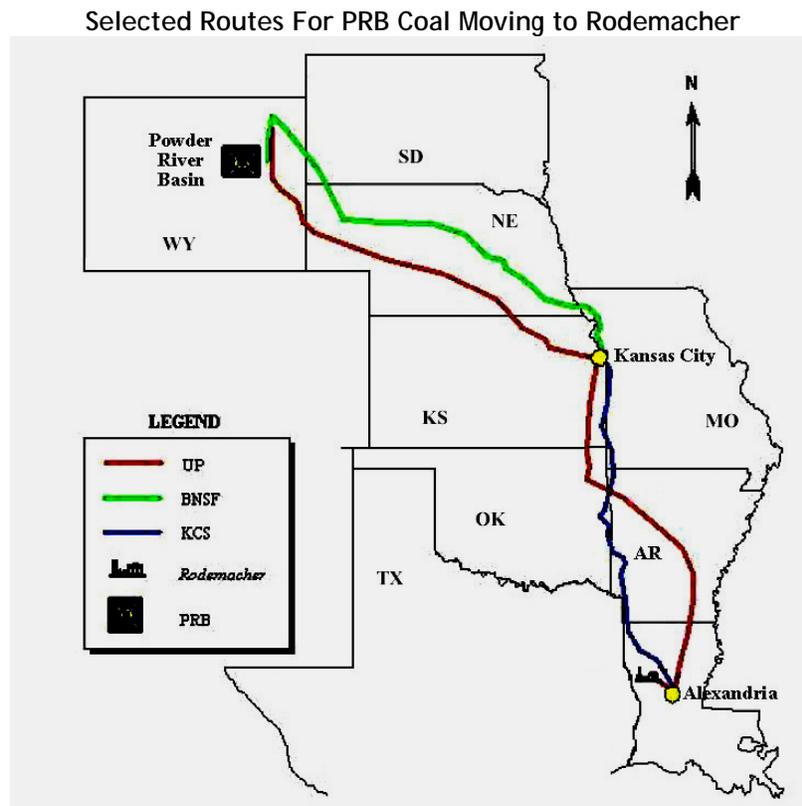


# RAILROAD COMPETITION LEGISLATION PENDING IN CONGRESS

by  
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There is legislation pending in Congress to improve competitiveness of the railroad system in the United States. This legislation is important to Louisiana because unpredictable service and higher rail transportation costs are impacting the chemical industry and utility providers in this state. The proposed legislation amends title 49, United States Code, to ensure competition in the rail industry, enable rail customers to obtain reliable rail service, and provide those customers with a reasonable process for challenging rate and service disputes. About half of the electricity generation in the United States uses coal (most of which is shipped by rail) as the fuel source.

In 1980, the Staggers Rail Act deregulated the railroad industry, and consolidations and downsizing of the rail system resulted. Seven major freight railroads handle the rail traffic in the United States. The Clean Air Act Amendments of 1990 (CAAA) limited sulfur dioxide (SO<sub>2</sub>) emissions and coal-fired power plants switched to low-sulfur coal. Shipments of low-sulfur coal from Wyoming's Powder River Basin increased. Coal shipments were also traveling greater distances to the power plants east of the Mississippi River. Rail capacity is not increasing and the demand for rail transportation is increasing with bottlenecks and increased shipping costs as the result.



Source: Lafayette Utilities System

Senator David Vitter and Senator Mary Landrieu cosponsored the legislation. The Rodemacher plant, a coal-fired generating plant in Louisiana, gets its coal by rail from the Powder River Basin which is 1500 miles away. The Rodemacher plant is a captive rail customer; the last 19 miles are served by only one rail provider.<sup>1</sup>

<sup>1</sup> A captive rail customer is a rail customer who has no competitive alternative to a single railroad serving its location. Captivity occurs over the entire route or only a portion of the route. Competitive rail traffic exists when shipments between origins and destinations can be served by more than one railroad.

## SUMMARY OF SENATE BILL 953

S.953

Title: A bill to amend title 49, United States Code, to ensure competition in the rail industry, enable rail customers to obtain reliable rail service, and provide those customers with a reasonable process for challenging rate and service disputes.

Sponsor: Sen Rockefeller, John D., IV [WV] (introduced 3/21/2007)    Cosponsors (11)

Related Bills: H.R.2125

Latest Major Action: 10/23/2007 Senate committee/subcommittee actions. Status: Committee on Commerce, Science, and Transportation Senate Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety and Security. Hearings held.

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### SUMMARY AS OF:

3/21/2007--Introduced.

Railroad Competition and Service Improvement Act of 2007 - Sets forth Surface Transportation Board directives calling for effective competition among rail carriers and reliable rail transportation service for rail customers.

Requires a rail carrier, upon shipper request, to establish rates for transportation and provide requested service between any two points on the carrier's system.

Prohibits the Board from issuing a certificate authorizing construction and operation of railroad lines, short line purchases by Class II and Class III rail carriers, or consolidation, merger, and acquisition of control of rail carriers, or exempt from such certificate requirements any person, transaction, or service with respect to such activity, if the activity involves a transfer of interest in a line of railroad, from a Class I rail carrier to a Class II or III rail carrier, and the activity would: (1) restrict the ability of the Class II or Class III rail carrier to interchange traffic with other rail carriers; (2) restrict competition of rail carriers in the region affected by the activity in a manner that would violate U.S. antitrust laws; or (3) require higher per car interchange rates for Class II or Class III rail carriers to interchange traffic with other rail carriers. Prescribes procedures for Board review of any activity alleged to have resulted in a restriction of competition.

Makes mandatory (currently, discretionary) entry by rail carriers into reciprocal switching agreements where the Board finds it is practicable and in the public interest, or where such agreements are necessary to provide competitive rail service.

Requires the Board to designate any state or substantial part of a state as an area of inadequate rail competition after making certain findings.

Requires the Board to post rail service complaints on its website.

Sets forth time limits for the Board to act on complaints filed alleging unlawfulness of a new or revised rail rate, rule, or practice.

Establishes the Office of Rail Customer Advocacy.

Grants rail customers access to a Board process for determining rail rate reasonableness in railroad market dominance cases.

Requires submission to arbitration of certain rail rate, service, and other disputes.

Authorizes the Board to investigate rail carrier violations on its own initiative (under current law, the Board is authorized to investigate only on complaint). Requires the Board (currently, discretionary) to initiate an investigation upon receiving a complaint alleging rail carrier violations.

SOURCE: Library of Congress (<http://thomas.loc.gov>)