



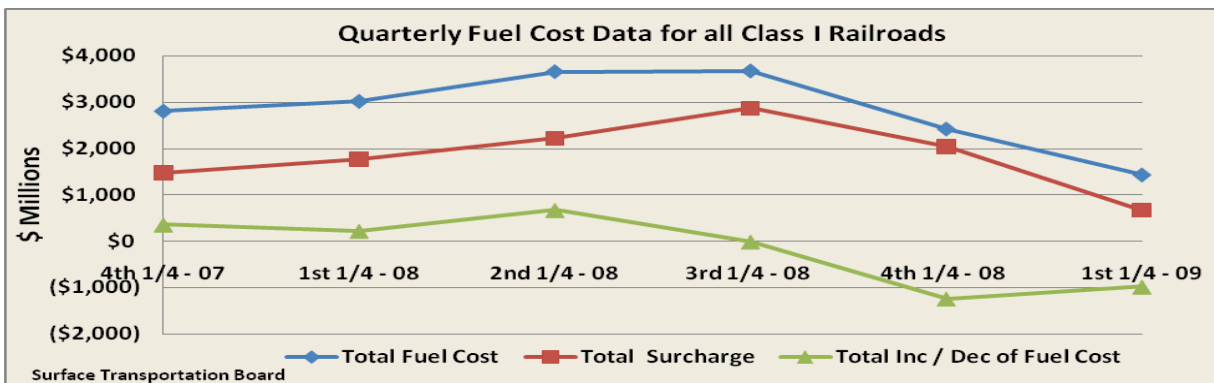
**Surface Transportation Board**

May 15, 2009

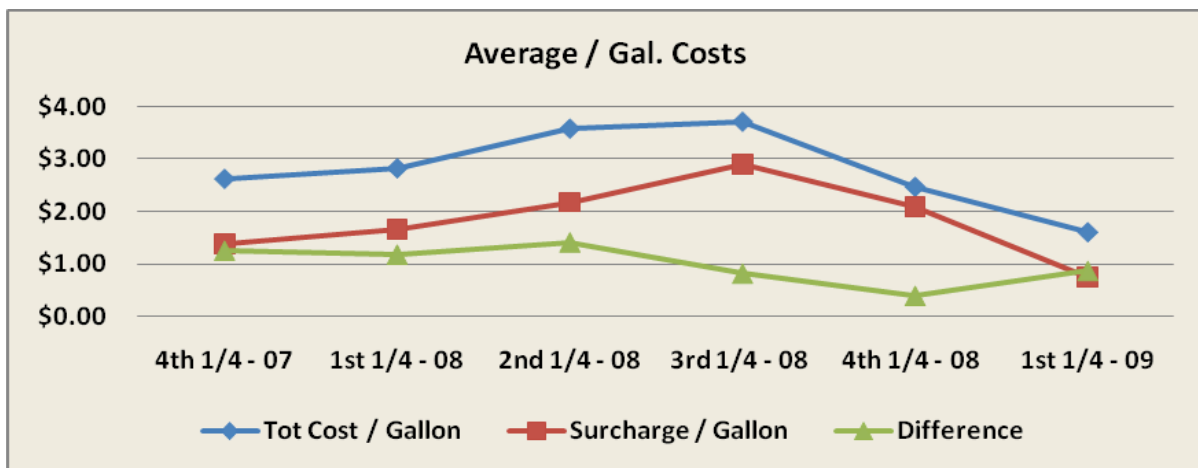
The STB and the Washington State Department of Transportation issued on May 8<sup>th</sup> a final Environmental Assessment (EA) for the proposed 11.5 mile Northern Columbia Basin Railroad Project located in Grant County, Washington. A final decision on the request for construction authority will take place after review of the EA.

On May 11<sup>th</sup>, the STB dismissed a rate complaint by DuPont against CSX, upon the request of the plaintiff, after the case was successfully settled through the Board’s mediation process.

