatory policies to meet new conditions.

I will begin my testimony by providing a brief overview of the Board and its responsibilities; then lay out my vision for moving the agency forward in the coming year; and conclude with a summary of the Board's recent activities and accomplishments.

OVERVIEW OF THE STB

Congress created the Surface Transportation Board in the ICC Termination Act of 1995 (ICCTA). At its inception, the STB assumed many, but not all, functions of its predecessor, the Interstate Commerce Commission (ICC). While the Board is administratively housed within the Department of Transportation, the STB is a bipartisan, decisionally independent regulatory agency. The Board is composed of three members nominated by the President and confirmed by the Senate for five-year terms. The Board's chairman is designated by the President from among the three members.

Assisting the Board in carrying out its responsibilities is a staff of approximately 150 employees, with extensive experience in economics, law, accounting, transportation analysis and logistics, environmental matters, finance and administration. For the second straight year, the Board was named the best place to work in the Federal Government in the small agency category by the Partnership for Public Service. The 2010 rankings were based on a U.S. Office of Personnel Management Federal Employee Viewpoint Survey, undertaken in February-March 2009 and issued in July 2010. An engaged and energized staff is critical to the success of an agency in achieving its mission.

The Board is charged by statute with broad economic regulatory oversight of railroads, including rates; service; the construction, acquisition and abandonment of rail lines; mergers between rail carriers; and interchange of traffic among carriers. While the majority of its work involves railroads, the STB also has certain oversight of pipeline carriers, intercity bus carriers, moving-van companies, trucking companies involved in collective activities, and water carriers engaged in non-contiguous domestic trade. In addition, the Board has limited but important regulatory authority involving Amtrak. That authority has been expanded by the Passenger Rail Investment and Improvement Act (PRIIA) of 2008.

MOVING THE AGENCY FORWARD

This hearing coincides with the one year anniversary of my appointment as Chairman of the Surface Transportation Board. The STB remains a fair and evenhanded forum for regulatory oversight, and we are taking steps toward creating a more open and accessible agency. At the same time, as Chairman I have committed myself to expanding the culture at the agency from one of merely judicial decision maker to one of engaged problem solver, as well. Instead of devoting all of our tremendous human resources to pushing cases through the administrative process, the agency can be equally effective in applying its considerable expertise to solving disputes and other problems before they result in formal case filings. We are well-suited to successfully mediating disputes because we have neutral experts on staff who understand the rights of shippers and the responsibilities of the carriers. This year, the agency has taken a number of positive steps towards becoming a more proactive problem-solving agency.

Continuing in that same direction, I intend to focus my second year at the agency on the following projects.

1. *Reexamine Key Regulatory Policies*. There are three key regulatory policies that I believe merit reexamination, if for no reason other than it has been many years since they were put in place. Needless to say, enormous changes have taken place in the industry since passage of the Staggers Act in 1980, as well as ICCTA in 1995. A map of the national rail system reveals significant consolidation of Class I railroads and the development of an expansive short line railroad industry. In addition, railroads have become more productive and shippers' needs and their roles in the shipping process have evolved. The result has been a very different state of economic health in the rail industry than was true in 1980.

First, I plan to examine the rules the agency has in place regarding rail-to-rail competition. The ICC adopted these rules in the early 1980s before waves of consolidation rippled through the railroad industry. In the spring of 2009, the agency considered beginning such a reexamination, but deferred in light of the comprehensive review being conducted by the Congress in connection with reauthorization legislation. This process should be launched anew.

Second, I believe it is time to explore the commodity exemption system, also created in the 1980s, which removed the federal protections of reasonable service and rates from shippers of numerous different types of commodities. These exemptions were not cast in stone and can be revoked by a petitioning party. It may be that the assumptions underlying some of those exemptions are no longer current.

Third, I plan to take steps to make the agency more accessible to parties that need to file a complaint because of a violation of the law. In a recent decision, the Board stated that it would review the level of filing fees in all complaint cases. It is vitally important to ensure that all valid claims are brought before the agency. Therefore, filing fees should not deter parties from bringing disputes to the Board.

