

# HOW TO REFORM FREIGHT RAIL POLICIES

Rail shippers support the following reforms to promote greater rail competition and increase the efficiency and effectiveness of the Surface Transportation Board.



## ENHANCE THE EFFICIENCY OF THE SURFACE TRANSPORTATION BOARD

Allow the Board to take a more proactive role to address issues and allow direct communication between the STB Commissioners. Ensure the Board has adequate resources and staff to fulfill its statutory mission.



## ALLOW COMPETITIVE SWITCHING

Allow market forces to have a greater influence over rates by increasing rail-to-rail competition through competitive switching. The STB should permit shippers to have their freight moved to a competing rail line if another Class I railroad is reasonably accessible.



## REFORM RATE BUNDLING PROTECTIONS

Deter railroads from using an “all or nothing” approach to contracting rail rates. The STB should actively review whether or not the “bundling” of contract proposals for multiple rates is used to undermine a shipper’s ability to challenge unreasonable rates. The Board should prevent such abusive practices from occurring.



## UPDATE RATE REVIEW STANDARDS

Implement a more efficient, workable method to review and determine the reasonableness of freight rail rates for captive shippers that accounts for the dramatic changes in the railroad industry. The STB should recognize that railroads are financially sound and adopt a simpler and fairer standard for reviewing rates.



## CLOSE RATE REVIEW LOOPHOLES

Eliminate outdated exemptions and allow shippers to seek review of unreasonable rates for shipping of certain products such as automobiles, food, lumber, and metals. The STB should no longer automatically assume that shippers of these products have access to competitive service, and it should review rate review exemptions and eliminate those that no longer make sense.



## PROVIDE ARBITRATION AS AN OPTION TO STREAMLINE RATE REVIEWS

Allow for an alternative means to resolve rate disputes through a third party arbitrator. The STB should create a process that would allow shippers and the railroads to each present a final proposal for the rate in dispute. At the end of the process, the arbitrator must choose one of these proposals – giving each side the incentive to work towards a fair and practical solution.