



## **Support Legislation to Create an Effective Surface Transportation Board**

### **Reforms Will Reduce Consumer Costs on Goods Shipped by Captive Rail**

#### **REQUEST:**

**Please work with Chairman Rockefeller and Chairman Oberstar to develop and enact legislation in the 111<sup>th</sup> Congress to increase competition in the freight rail industry, improve the rate challenge process at the Surface Transportation Board (STB), and provide the resources and powers necessary to make the Board an effective regulatory agency.**

#### **PROBLEM:**

The STB is the regulatory agency designated to protect captive freight rail customers from railroad monopoly power abuse. Unfortunately, since its creation by Congress in 1980, the three-member Board has failed to provide captive rail customers meaningful access to competition, and in the absence of competition, relief from monopolistic pricing.

The current system for challenging freight rail rates is too burdensome and expensive for most rail customers to even bring a case before the board, much less win meaningful relief. Currently, the railroad customer must bear all the burdens of proof and often endures years of litigation costing millions of dollars. The rate standard used by the Board was not established by Congress and is not used elsewhere in American economic regulation. These barriers prevent many railroad customers from ever filing their legitimate rate cases with the STB. As a result, the monopoly rates charged by the railroads continue to drive up costs for U.S. consumers on everything from electricity to food.

Since 1980, the STB has allowed the railroad industry to consolidate to four major railroads that carry more than 90 percent of all freight shipped by rail in the United States. A recent study by the STB revealed that over 44 percent of all rail freight by tonnage is captive to a single railroad. Yet the STB has provided meaningful relief for these rail customers in less than 20 percent of the rate challenges brought before the Board since 2000. No rail rate for the movement of an agricultural product has even been contested since 1982.

#### **SOLUTION:**

Congress should develop and enact STB reform legislation to:

- Reverse several anti-competitive rulings by the STB that allow major railroads to prevent their customers from gaining access to competing rail systems;
- Improve the rate challenge process for captive rail customers;
- Empower the STB to ensure that railroads provide adequate service for freight moved by tariff;
- Empower and direct the STB to be proactive and vigilant to stop unreasonable rail practices; and
- Provide the necessary powers and resources required for the STB to function effectively discharge its responsibilities.

**For more information, please visit [www.railcure.org](http://www.railcure.org)**