2. *Continue Active Monitoring of Industry*. Let me note that the mission of the STB—to balance the needs of shippers for low-cost, reliable rail service with the needs of railroads for revenues adequate to encourage investment in our nation's rail network—remains just as critical in challenging economic times as in good. With the recovery of the economy underway, but a great deal of uncertainty ahead, we will continue to monitor the health of the railroad industry and the service it provides to its customers.

In 2009, the number of carloads carried by the freight railroads was at its lowest level since 1989. This was a reflection of the severe and broadly felt economic downturn affecting railroad customers, resulting in significant dampening of shipping demand. Despite hauling the least amount of traffic in two decades, the Class I railroads still managed to weather the storm, due in large part to cost-cutting. Cost-cutting included layoffs, furloughing employees and storing rail cars and locomotives. Carload numbers for 2010 have begun to improve, and I hope that we will see continued economic recovery and a better year for shippers and railroads alike. The industry must remain poised and ready to handle a return of traffic that will be the best sign of renewed economic growth. But most of all, I look forward to the industry bringing all these furloughed workers back to the job and adding workers to grow the railroad workforce as traffic rebounds.

3. *Continue Reexamination of URCS Costing Model*. The Board is extensively reviewing its Uniform Railroad Costing System, or "URCS." URCS is the agency's general purpose costing model, which estimates the variable cost of transporting goods by rail. It is used in many Board proceedings, but most prominently in rate cases. Yet the model has not been updated significantly since it was adopted in 1989. Updating URCS is important because shippers and railroads need to have confidence that the Board will issue rulings that are based on accurate and reliable data.

In May of this year, the Board responded to a Congressional request to submit a report on three different options – basic, moderate, and comprehensive – for updating URCS. The Board advocated implementation of the moderate option. The Board estimated that these changes to URCS would cost the agency approximately $625,000 beyond normal operating expenditures and would take approximately 2 years to complete. Many of these suggested changes to URCS would be subject to rulemaking procedures. While the task is technical and complicated, it is also important and will continue to be a priority for the agency in 2011.

4. *Continue to Improve Transparency*. No goal has been more important to me during my first year than to respond to President Obama's call for government leaders to establish a system of transparency, public participation, and collaboration. To facilitate better interaction with the public, I have reached out directly to stakeholders by conducting site visits, holding field hearings, giving speeches, and conducting meetings with local communities and elected officials. I have met with the agency's key stakeholders, some on multiple occasions, which has given me an opportunity receive feedback from them on the challenges they face and how the Board can be more responsive to their concerns.

Having been on the outside looking in at the Board during my time as an attorney practitioner before the Board, I can sympathize with the frustration felt by many stakeholders that what goes on inside the Board is too much of a mystery. Accordingly, I have undertaken several efforts to make the Board more transparent. I have begun the policy of holding regular oral arguments in a number of cases before the Board, so that parties have a chance to talk face-to-face with the Board, and field questions from the Commissioners. I believe that these arguments have been well received and have contributed measurably to our understanding of the issues in the cases. The oral arguments also provide stakeholders with better insight into the Board's decision-making process.

The Board has also begun a process to make our written decisions more transparent and understandable to the public. Our decisions are often complex and technical in nature. But no one should need a PhD or law degree to understand what the agency is doing. Therefore, the Board has begun to include a "plain language" statement to describe the dispute and decision of the agency for all of its major decisions. This statement, which will appear at the beginning of a decision, explains in plain, ordinary language (devoid of legalese) what the decision does and why.

In the same vein, Board is undertaking a major redesign of its website. The website is a key source of information for stakeholders, legal practitioners, and members of the public, yet it can be difficult to find information on the website and the site can be difficult to navigate. I plan to transform the current website into a state-of-the-art information portal that will be more user-friendly, allow for better interaction, and provide better information. Everything that can be made public will be made public.

5. *Continue to Foster Better Shipper/Railroad Relationships*. Railroads and their customers rely upon one another in order to prosper. While the STB represents a strong and neutral forum for adjudicating rail-related and other complaints, I believe that business partners usually reach a more constructive result when they can settle their disputes privately, without litigation. Accordingly, I have made it a priority of my first year as chairman to foster private settlement of rail-related disputes. Toward that end, I have bolstered the Board's informal dispute resolution team, emphasized mediation, and initiated an effort to revitalize the Board's moribund arbitration process.

