



Freight Rail Customer Alliance

July 27, 2023

VIA EMAIL

The Honorable Patrick Leahy, Chair
U.S. Senate
Senate Appropriations Committee
S-146A, The Capitol Building
Washington, DC 20510

The Honorable Richard Shelby, Vice Chair
U.S. Senate
Senate Appropriations Committee
S-128, The Capitol Building
Washington, DC 20510

The Honorable Brian Schatz, Chair
Transportation, Housing & Urban Development,
and Related Agencies Subcommittee
Senate Appropriations Committee
125 Hart Senate Office Building
Washington, DC 20510

The Honorable Susan Collins, Vice Chair
Transportation, Housing & Urban Development,
and Related Agencies Subcommittee
Senate Appropriations Committee
186 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairs Leahy and Schatz, and Vice Chairs Shelby and Collins:

The Freight Rail Customer Alliance (FRCA) – an umbrella organization including trade associations representing more than 3,500 manufacturing, agriculture, chemical and alternative fuels companies, electric utilities, and their customers – thanks you and your Appropriation Committee colleagues for continuing to support freight rail shipper issues.

In particular, FRCA thanks you and your colleagues for providing \$39.152 million for the Surface Transportation Board (STB or Board) for the current Fiscal Year (FY) 2022 in the ***Consolidated Appropriations Act of 2022*** (P.L. 117-103).

FRCA also appreciates the related report language addressing the cost-benefit-analysis matter before the Board:

Cost-benefit analysis.—In March 2019, a petition was filed with the STB to institute a rulemaking to adopt procedural rules that would require a cost-benefit analysis in certain future STB rulemaking proceedings. In response, the STB reviewed the practices at other agencies, including independent agencies that, like the STB, are not statutorily required to have cost-benefit analysis procedural rules. In November 2019, the STB issued a solicitation of information to request comments from stakeholders on whether and how particular cost-benefit analysis approaches might be more formally integrated into the STB's rulemaking process. The Committee continues to encourage the STB to thoroughly review and consider all comments received in response to the solicitation of information to determine the extent to which cost-benefit analysis would be helpful in ensuring that the economic consequences of certain significant rulemakings are fully evaluated and that the basis for any decisions are clear to stakeholders. If the STB decides to adopt a cost-benefit analysis procedure for significant rulemakings, then the Committee encourages the STB to request additional resources, as necessary, to ensure the STB has the staffing and expertise to undertake such cost-benefit analyses.

First, for FY 2023, FRCA requests that you provide, at a minimum, the \$42.029 million for the STB as recently approved by the full House for the following reasons:

- The STB needs to have adequate annual appropriated funds to provide necessary and effective oversight of our country's growing reliance on freight rail, and as our nation continues to recover from the pandemic, let alone deal with supply chain challenges. Freight rail is a vital component of our nation's economy. It is relied upon by farmers to deliver crops to market and by utilities and propane suppliers to receive the fuel they need to serve their customers and keep the lights on. Freight rail also enhances our global competitiveness.
- This appropriation need is made more acute by the unprecedented demand placed on STB's regular activities and resources given the freight rail service crisis affecting nearly all shippers regardless of size, location, or commodity(ies).
- The Board continues to deal with rail mergers and the possibility of a more consolidated freight rail industry all of which pose significant service and rate issues for captive shippers – notably a merger of two Class I carriers, the first of which in over 20 years and under Precision Scheduled Railroading.
- The **Surface Transportation Board (STB) Reauthorization Act of 2015** (P.L. 114-110) gave the STB additional responsibilities, including instilling processes and procedures to enhance transparency and overall effectiveness. Freight rail shippers rely heavily on rail industry data provided through the STB to help: 1) make vital daily and longer-term operational decisions; 2) forecast industry emerging trends; and, 3) monitor the railroads' service and performance levels.
- STB continues to make positive strides in improving its data collection and distribution processes. This requested funding level will allow the STB to comply with the transparency requirements of the **STB Reauthorization Act of 2015** while providing all industry stakeholders with timely data in a usable format. As noted in the Administration's Budget, there continues to be a priority on supporting "additional data and analytical capabilities to continue to enhance the Board's evidence-based decision-making and management of its data." Further, the House-passed funding level would support a potential follow-on effort in response to contractor recommendations regarding improvements or changes to the Board's existing railroad costing methodology.

