



SURFACE TRANSPORTATION BOARD

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SURFACE TRANSPORTATION BOARD RELEASES REPORT FROM THE RATE REFORM TASK FORCE

The Surface Transportation Board announced today that its Rate Reform Task Force has completed a staff report providing its recommendations for possible changes to the rate review methodologies and processes used by the Board. The Board simultaneously is making the report available to the public.

The Rate Reform Task Force was established by the Board in January 2018 to recommend improvements to the Board's existing rate review processes and to propose new rate review methodologies that are more attuned to the realities of the current transportation world. The Task Force reached out to the transportation community through informal meetings with representatives of shippers and carriers, as well as academics, practitioners, and other interested parties throughout the country. Through frank conversations with diverse stakeholders, the Task Force developed a greater understanding about the challenges involved with the Board's existing rate review methodologies, along with changes that could improve them and ideas for new methodologies.

The report makes several key recommendations including:

- Offering proposals that the Board could adopt to reduce the cost and complexity of small rate disputes;
- Calling for legislation that would permit the Board to require arbitration of small rate disputes;
- Suggesting significant simplification of the existing Stand-Alone Cost (SAC) test;

- Proposing an entirely new rate methodology called Incumbent Network Cost Analysis that would look at the cost structure of the defendant carrier itself instead of a hypothetical stand-alone carrier;
- Suggesting a definition for long-term revenue adequacy and three structural remedies that could be tied to this finding:
 - 1) a rate-increase constraint (limiting carriers from raising rates on certain traffic once long-term revenue adequacy has been achieved);
 - 2) a reversal of the Board’s long-standing “Bottleneck” decisions so that shippers can direct long-term revenue adequate carriers to deliver movements to a feasible interchange of the shipper’s choosing; and
 - 3) a restoration of certain simplifications in the existing Simplified SAC process;
- Increasing the accessibility of the Three-Benchmark comparison approach by, among other things, removing limitations on the aggregation of claims, improving sampling procedures, and instituting page limits on arguments surrounding “other relevant factors;” and
- Seeking simplification of the market dominance determination.

“I want to thank the Rate Reform Task Force for its hard work and dedication to this difficult assignment,” said Chairman Ann Begeman. “I asked the Task Force to think boldly and they delivered. I also want to thank the many stakeholders and other interested parties who met with the Task Force during the past year to share their views and ideas. Rate reform is my top priority and the only option not on the table is one where we do nothing.”

In the course of its consideration of these recommendations, the Board will be soliciting public input on the report in the near future. The Rate Reform Task Force report may be viewed and downloaded [here](#).

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