



Rail Customer News & Information From CURE



RAIL REPORT

November 2009

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Cosponsor Update

Senator Al Franken (D-MN)

[Thank Senator Franken for
supporting S. 146](#)

Noted and Quoted

Warren Buffett Buys Burlington Northern Santa Fe

Billionaire investor Warren Buffett's company, Berkshire Hathaway, announced last week that it was buying the Burlington Northern Santa Fe (BNSF) railroad.

"The boards of directors of Berkshire Hathaway Inc. and Burlington Northern Santa Fe Corporation today announced a definitive agreement for Berkshire Hathaway to increase its holdings [of BNSF] to 100 percent," reported the statement from Berkshire Hathaway.

On behalf of rail consumers, CURE issued an immediate statement from Executive Director and Counsel Bob Szabo: "The announcement of Berkshire Hathaway's purchase of BNSF highlights some of the key reasons consumers need rail reform now: the current oversight system is broken and railroad monopoly pricing results in excessive rates for consumers."

[Click here for the full CURE statement.](#)

CURE Targets Opinion Leaders With National Journal Blog Post

Executive Director and Counsel for CURE, Bob Szabo, put consumer views about the Berkshire Hathaway purchase of BNSF front and center before Washington, D. C., opinion leaders with the leading post on National Journal's Transportation Experts blog.

"Rail customers need robust, healthy freight railroads that compete for their business," wrote Szabo. But currently CURE members "find themselves in a 'take it or leave it' situation with their railroad carrier with regard to price and service."

Szabo's post cited 4 main considerations of the Berkshire purchase, including: how it undercuts the notion that rail reform would harm the financial health of freight railroads; the STB's consistent underestimating of the railroads' earning power; purchase premiums being allowed to inflate railroad asset bases; and STB's lack of jurisdiction over the transaction.

Szabo's full blog post can be found at <http://transportation.nationaljournal.com/2009/11/what-does-buffetts-bet-on-bnsf.php>

"No matter who owns the rails, we need to work together to bring down shipping rates for Montana farmers, ranchers and businesses."

- Sen. Jon Tester (D-MT), responding to Berkshire Hathaway's reported purchase of BNSF

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Consumer Message Gets Coverage In BNSF Reaction

Reporters have responded to the consumer impact the Berkshire Hathaway acquisition of BNSF may have on freight rail shippers.

The Associated Press reported that Montana's Governor and two Senators raised consumer concerns in reacting to the announced Berkshire purchase. Senator Max Baucus set the tone by telling the AP, "you can be sure I'll be keeping a close eye to make sure Montana producers get a fair shake on shipping rates."

The Lincoln Journal Star in Berkshire Hathaway's home state of Nebraska wrote an entire story centered on CURE's response to the transaction, titled "Rail-customer advocates say BNSF deal highlights need for reform." It also referenced the recent Consumer Federation of America study that found U.S. consumers pay roughly \$3 billion per year in higher costs on everything from utilities to groceries because of "artificially high rates" charged by railroads.

[Click here for the full Lincoln Journal Star article.](#)

CURE Responds To RSTAC Report

Late last month, the Railroad-Shipper Transportation Advisory Council (RSTAC), a group that includes railroads as well as shippers to advise Congress, the U.S. Department of Transportation and the Surface Transportation Board (STB), took the unusual step of issuing policy recommendations on rail issues being considered by Congress. While the White Paper supported reform in the area of reciprocal switching, it failed to endorse critical components of the reforms captive shippers are advocating.

CURE responded with a [public statement](#) about RSTAC's report, saying "CURE appreciates that even a railroad-dominated group like RSTAC has called for changes to cargo switching rules, which are important to providing greater protection for consumers. Unfortunately, though, these recommendations fall far short by failing to advocate critical pro-consumer changes in other rail issues."

RSTAC took note of the CURE statement. RSTAC Chairman Rick Webb contacted CURE Executive Director and Counsel Bob Szabo in response and invited him to participate in a future RSTAC meeting as a way of expanding to ranks of shippers that the Council hears from.



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