Second, thanks in large part to your attention to stakeholder concerns via previous report language, progress continues to be made especially with the STB now operating with a full complement of Board Members, moving on some major proceedings, and beginning to address the freight rail service crisis.

To that end, FRCA requests that your Committee include accompanying report language in the FY 2023 appropriations measure addressing ongoing or new concerns:

- Encouraging the Board to fully utilize its existing authority to address freight rail service problems adversely impacting shippers including collecting and monitoring first and last mile (FMLM) rail carrier service performance data as well as other key railroad service metrics.
- Encouraging the Board to finalize as expeditiously as possible longstanding proceedings that would foster competition in the marketplace and adequacy in railroad service.
- Including the current FY 2022 cost-benefit analysis report language.

Your ongoing commitment to the STB, by appropriating these necessary funds and incorporating the corresponding report language, is still greatly needed.

Thank you for your continued leadership and consideration.

Sincerely,



Ann Warner, FRCA Spokesperson

cc: Senator Patty Murry
Senator Dianne Feinstein
Senator Chris Murphy
Senator Chris Van Hollen
Senator Jack Reed
Senator Dick Durbin
Senator Chris Coons
Senator Joe Manchin
Senator Roy Blunt
Senator Shelley Moore Capito
Senator John Hoeven
Senator Mike Braun
Senator John Boozman
Senator Lindsey Graham
Senator John Kennedy
Shelley Sahling-Zart, FRCA President



Freight Rail Customer Alliance

FRCA includes large trade associations representing more than 3,500 electric utility, agriculture, chemical, and alternative fuel companies, and their consumers. Its mission is to obtain changes in Federal law and policy that will provide all freight shippers with reliable rail service at competitive prices. www.railvoices.org

Arizona Electric Power Cooperative, Inc., Benson, Arizona

Provides power to more than 147,000 electric meters and 350,000 people in Arizona, California, and New Mexico.

Basin Electric Power Cooperative, Bismarck, North Dakota

Serving more 120 member systems that provide power and services to 2.9 million consumers in parts of North Dakota, South Dakota, Wyoming, Colorado, Minnesota, Iowa, Nebraska, Montana, and New Mexico.

Edison Electric Institute, Washington, D.C.

The Edison Electric Institute (EEI) is the association that represents all U.S. investor-owned electric companies. EEI members provide electricity for 220 million Americans, operate in all fifty states and the District of Columbia, and directly employ more than 500,000 workers.

Lafayette Utilities System, Lafayette, Louisiana

Providing quality electric, water, and wastewater service to consumers in Lafayette, Louisiana.

Lincoln Electric System, Lincoln, Nebraska

Services approximately two hundred square miles within Lancaster County in Nebraska, comprising the cities of Lincoln, Prairie Home, Waverly, Walton, Cheney, and Emerald.

Missouri River Energy Services, Sioux Falls, South Dakota

Providing power and other energy services to fifty-nine municipally-owned and operated electric utilities in Iowa, Minnesota, South Dakota, and North Dakota.

Municipal Electric Authority of Georgia, Atlanta, Georgia

Generation & Transmission provider to 49 municipal systems throughout Georgia.

National Propane Gas Association (NPGA), Washington D.C.

The national trade association of the U.S. propane industry with a membership of approximately 2,800 companies in all 50 states, which also includes 38 affiliated state or regional associations and members in 19 foreign countries.

National Rural Electrical Cooperative Association, Arlington, Virginia

NRECA is the national service organization for more than 900 not-for-profit rural electric cooperatives and public power districts providing retail electric service to more than 42 million consumers in 47 states and whose retail sales account for approximately 12 percent of total electricity sales in the United States.

North Carolina Electric Membership Corporation, Raleigh, North Carolina

Supplying power to more than 2.4 million people in 27 cooperatives throughout North Carolina.

Salt River Materials Group, Scottsdale, Arizona.

SRMG is the only Native American-owned producer of portland cement in the U.S. It is a major manufacturer and marketer of sand and gravel and recycled coal combustion products (fly ash) and pozzolans throughout Arizona, California, Colorado, Nevada, New Mexico, Texas, and Utah.