



Rail Shipper Fairness Act

FRCA POSITION

FRCA continues to support legislation that would build upon the reforms to the Surface Transportation Board (STB or Board) made by the U.S. Congress when it reauthorized the STB in 2015. These measures include the ***Rail Shipper Fairness Act***, S. 1233.

ISSUE BACKGROUND

Similar to legislation also introduced by Senator Tammy Baldwin (D-WI) during the previous 114th Congress, the ***Rail Shipper Fairness Act, S. 1233***, would improve the Board's existing processes when determining rate reasonableness by recognizing that a carrier still has market dominance under a duopoly, and allows competitive switching within 100 miles.

In addition to positively reinforcing current proceedings before the STB on rate reasonableness, expediting rate cases, and competitive switching, S. 1233 would improve:

- Rail service by: requiring rail service to be efficient and reliable; clarifying STB authority to address service emergencies for shipments moving under contract; and expanding fines and equitable damages that railroads could be forced to pay for poor service.
- Rail competition by: allowing competitive switching for interchanges within 100 miles; removing the presumption that market dominance cannot exist when a shipper is served by two carriers; and revising rail transportation policy to reflect shipper priorities in addition to railroad priorities.
- Reasonable rate standards by: suspending collection of rate increase while a rate case is pending; requiring use of market-based revenue methodology in stand-alone rate cases; shifting the burden of proof to railroads in stand-alone cost cases; and eliminating the qualitative market dominance test.

S. 1233 would also prohibit railroads from computing fuel surcharges in a way that does not correlate with actual fuel costs, and remove the revenue adequacy test and cap railroad cost of equity at a reasonable level.

STATUS

The Freight Rail Shippers Act, S. 1233, was introduced by Senate Commerce, Science and Transportation Committee Member, Senator Tammy Baldwin (D-WI), on May 26th. It has one cosponsor, Senator Al Franken (D-MN). It has been referred to the Senate Commerce Committee where no hearings are scheduled to date.

Currently, there is no companion bill in the U.S. House of Representatives.