



Contact: Kiernan Doherty
(202) 261 2887
Kiernan.doherty@mslpr.com

Favorable STB Ruling on Rail Fuel Surcharges

Washington, D.C. (January 26, 2007) - In a victory for rail customers, the Surface Transportation Board today found that railroads have been levying unreasonable fuel surcharges on freight rail customers and ordered the railroads to stop. The STB ruling follows months of complaints that the railroads were using their monopoly on freight shipping of critical commodities to exploit last year's energy crisis.

In its ruling, the STB said: "After considering all of the comments received, we conclude that computing rail fuel surcharges as a percentage of a base rate is an unreasonable practice, and we direct carriers to change this practice. We also conclude that the practice of "double dipping," i.e., applying to the same traffic both a fuel surcharge and a rate increase that is based on a cost index that includes a fuel cost component, such as the Railroad Cost Adjustment Factor (RCAF), is an unreasonable practice, and we direct carriers to change this practice as well"

<http://www.stb.dot.gov/decisions/readingroom.nsf/WebDecisionID/37341?OpenDocument>).

A recent study by the economic firm, Snavelly, King Majoros O'Conner and Lee, estimates that the railroads have collected almost \$1 billion in unjustified fuel surcharges. Wall Street analysts have praised some of the railroad companies for turning their fuel surcharges into a strong profit center – a practice the STB today said must stop.

"We are pleased to see the STB finally has recognized one of the many legitimate concerns that rail customers have with the monopolistic practices of

our nation's railroads," said Bob Szabo, executive director of CURE, a coalition of rail customers seeking changes in federal rail policies. "This is just the tip of the iceberg, it is critical that the 110th Congress address these issues."

An October 2006 report by the U.S. General Accountability Office, *"FREIGHT RAILROADS: Industry Health Has Improved, but Concerns about Competition and Capacity should be Addressed"* chided the STB for failing to include the fuel surcharges in their calculations of railroad revenues.

About CURE

*CURE is a coalition of rail customers seeking changes in federal law to hold the railroads more accountable to the nation and their customers. The group represents a wide variety of rail customers including public utilities, rural electric coops, power companies; chemical, ethanol, cement and other manufacturers, forest and paper companies, and their customers. **For more information visit www.railcure.org***

###