



## **My View -- Big Rail hurts rural communities**

By Mark Glaess  
August 3, 2007

Put a penny on a railroad track, wait for a train and then see what happens to the penny. Now you have a pretty good idea of how our rural communities feel they're being treated by our nation's freight railroads.

Rural America is getting financially flattened by monopolistic railroad practices. These have led to unreasonable prices, deteriorating service levels and a "can't-do" attitude from a railroad industry that operates with virtually no accountability or federal oversight. But thanks to Rep. Tim Walz, D-1st District, that's starting to change.

Take the contentious fight recently in the House Agriculture Committee, of which Walz is a member. The railroad industry, armed to the teeth with high-priced, Gucci-clad lobbyists, went after Walz with a vengeance, trying to kill an amendment he offered that would study the impact big rail is having on our rural communities. Walz's amendment is a well-reasoned and timely study of the problems our rural communities are facing with the rails.

During this decade, our farmers, rural manufacturers and family-owned businesses have continued to see huge increases in rail prices matched by a decline in rail service. All this amendment would do is shine some much-needed light on these problems, yet the rail lobby fought to strip it from the Farm Bill.

So why is this study so needed and at the same time feared by the railroad industry? It used to be that our railroads served as a virtual conveyor belt, bringing rural goods to urban markets. But today's railroads are viewed by many in the heartland more as rural roadblocks than conduits of commerce. Consolidation in the rail industry over the past decade has led to monopoly pricing and practices. Today there are just four major U.S. railroads that have divided the country into their own regional monopolies. These monopolies carry over 90 percent of all rail freight shipped in the United States, which means they can charge customers just about anything they want — and that's exactly what they do.

As the pricing power of the railroad industry continues upward at a fast pace, consumers are paying the price through higher costs for everything from electricity to two-by-fours. Take for example the rural electric utilities that serve thousands of households across Minnesota. In order to generate electricity, most rural electric cooperatives use coal,

which has to be delivered by rail. But rail service in many areas has been so shoddy and delivery so intermittent, that utilities can no longer count on a consistent supply of coal. When there's no coal, utilities turn to natural gas, which is five times more expensive to use than coal. Consumers end up paying the difference through significantly higher electric bills. The fact is that our nation's railroads are unresponsive, unreliable, and largely unaffordable and it's costing consumers across the Midwest.

Just recently, the Surface Transportation Board, charged with overseeing the rail industry, banned the railroads from collecting fuel surcharges because they found them to be improperly calculated. Due to oversight gaps, however, railroads continued to collect the fuel surcharges for an additional three months after the STB decision was handed down. To date, no reimbursements for the unreasonable charges have been distributed, leaving consumers all across the country ultimately picking up the tab.

Now Congress is starting to take a closer look at the problem. The Walz amendment is just one example. Walz is also a co-sponsor — along with dozens of other House and Senate members — of legislation that would improve rail oversight, reduce monopoly pricing abuses and create a more level playing field for consumers. We applaud Walz, and a majority of the Minnesota congressional delegation, for standing with rural America and standing up to the monopoly railroads. It's time for others in Congress to join them and get the railroads back on track.

*Mark Glaess is chairman of Gopher CURE and general manager of the Minnesota Rural Electric Association. Consumers United for Rail Equity (CURE) is a coalition of freight rail customers and includes large trade associations that represent more than 3,500 electric, utility, chemical, manufacturing and forest and paper companies.*

