



February 12, 2021

The Honorable Martin J. Oberman
Chairman
United States Surface Transportation Board
Washington, DC 20423

Chairman Oberman,

The Rail Customer Coalition (RCC) congratulates you on your appointment as Chairman of the Surface Transportation Board (STB). The RCC represents manufacturing, agricultural, and energy industries that collectively account for more than half of the total volume of freight rail shipments. We look forward to continuing to work with you and the rest of the Board to adopt policy reforms that will help promote a safe, competitive, and reliable freight rail industry.

Our nation's freight rail system has reached a critical juncture. Today, with four major railroads controlling more than 90% of all freight rail traffic, competitive options are nearly non-existent for most rail-dependent customers. Unfortunately, the Board's overly burdensome rules have proven unworkable for captive shippers to challenge unreasonable rail charges and rates. In addition, major operational changes adopted under Precision Scheduled Railroading have raised long-term concerns about service and network capacity.

The Staggers Rail Act of 1980 still holds the solution to addressing today's freight rail challenges. The law calls for the STB to promote rail competition "to the maximum extent possible" and to "to maintain reasonable rates where there is an absence of effective competition." As recognized by the Board's Rate Reform Task Force, the financial health and competitive landscape of the railroad industry have changed dramatically since the early years under Staggers. The Task Force's 2019 report calls for modernizing Board policies to "account for these changes while continuing to carry out the objectives enacted by Congress four decades ago."

To help build back the American economy, the STB must use the tools and authority provided by the Staggers Act to establish a balanced and modern regulatory system. The RCC urges the STB to complete its work on key reforms to address longstanding problems, specifically:

- **Improve access to competitive rail service:** The Board has been considering pro-competitive reforms, including reciprocal switching, for nearly a decade. The STB should modernize policies that currently prevent access to competitive service.

- **Streamline overly burdensome rate review procedures:** The Board should finalize its proposed Final Offer Rate Review procedures to significantly improve shippers' ability to challenge unreasonable rail rates. The Board should also develop a workable and economically sound alternative to the Stand Alone Cost rate standard.
- **Improve railroad service data:** The Board should adopt new reporting metrics to provide a more complete and useful picture of rail service, including first mile/last mile performance.
- **Eliminate unwarranted commodity exemptions:** The Board should establish a workable process to eliminate exemptions that shield broad categories of rail traffic from STB oversight.
- **Prevent unreasonable charges on rail shippers:** The Board should establish clear standards for evaluating the reasonableness of charges and rules imposed on rail customers.

We welcome further discussions with you on these issues, and look forward to working with the Board on instituting new policies that support a dependable rail network and growth across the entire U.S. economy.

Sincerely,

The Rail Customer Coalition

cc:

STB Vice Chairman Robert Primus
STB Member Ann Begeman
STB Member Patrick Fuchs
STB Member Michelle Schultz