



STB EP 722—RAILROAD REVENUE ADEQUACY

TESTIMONY OF THE NATIONAL INDUSTRIAL TRANSPORTATION LEAGUE

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49 USC § 11102(c)(1)

Use of Terminal Facilities

The Board may require rail carriers to enter into reciprocal switching agreements where it finds such agreements to be practicable and in the public interest, or where such agreements are necessary to provide competitive rail service. . . . (emphasis added)

49 USC § 10101(a)(6)

Rail Transportation Policy

In regulating the railroad industry, it is the policy of the United States Government—

(6) to maintain reasonable rates where there is an absence of effective competition and where rail rates provide revenues which exceed the amount necessary to maintain the rail system and to attract capital. . . .

(emphasis added)

49 USC § 10704(a)(2)

Rates, Classifications, Rules, and Practices Prescribed by Board

(2) The Board shall maintain and revise as necessary standards and procedures for establishing revenue levels for rail carriers providing transportation subject to its jurisdiction under this part that are adequate. . . . to cover total operating expenses, including depreciation and obsolescence, plus a reasonable and economic profit or return (or both) on capital employed in the business. The Board shall make an adequate and continuing effort to assist those carriers in attaining revenue levels prescribed under this paragraph.....

49 CFR § 1144.2(b)(3) Prescription

When prescription of a through route, a through rate, or reciprocal switching is necessary to remedy or prevent an act contrary to the competitive standards of this section, the overall revenue inadequacy of the defendant railroad(s) will not be a basis for denying the prescription.

Transportation Research Board Report Modernizing Freight Rail Regulation

“A possible starting point for STB in assessing the impact of reciprocal switching is to allow its use in a more limited setting. For example, it could be used as an optional remedy for rates that have already been ruled unreasonable and thereby offer an alternative to a prescribed rate.” (Page 112)
(emphasis added)

Questions(?)

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