

United States Senate

WASHINGTON, DC 20510

July 25, 2019

The Honorable Ann D. Begeman
Chairman
Surface Transportation Board
395 E Street Southwest
Washington, DC 20423

The Honorable Patrick J. Fuchs
Vice Chairman
Surface Transportation Board
395 E Street Southwest
Washington, DC 20423

The Honorable Martin J. Oberman
Member
Surface Transportation Board
395 E Street Southwest
Washington, DC 20423

Dear Chairman Begeman, Vice Chairman Fuchs, and Commissioner Oberman:

We write to express our support for the Surface Transportation Board's release of the Rate Reform Task Force Report and Oversight Hearing on Demurrage and Accessorial Charges. We now encourage the Board to move expeditiously on next steps that support a competitive and reliable rail system for all stakeholders, including freight rail shippers.

Early last year, the Rate Reform Task Force was charged with recommending improvements to the Surface Transportation Board's existing rate review process and proposing new methods that reflect the realities of the current transportation world. Under the current process, shippers find rate cases too costly to bring before the Board and describe fear of reprisal if they pursue a rate case. It was the Task Force's mission to develop more affordable, accessible and practical ways to handle both large and small rate disputes. We appreciate the public statements you each have made affirming rate reform as a top priority and are pleased that the report was made publically available when it was submitted to the Board. We now ask that that the Board act on the Task Force's recommendations on behalf of freight shippers in our states that have described similar conditions noted in the report, including rate increases without justification and being squeezed by take-it-or-leave it rates.

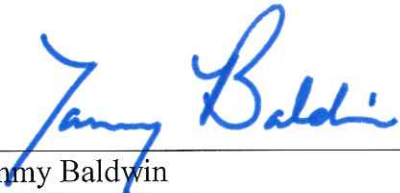
We are also encouraged by the Board's public hearing on railroad demurrage and accessorial charges. In two days of testimony and additional written submissions, you heard directly from shippers about excessive penalties increasingly assessed by railroads implementing precision scheduled railroading. Railroads have defended these revenue-producing policies as necessary for more efficient service, yet the efficiency gains remain unclear to the rail customers that are

assessed new fees on top of inconsistent service and high rates. We therefore urge the Board to take action to address demurrage and accessorial charges to ensure that they are reasonable and commercially fair. We also ask that the Board discourage similar railroad practices moving forward.


Furthermore, as the Board continues to review recommendations in the report and testimony from the oversight hearing, we note that there are several stalled rulemakings that would help address current market conditions, enhance competitiveness, and strengthen the Board's overall efficiency and transparency. We remain concerned about a number of pending rulemaking proceedings, including expanding access to rate relief, review of commodity exemptions, and reciprocal switching. Therefore, we encourage the Board to provide a timely and decisive regulatory process on these and other pending proceedings.

Thank you for your attention to these important matters. Like you, we remain committed to establishing federal policy that works for all freight rail stakeholders. This includes ensuring that shippers have access to reliable service at reasonable prices.

Sincerely,



Tammy Baldwin
United States Senator



John Kennedy
United States Senator