



Committee on Transportation and Infrastructure
U.S. House of Representatives

Bill Shuster
Chairman

Washington, DC 20515

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September 30, 2016

The Honorable Daniel R. Elliot, III
Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

The Honorable Deb Miller
Vice Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

The Honorable Ann D. Begeman
Member
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Dear Chairman Elliott, Vice Chairman Miller and Commissioner Begeman:

We write regarding the Surface Transportation Board's (STB) ongoing proceedings affecting the economic regulation of the railroads. Last December, Congress passed *the Surface Transportation Board Reauthorization Act of 2015*, which reauthorized the agency for the first time since its inception in 1996. The House Committee on Transportation and Infrastructure, which maintains jurisdiction over the STB, oversaw the passage of this legislation. *The STB Reauthorization Act* focuses on making the STB a more efficient and transparent organization and provides common-sense measures to resolve rail shipper and rail carrier disputes.

Specifically, *the STB Reauthorization Act (STB Act of 2015)* expands voluntary arbitration procedures for rail carriers and shippers; expands STB membership from three to five members; allows board members to talk with one another without a prior public hearing notice; and directs the agency to study more efficient and simplified rate review methodologies. *The STB Act of 2015* also clearly states the need for rail carriers to earn revenues necessary to meet current and future freight movement demands – a key provision in the law. Most importantly, the *STB Act of 2015* fully keeps in place the underlying rail economic framework that has successfully guided the Board in recent decades.

As you know, *the Staggers Rail Act of 1980* created today's balanced regulatory framework under which the nation's railroads have operated. This framework has allowed railroads to invest more than \$600 billion back into their networks to create the most efficient

and cost-effective rail network in the world. The results from railroads making this type of high capital investment include thousands of good paying industry jobs, hundreds of thousands of additional jobs supported by the industry, integral transportation connections of industries and consumers to each other and the global market, and the growth of local communities.

Recently, the STB independently moved forward with a number of new regulatory initiatives that could upset the economic regulatory structure currently enjoyed by industry and shippers alike. Many of these regulatory actions could have broad network impacts with negative effects on service and operations. Notably, *the STB Act of 2015* did not include requirements to conduct such proceedings, nor did it mandate completion of such regulatory overhauls; yet, in other recently passed reauthorizations within our Committee's jurisdiction, we have taken such action. Indeed, in the past, Congress has specifically rejected proposals that would change the economic regulatory structure of the railroad industry multiple times. We hope that these facts are taken into account as the STB determines its next steps, and, again, express our view that in this time of strained resources, the Board should be focusing its efforts on fulfilling its obligations under *the STB Act of 2015*.

Please contact Fred Miller, Staff Director, Subcommittee on Railroads, Pipelines, and Hazardous Materials, at (202) 226-0727 if you have any questions.

Sincerely,



Bill Shuster
Chairman
Committee on Transportation
and Infrastructure



Jeff Denham
Chairman
Subcommittee on Railroads, Pipelines,
and Hazardous Materials