I will also continue my efforts to bolster public awareness of the Rail Customer and Public Assistance Program (RCPA). As I will describe further, the RCPA program provides help and solves problems through informal means, and members of the public have availed itself of this assistance increasingly over the past few years.

As a regulator of one of America's most important national assets, I appreciate that we must be vigilant that regulatory review be conducted carefully, responsibly, and with every effort to consider the possibility of unintended consequences. And the Board is a small agency with limited resources. We must thus prioritize our efforts carefully.

Our mission is to ensure that our oversight properly balances the interests of all segments of the transportation industry—carriers, customers (and their customers), suppliers, and workers. I believe that the measured steps described above can be carried out consistent with these goals.

RECENT ACCOMPLISHMENTS

The past year has been quite active at the STB, with many accomplishments in rail regulation. In that time, the Board has issued over 1,000 decisions. It has been quite busy internally, as well, with many reforms of the agency's administration. Here are some highlights of the Board's accomplishments over the last few years.

Alternative Dispute Resolution

As noted earlier, I have made it a priority of my first year as chairman to foster private settlement of rail-related disputes. Toward that end, I have bolstered the Board's informal dispute resolution team, emphasized mediation, and initiated an effort to revitalize the Board's moribund arbitration process.

The Board's RCPA program represents a highly successful model of this approach. No longer "Washington's Best Kept Secret," the RCPA program provides an informal venue for the private-sector resolution of shipper-railroad disputes and assists Board stakeholders seeking guidance regarding Board decisions and regulations.

The RCPA program provides help and solves problems through informal means, and members of the public have availed themselves of this assistance increasingly over the past few years. In 2009, the RCPA staff addressed more than 1,400 inquiries, about a third of which involved disputes between a rail carrier and shipper or member of the public. 2010 has seen a similar level of activity. Such help can range from a simple answer to a telephone inquiry, to engaging in lengthy dispute-resolution efforts between railroads and shippers. The program's staff—which includes attorneys and former employees of shippers and railroads—brings to the table decades of experience in rail shipping, operations, marketing and analysis.

This program is free and can be confidential at the request of a party. In these matters, Board staff receives requests for assistance through a special toll-free number or a fill-in form on the Board's website. All matters are expeditiously

handled on an informal basis and involve a wide-range of issues, including rates and other charges; car supply; claims for damages; labor concerns; safety; noise; land disputes; and many other service-related problems. Very often, informal resolution allows both sides to walk away satisfied, and obviates the need for litigation before the Board. We have placed information about our program prominently on our website and made it available easily by phone call or email to encourage its use in resolving disputes at an early stage. The program is also now featured on the websites of various shipper organizations

In addition to promoting use of the RCPA program, I continue to encourage the use of mediation where parties have initiated a formal proceeding. In all rate cases, in fact, the Board requires mediation at the outset of the proceeding. We are pleased that within the last two years, Board staff was able to successfully mediate a settlement in two large rate cases, while a settlement has been reached in principle in a third case. As a result of these mediated settlements, both the parties and the Board avoided the additional expense and time that it would have taken to see these cases through to the end.

The Board has also persuaded parties in other formal, non-rate related proceedings to pursue mediation. There are currently several such cases where we have put litigation on hold while the parties, with the aid of Board staff, discuss private resolutions of their disputes.

In addition, The Board has begun a project to improve its arbitration procedures. These procedures were adopted at the urging of the Railroad-Shipper Transportation Advisory Council (RSTAC), an advisory committee that is focused on issues of concern to small railroads and small shippers. In the decade since this process was put in place, however, not a single party has used it. Accordingly, over the next year, the Board will receive input from industry stakeholders on why they have not used the current process, in the hope of removing deterrents and making the process more attractive. We also have sought comment on how to build on our successful mediation program and expand those efforts.

Passenger Rail

In October 2008, Congress expanded the Board's jurisdiction over the regulation of passenger rail service. The Passenger Rail Investment and Improvement Act (PRIIA) authorizes the Board to institute enforcement or investigatory action under certain circumstances to address a failure by Amtrak to meet on-time passenger train performance standards or service quality standards. Based on such investigation, the Board is directed to identify reasonable measures and make recommendations to improve Amtrak performance and/or service quality, and may assess damages against the host rail carrier or provide other relief in appropriate circumstances. PRIIA also allows states access to Amtrak equipment and services when the state selects an entity other than Amtrak to provide intercity passenger rail service. If Amtrak and the state or state-sponsored entity cannot agree on terms of use, the Board can determine reasonable compensation, liability and other terms of use for Amtrak's services.

