

United States Senate

WASHINGTON, DC 20510

October 8, 2014

Honorable Daniel R. Elliott III
Chairman
Surface Transportation Board
395 E St. SW
Washington, DC 20423

Dear Chairman Elliott:

We write in regards to the serious service problems facing freight rail shippers in our states. We have heard from a broad coalition of shippers—farmers, manufacturers, loggers, and energy companies—who are growing increasingly frustrated by the inconsistency and lack of options to ship their goods. Unfortunately, current federal rules impede freight rail shippers' ability to use different rail lines—a practice called “competitive switching”—which reduces competition and ultimately increases shipping costs for businesses. Therefore, we urge the Surface Transportation Board (STB) to initiate a rulemaking process to improve competitive switching federal regulations so that freight rail shippers have more options and better service.

While railroad service issues are not new, recent projections of record grain and soybean harvests could set the stage for unprecedented disruptions this fall. The losses for farmers left without means to move their goods to market could reach hundreds of millions of dollars. Power companies are facing fuel supply shortages that could result in plants shutting down and increased energy prices this winter. Businesses and consumers throughout our economy's supply chain stand to be negatively affected by these disruptions.

Our nation's railroads have enjoyed a revival since the 1980 Staggers Act wisely loosened federal regulation of the railroads. However, we are concerned that our national goal of revitalizing the freight railroad system may have had an unintended adverse impact on some rail-dependent shippers who, in the aftermath of railroad consolidations, operate facilities that have access to only one railroad and lack competitive service options.

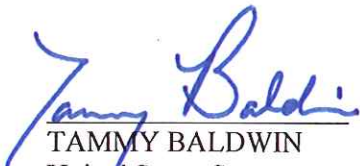
Under current law, these shippers are supposed to be provided recourse under competitive switching. As you know, competitive switching would allow the STB to order a railroad to switch a captive shipper's freight to a competitor's line if there is a workable interchange between the two lines within a reasonable distance of the shipper's facilities.


Despite the protection in law, it is our understanding that no shipper has been able to take advantage of competitive switching. This strongly suggests that the current rules are not working. Our states' shippers desperately need this injection of competition into the market to increase the quality of their rail service.

We understand that the STB has been compiling information to consider initiating a rulemaking on competitive switching since 2011. For this reason, we urge the STB to move forward on the competitive switching rulemaking process as swiftly as possible. We also urge you to keep in mind our rural shippers, many of whom do not have suitable switch points within 50 or even 100 miles of their facilities when drafting the rule.

We look forward to working with you to improve rail service in our states.

Sincerely,


TAMMY BALDWIN
United States Senator


DAVID VITTER
United States Senator


AL FRANKEN
United States Senator