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Congressional Hearing Highlights Railroads' Monopoly Practices

Poor rail service, outrageous pricing focus of latest testimony

Washington, D.C. (April 23, 2008) — Members of Congress today heard another example of the railroads' monopolistic pricing and interruptions in service, as an Arkansas rail customer detailed railroad executive techniques that have cost Arkansas electric customers hundreds of millions of dollars over the years.

Steve Sharp of Arkansas Electric Cooperative Inc. is the latest rail customer to detail railroad abuses on Capitol Hill, with his appearance before today's hearing on rail capacity by the House Transportation and Infrastructure Subcommittee on Railroads, Pipelines, and Hazardous Materials. Sharp testified that rail delivery problems of coal from the western United States forced the cooperative to purchase coal from as far away as Indonesia to provide power to Arkansas electric customers.

"We believe the forces of competition, rather than monopoly power, would lead to the reliable rail service at reasonable prices that we seek," Sharp testified.

Bob Szabo, Executive Director of Consumers United for Rail Equity (CURE), said Members of Congress are increasingly concerned about the impact on consumers of the railroads' exorbitant charges on millions of tons of U.S. products annually.

"Rail customers continually face outrageous rail rates and poor service as a result of the monopoly power wielded by today's rail companies," Szabo said. "These practices have a devastating effect on the overall health of the rail system and their customers. By providing their testimony, rail customers have provided Congress with a framework to put the freight rail system's standard operating procedures into perspective."

On February 25th, rail customers Terry Huval of Lafayette Utilities Services and Susan Diehl of Holcim, Inc. testified before the House Judiciary Committee's Antitrust Taskforce in favor of the Railroad Antitrust Enforcement Act of 2007 (H.R. 1650 and S. 772). The legislation, sponsored by Congresswoman Tammy Baldwin (D-WI), would promote competition in the rail industry by removing the railroads' exemptions from key antitrust laws.

CURE supports Congressional efforts to bring accountability and fairness to the rail industry.

- *Railroad Antitrust Enforcement Act of 2007 (H.R. 1650, S. 772)*: These bills would repeal railroad antitrust exemptions, increase competition in the rail

industry and allow the U.S. Department of Justice and the Federal Trade Commission to review mergers under antitrust law. The Senate Judiciary Committee reported S. 772 on a unanimous bipartisan vote last year and the legislation currently is awaiting action on the Senate floor.

• *Railroad Competition and Service Improvement Act of 2007(H.R. 2125, S. 935)*: These bills would require the STB to address rail services problems, streamline the rate challenge process for captive rail customers and remove artificial barriers to competition.

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Consumers United for Rail Equity (CURE) represents a wide variety of rail customers including public utilities, rural electric coops, agriculture; chemical, ethanol, cement and other manufacturers, forest and paper companies, and their customers.

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