Section 209 of PRIIA calls for Amtrak and interested state authorities (governors or representative entities) to jointly develop a standardized methodology to allocate operating and capital costs of state-supported Amtrak routes between the states and Amtrak. In the event that the parties cannot agree on the methodology within 2 years of PRIIA's enactment – Oct. 16, 2010 – the Board could be asked to decide the appropriate methodology. The Board must do so within 120 days and require full implementation of its methodology within 1 year of its decision. As the parties are permitted to revise the methodology, it is possible the Board could be called upon to resolve disputes over revisions as well.

Finally, Board staff has reached out to industry groups to ensure they are aware of the new mediation authority the Board received under PRIIA. The Board is now authorized to conduct nonbinding mediation between commuter and freight railroads where the commuter railroad seeks access to the freight railroad's trackage or right-of-way to conduct commuter service, but the parties cannot reach agreement on this access. Stakeholders are interested in the opportunity to use the Board's services, although the Board has not yet received any requests for mediation.

Implementation of PRIIA is still in the early stages, and no party has yet sought action from the Board under any provisions of the law. However, the Board continues to monitor developments and will be ready to act when the time comes.

In June of this year, the Board issued a report on the liability and indemnity provisions contained in agreements between passenger and freight railroads, in response to a request from Congress. Liability and indemnity issues are two of the most contentious issues between passenger and freight carriers that operate over the same lines. As the Board noted in its conclusion to the report, the discord is ultimately over which sector – public or private – should bear the risk of exposure for accidents involving passengers.

Mergers, Acquisitions, and Construction

As I noted at the outset of my testimony, the Board rail line mergers, acquisitions, and constructions are subject to Board approval. A new carrier seeking to acquire or operate an existing rail line must obtain authority from the Board. Recent years have seen a number of smaller, but still important, mergers that have required Board approval. In December 2008, the Board issued a decision approving the Canadian National Railway's acquisition of the Elgin, Joliet & Eastern Railway West Company (EJ&E). The line CN acquired creates, in effect, a rail beltway around Chicago and permits CN to divert traffic from its congested lines in Chicago to the less congested lines of the EJ&E. The Board attached 182 environmental and other conditions to the acquisition, an unprecedented number. They include increasing safety at crossings, implementing and protecting quiet zones, and adding fences near schools and parks. The conditions also call for intensive monitoring that includes monthly and quarterly progress reports.

I take the implementation of the required mitigation measures very seriously, and have personally visited the affected communities three times. I am committed to ensuring that CN is living up to all of its responsibilities in the communities.

In response to community concerns about extended crossing blockages, the Board instituted a third-party audit, which revealed a number of significant discrepancies between the data that CN reported to the Board and the data that CN had itself collected. On April 20, 2010, the Board ordered CN to appear for a hearing to address CN's failure to report its internal data. The matter is still under active consideration by the Board.

A significant development in the freight railroad industry occurred this year when Berkshire-Hathaway acquired BNSF Railway. As a result, BNSF became the first Class I railroad in recent memory to be privately held. While this acquisition did not require formal Board approval, nothing about this purchase will change how the Board regulates BNSF. BNSF will still need to seek regulatory

approval for line sales, constructions, and abandonments and its common carrier rates and practices are subject to the same regulation as other railroads.

The acquisition raises a number of more technical issues. For example, because BNSF will no longer be publicly traded, it will have no stock price, a component that is needed for the STB's annual railroad industry cost of capital calculation. The Board has sought public comment on this matter. Parties in the cost of capital proceeding have also raised the issue of how this transaction impacts the valuation of BNSF's assets. When BNSF submits financial data to the Board, it may seek to write up the value of its assets to reflect the purchase price, rather than the depreciated book value. These technical issues have been raised in pending cases or will be before the agency shortly. I therefore can say little more on these subjects, other than that I am fully aware of the disputes and the Board will address them as they arise in a fair and impartial manner.

