

SURFACE TRANSPORTATION BOARD PROPOSES NEW RECIPROCAL SWITCHING REGULATIONS, SEEKS PUBLIC COMMENT

The Surface Transportation Board today proposed new regulations to improve the availability of reciprocal switching. The proposed rules allow a shipper to gain access to another railroad if the shipper makes certain showings. Today's action is an outgrowth of a petition for rulemaking submitted by The National Industrial Transportation League (NITL) in July of 2011, which the Board is granting in part.

The proposed regulations create an avenue for the Board to impose a reciprocal switching arrangement. Generally speaking, reciprocal switching refers to the situation in which a railroad that has physical access to a specific shipper facility switches rail traffic to the facility for another railroad that does not have physical access. The second railroad pays compensation to the railroad that has physical access, typically in the form of a per car switching charge. As a result of the arrangement, the shipper facility gains access to an additional railroad.

Consistent with the statute, under the proposed rule a shipper seeking reciprocal switching must show that the arrangement is "practicable and in the public interest" or "necessary to provide competitive rail service." The STB would make its findings based on evidence presented by the shipper and the railroad. The existing standard, which was adopted by the Interstate Commerce Commission in 1985, requires a showing that reciprocal switching is necessary to prevent an anticompetitive act. Since 1985, almost no requests for reciprocal switching have been filed, and none have been granted.

"I thank NITL for bringing their reciprocal switching proposal to the Board for consideration and I am pleased that today we are granting that petition in part," said Chairman Daniel R. Elliott III. "I encourage all stakeholders to participate in the notice and comment process and I look forward to meeting with them to hear their views directly."

The Board's decision in [Petition for Rulemaking to Adopt Revised Competitive Switching Rules, EP 711](#), and its proposed regulations and request for public comment in [Reciprocal Switching, EP 711 \(Sub-No. 1\)](#), may be viewed and downloaded at the Board's website, www.stb.dot.gov, under "E-LIBRARY / Decisions & Notices / 07/ 27 /16 " .

###