

FREIGHT RAIL REFORM

Comments of the Rail Customer Coalition

on

Surface Transportation Board Docket No. EP 733
Expediting Rate Cases

August 1, 2016

The Rail Customer Coalition (RCC) is pleased to write in support of the comments filed by the Joint Carload Shippers pursuant to the Advance Notice of Proposed Rulemaking. The RCC urges the Board to aggressively implement changes to streamline and speed up the rate case process. Despite rapid increases in rates, particularly rates where the facility is single-served, challenges to rates are rarely pursued by shippers. A primary reason is that the process is too long, cumbersome and expensive to be useful for rail shippers, and the STB should focus on this issue to make sure that they are fulfilling their statutory obligation to maintain a competitive national rail system.

The RCC is a large collection of trade associations representing a broad cross section of manufacturing, agricultural, and energy industries with operations and employees throughout the United States. Members of the coalition represent many of the largest users of freight rail that depend on the railroads to deliver reliable and affordable service in order to remain competitive in a global market. The RCC supports practical reforms that could make the STB operate more efficiently and effectively for all stakeholders. More information about the RCC and its membership can be found at www.freightrailreform.com. Individual RCC member groups may submit more detailed comments in this proceeding.

Our organizations support the adoption of policies to promote greater competition between railroads and to improve the efficiency and effectiveness of the Surface Transportation Board (STB). Expediting rate cases would help ensure that commodities, including grain, coal, fertilizer, steel, and manufactured goods, can help make the system for accessible and usable for rail shippers that are forced to deal with a single service provider. The National Academy of Sciences noted in their report on Modernizing Freight Rail Regulation that, “the high fixed cost and inappropriateness of this [rate case] standard have led to few shippers of commodities other than coal bringing a [stand-alone cost] case.”

If the statutory protections against unreasonable rates are to have any meaning for carload shippers, STB must adopt workable alternatives to SAC. The RCC strongly urges the Board to move forward to implement a revenue adequacy rate standard consistent with the Coal Rate Guidelines. Until viable alternatives are available, STB has a responsibility to make SAC a more

viable remedy for all shippers by reducing the duration, cost and complexity of these cases. To this end, the RCC supports the comments submitted the American Chemistry Council, Dow Chemical Company and M&G Polymers USA, LLC (collectively the “Joint Carload Shippers”) in this proceeding.

Challenging a rate before the STB is extremely expensive and complex, and it is especially burdensome to small businesses, and the STB must follow through on the Congressional directive in The STB Reauthorization Act of 2015 to find ways to make the rate case process faster and more accessible.