Abandonment and Discontinuance

A carrier may not cease serving a line of railroad without prior approval from the Board. In such cases, the Board looks to balance the public interest in continued rail service with the needs of rail carriers to earn adequate revenues. In February 2010, the Montreal Maine & Atlantic Railway (MMA) filed an application to discontinue service and abandon the line. The State of Maine opposed MMA's proposal, and sought funds—partially through a successful bond referendum earlier this year—to acquire the line and preserve service, should the Board grant MMA's application. The Board held a public field hearing on the application in Maine in July of this year. The Board has also made mediation available to the parties. I directed our top mediator and our Chief Economist to lead these efforts. This is a pending matter, so I cannot comment on the merits of the case. But I want to note how this case highlights my approach to regulation: open, transparent, and on a full and fair record.

Rate and Practice Regulation

The Board's governing statute establishes a Federal policy "to allow, to the maximum extent possible, competition and the demand for services to establish reasonable rates for transportation by rail," and to "minimize the need for Federal regulatory control over the rail transportation system," but "to maintain reasonable rates where there is an absence of effective competition." In accordance with this policy that there be no rate regulation where effective competition exists, there are a number of statutory limits on the Board's jurisdiction concerning rates charged

by rail carriers. Only common carrier rates (as opposed to rates contained in a contract) for non-exempt commodities by market dominant carriers are subject to rate review. It is in those instances where it is most important that the agency be able to step in: rates for captive shippers that have no competitive alternatives. The statute mandates that such rail rates be "reasonable."

In recent years, the Board has adopted several new rules designed to reform, streamline, and improve access to the Board's rate procedures. Most significantly, the Board created three options for shippers seeking protection from unreasonable rates: a set of procedures for large cases and two simplified procedures for smaller cases.

For large, multimillion dollar disputes, the Board has adopted an approach called the "stand-alone cost" (SAC) test. Under this test, the complainant seeks to show that it is paying for facilities or services that it does not use, or is paying for inefficient service. Major reforms to streamline the SAC test and produce more accurate results were completed in 2006.

For smaller rate disputes, a rail customer can choose from two simplified approaches, depending on the amount of relief it seeks, the amount of money it wants to spend, and how quickly it wants a result. The "simplified stand-alone cost" methodology allows shippers to recover up to $5 million, spread out over a 5-year period, and the Board will issue its ruling no more than 17 months from the filing of the complaint. The Simplified-SAC methodology removes the "hypothetical" from the SAC analysis. Many of the aspects of the analysis utilize the results of already litigated SAC cases or are limited to the actual costs of the defendant railroad. The Board has estimated that using the Simplified-SAC test over a full SAC test reduces the cost of litigating a rate case by 80%.

Under the simplest approach, the "Three Benchmark" methodology, shippers can recover up to $1 million in relief, spread out over a 5-year period, and the Board will issue its ruling no more than eight months from the filing of the complaint. Under the Three Benchmark methodology, the Board looks at the carrier's overall revenue needs, how the railroad prices its other captive traffic, and how comparable traffic is priced.

Captive shippers immediately began to take advantage of the improved simplified procedures for smaller rate disputes. In the decade under the old rules, few shippers sought relief under the simplified guidelines, but once the simplified procedures were reformed in 2007, six complaints were soon filed. Five of those

cases settled in mediation, while the sixth case resulted in a finding that the rate was found to be unreasonable and $1 million in relief awarded to the shipper.

Since all of the revised rules were put in place, there have been 17 rate disputes before the agency, 4 of which are still pending. Of the other 13, the agency fostered settlement in 8 cases, found rates to be unreasonable in 4 cases, and found rates to be reasonable in 1 case. The breakdown of more recent cases, which is tracked and made available to the public on our website, is set forth in Table 2 below. In the "Test" column of that table, the denotation "R/VC" are cases where the parties stipulated to have the rate established at 180% of variable cost in lieu of using the SAC test. The "3-B" test refers to the Three-Benchmark approach, and S-SAC indicates the Simplified-SAC approach.