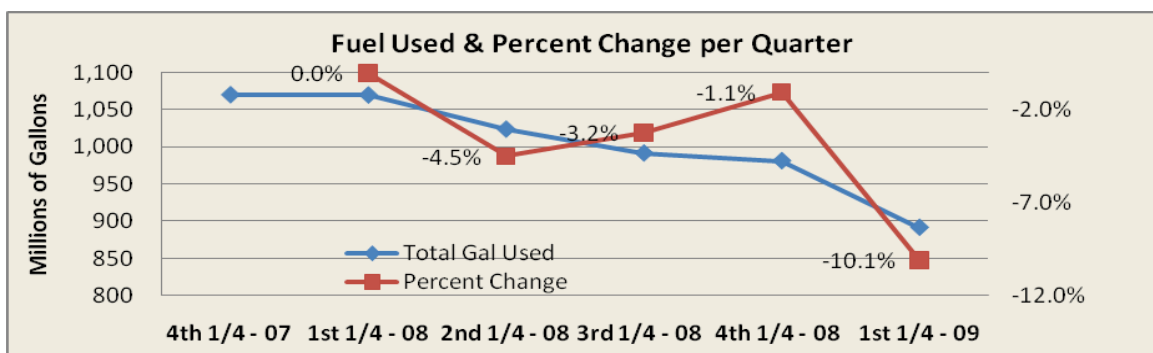
**1<sup>st</sup> Quarter Rail Fuel Surcharges Reported** – Fuel costs and surcharges continued to decline for the Class I Railroads for the quarter ending March 31<sup>st</sup>, down \$989 million and \$1.4 billion respectively:



The average cost of diesel for the Class I Railroads dropped 86 cents to \$1.61 per gallon while the surcharge dropped \$1.33 to \$0.75 per gallon – the lowest level since reporting began in 2007. The difference between the cost and the surcharge increased \$0.47, from \$0.39 per gallon to \$0.87:



Fuel use also dropped 10.1 percent last quarter, or 90 million gallons from 981 million to 891 million gallons, highlighting the effect the financial downturn has had on rail traffic:



**Short Line Traffic Down** – The RMI RailConnect report for the week ending April 25<sup>th</sup> shows an average 34 percent decrease in all traffic from the previous year, and 25 percent year to date. For grain traffic, the decrease is 32 percent from the previous year, and 19 percent year to date.

### Legislation

**Surface Transportation Bill** – Paying for the \$450-\$500 billion six-year reauthorization bill is becoming the primary obstacle for progress on this legislation. A secondary hurdle is a packed legislative schedule. While there is consensus on the need for action, no one has come up with a plan to pay for a bill that would increase outlays by two-thirds over the 2005 transportation bill, which cost \$286 billion. Revenue from the 18.4 cent per gallon federal gas tax is declining, but the Administration along with most members of Congress from both parties are opposed to an increase. A miles driven based fee has been rejected, and suggestions to use revenues from a carbon tax or cap-and-trade regime for transportation funding are premature.

The last transportation bill was extended a dozen times over the course of two years before being enacted in 2005, and expires on September 30th. The lack of consensus over funding options weighs heavily on the authors as that deadline nears. Senator Warner (D-VA) stated this week at a transportation meeting that passage may not take place this year because Congress has two other large-ticket priorities to deal with – health care and climate change.

Notwithstanding the funding issue, House Transportation Committee Chairman Oberstar’s current timeline now calls for the possible release of a bill summary prior to Memorial Day recess, a mark-up in committee the first week of June, and consideration on the floor the week after. Any further slippage on this schedule places the bill in competition with the annual appropriation bills for floor time.

**Ag Exemption for Hours-of-Service Letter Sent** – Forty-nine organizations, including the American Soybean Association, wrote the Chair and Ranking Members of the House Transportation Committee on May 14<sup>th</sup> to “express support for maintaining the agricultural hours-of-service (ag HOS) exemption during the transportation authorization debate as it is vital to the efficiency of American agricultural production.” A safety group is working to revoke the ag exemption when the Surface Transportation Bill is reauthorized.



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