

# Senate Dem: Regulators 'pandering' to freight railways

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The chairman of the Senate committee that oversees the nation's railways thinks federal regulators have been "pandering" to the largest freight rail companies in the U.S., and companies that pay to ship goods on their trains have been suffering the consequences.

Senate Commerce, Science and Transportation Committee Chairman Jay Rockefeller (D-V. Wa.) made the remarks in comments he submitted last week the Department of Transportation's Surface Transportation Board (STB) that were released by his office on Tuesday.

Rockefeller said the panel should reconsider rules that have been in place since the 1980's that allow freight rail companies to rates higher rates to so-called captive shippers to maintain "adequate revenues."

"For too long, the regulatory regime of the Surface Transportation Board worked against shippers and consumers," Rockefeller wrote to the panel.

"Anyone who follows the railroad industry and its history knows the Class I railroads are financially strong, and have been for several years," he continued. "It is far past time that we continue pandering to the freight railroads, and start moving toward a more balanced system that also allows businesses and people who use the rail network to prosper."

The freight rail pricing rules, which are known as "Railroad Revenue Adequacy," are governed under a provision of a 1980 law known as the Staggers Act.

The apply to the largest freight rail companies that are regulated by the transportation department, which are known as Class 1 railroads. The classification covers companies like Amtrak, BNSF Railway, CSX Transportation and Norfolk Southern Railway.

Rockefeller said in his comments to the transportation department's panel that the conditions that lead prior Congresses to support the pricing rules that favored freight rail companies are no longer present in the modern industry.

"The law allowed railroads to rid themselves of unprofitable lines and to consolidate their operations," he said, adding quickly "As chairman of the Senate Committee on Commerce, Science, and Transportation, I have seen the freight rail industry achieve record-breaking financial performance."

"These companies are raising their dividends and buying back stock at record

levels," Rockefeller wrote. "In recent public statements, several major freight railroads have confidently predicted that their record-setting financial performance will continue for the foreseeable future."

Rockefeller is scheduled to hold a hearing on Wednesday about a **bill** he is introducing with Sen. John Thune (R-S.D.) to give the STB more power to regulate freight rail companies.

The panel has been at the center of a recent dispute between Amtrak and a Canadian freight rail operator over delays on tracks that are shared between the two companies in Illinois.

Amtrak filed a **complaint** with the STB that asked the panel to investigate the on-time performance of the Canadian National Railway (CN).

Rockefeller and Thune's offices said last Friday their bill would "increase the STB's investigative authority so it can launch its own investigations before a complaint is filed."

The lawmakers added that the measure would speed up the railway panel's timelines for process reviews of freight rail performance and "advance important STB proceedings" that have been stalled thus far.

The group that lobbies for the freight rail industry in Washington, the American Association of Railroads (AAR), said the regulatory framework that Rockefeller was lambasting has been successful for decades.

"Today, American industry and the public enjoy the benefits of the best freight rail system in the world because the current balanced regulatory framework allows railroads to invest billions of dollars in private capital back into their operations," the group said in a statement that was provided to The Hill on Tuesday evening.

"There is a heightened awareness of rail and the role we play in the economy," the statement continued. "For the AAR, the paramount concern for policymakers in considering any legislation affecting the Surface Transportation Board should be how it would affect the ability of railroads to maintain and grow the capacity required to meet the shipping needs of the nation."