Table 2
Rail Rate Cases at the STB (2008-Present)

Docket	Case Name:	Commodity	Test	Date	Decision:
42095	KCPL v. UP	Coal	R/VC	2008	**Rates Unreasonable**
42088	Western Fuels v. BNSF	Coal	SAC	2009	**Rates Unreasonable**
42112	E.I. Dupont v. CSX	Chemical	SAC	2009	*Settlement*
41191-1	AEP Texas v. BNSF	Coal	SAC	2009	Rates Reasonable
42111	Oklahoma Gas v. UP	Coal	R/VC	2009	**Rates Unreasonable**
42099	DuPont v. CSX	Chemical	3-B	2009	*Settlement*
42100	DuPont v. CSX	Chemical	3-B	2009	*Settlement*
42101	DuPont v. CSX	Chemical	3-B	2009	*Settlement*
42114	U.S. Magnesium v. UP	Chemical	3-B	2010	**Rates Unreasonable**
42110	Seminole Electric v. CSX	Coal	SAC	2010	*Settlement*
42115	U.S. Magnesium v. UP	Chemical	S-SAC	2010	*Settlement*
42116	U.S. Magnesium v. UP	Chemical	S-SAC	2010	*Settlement*
42122	NRG Power v. CSX	Coal	SAC	2010	*Settlement*
Pending at the STB:					
42113	AEPCO v. BNSF & UP	Coal	SAC		TBD
42113-1	AEPCO v. UP	Coal	SAC		TBD
42121	Total v. CSX	Chemical	SAC		TBD
42123	M&G Polymers v. CSX	Chemical	SAC		TBD

In addition to rate cases, the agency has statutory grounds to hear complaints that railroad practices are unreasonable. We currently have several such cases pending involving matters such as coal dust, fuel surcharges, unit train requirements, shipper-owned car issues, routing, and demurrage. I believe that the large number of pending complaints indicates an understanding by our stakeholders that the agency is and is "open for business" to hear disputes.

Service Quality and Railroad-Shipper Relations

The Board takes its duty to monitor railroad industry performance very seriously, especially during these difficult economic times. I am briefed on the performance of the railroad industry by our staff, which tracks the efficiency of carriers by looking at a variety of performance metrics. We also examine the railroads' performance goals, as well as information on critical capacity-related infrastructure needs.

In addition, I have continued the agency's customary request that the Class I carriers, along with the American Short Line and Regional Railroad Association, provide the agency with information on how they will handle end-of-year peak shipping demands in agriculture, coal, chemicals and intermodal traffic. This request is particularly relevant this year. With Russia recently announcing a ban on exports of its wheat crop, the demand for U.S. wheat is expected to skyrocket, and so the railroads' role in the supply chain will be even more vital than usual. In addition, with the railroads having significantly reduced its number of employees and equipment in use in 2009 due to the poor economy, there is concern in some parts of the shipping community as to whether the railroads will be able to provide adequate service as traffic levels continue to increase. Therefore, I took a further step by requesting that the railroads provide more extensive data than in past years, including information on the status of their Positive Train Control initiatives, the on-time performance by Amtrak trains that operate over their lines, and their customer service surveys. The railroads' responses are due back no later than today.

The Board also works with several federal advisory committees formed to enhance communication across the railroad/customer industry, which serve the dual functions of bringing together members of different segments of the industry to engage in a collegial and informative discussion of salient issues, as well as providing valuable advice and recommendations to the Board on issues within their mission. Last month, the Board announced the creation of a new advisory committee, the Toxic by Inhalation Hazard Common Carrier Transportation Advisory

Committee, regarding issues associated with the transportation of hazardous materials. The Rail Energy Transportation Advisory Committee, the RSTAC, and the National Grain Car Council all meet regularly and have been extremely valuable in coordinating preparation of white papers and reports to the Board across a wide range of topics, including rail capacity, economic trends, and rail/customer issues. As an example, I will work with railroads and shippers on keeping pace with service demands when I meet with the National Grain Car Council, at the group's annual meeting later this week.

CONCLUSION

As I have testified, the past few years have presented many changes, both within the industry and at the STB. It is my intent to continue the agency on a path of innovation, regulatory responsiveness, and fulfilling our statutory mission. In this way, the STB can be a productive part of the federal role in national rail policy.

I appreciate the opportunity to testify before you today and would be happy to answer any questions you might have.