



February 11, 2022

Hon. Martin Oberman
Chairman
Surface Transportation Board

Hon. Michelle Schultz
Vice Chairman
Surface Transportation Board

Hon. Patrick Fuchs
Member
Surface Transportation Board

Hon. Robert Primus
Member
Surface Transportation Board

Hon. Karen Hedlund
Member
Surface Transportation Board

RE: Proposed Rule on Reciprocal Switching (Docket No. EP 711)

Dear Chairman Oberman, Vice Chairman Schultz, and Members, Fuchs, Primus and Hedlund:

The Rail Customer Coalition (RCC) would like to reiterate our support for the Board’s proposed rules to provide railroad customers with greater access to reciprocal switching. We appreciate the Board’s decision to hold a public hearing and invite additional comments to update the record in this proceeding. Individual RCC members have separately notified the Board of their intent to participate. We strongly urge the Board to adopt a final reciprocal switching rule that will reduce regulatory barriers and promote competition in the freight rail industry.

RCC’s membership represents a broad cross section of manufacturing, agricultural, and energy industries that depend on the railroads to deliver reliable and affordable service. Our members collectively provide more than 7 million jobs and produce more than \$4.8 trillion in economic output. We are major transportation stakeholders, accounting for more than half of the total volume of cargo shipped by rail and more than three quarters of the revenues collected by the railroads.

The first two national rail transportation policies enumerated by Congress direct the Board “to allow, *to the maximum extent possible*, competition and the demand for services to establish reasonable rates for transportation by rail” and “*to minimize* the need for Federal regulatory control over the rail transportation system...”¹ The Staggers Rail Act of 1980 specifically empowers the STB to grant reciprocal switching when it is in the public interest or necessary to

¹ 49 U.S.C. § 10101(1) & (2) [emphasis added].

provide competitive rail service. Unfortunately, the Board's existing rules impose such high regulatory hurdles that no rail customer has ever been able to successfully request switching. As stated by the Board itself, these rules have "effectively operated as a bar" rather than as "a standard under which [switching] could be granted."

This outdated policy makes no sense given today's highly concentrated railroad market and the financial strength of the US railroads. The Board's recent Annual Rail Rate Index Study shows that since 2004, real rail rates (adjusted for inflation) have increased by 30%. Many shippers remain captive to their railroad, even when reciprocal switching could help relieve railroad service disruptions and congestion.

Reciprocal switching would empower rail customers, including farmers, manufacturers and energy providers, to choose a carrier that provides the best combination of rates and service. Furthermore, greater market choice would fundamentally change shipper-railroad relationships and help facilitate informal solutions to rate and service issues. The proposed case-by-case approach in EP 711 allows the Board to appropriately consider the interests of all stakeholders based upon the facts of individual reciprocal switching requests.

We urge the Board to finalize reciprocal switching rules and to consider further steps that will at long last provide shippers with greater access to competitive rail service. Such actions will help achieve the Staggers Act's vision of a healthy and competitive freight rail system.

Thank you for your attention to this important matter. Please contact any of our organizations if you have questions.

Sincerely,

Agricultural Retailers Association
Agriculture Transportation Coalition
Alliance for Automotive Innovation
Alliance for Rail Competition
American Bakers Association
American Chemistry Council
American Farm Bureau Federation
American Feed Industry Association
American Fuel & Petrochemical Manufacturers
American Forest & Paper Association
American Malting Barley Association, Inc.
American Petroleum Institute
Associated Industries of Massachusetts
Chemistry Council of Missouri
Chemistry Council of New Jersey

Chemical Industry Council of California
Chemical Industry Council of Delaware
Chemical Industry Council of Illinois
The Chlorine Institute
Colorado Association of Wheat Growers
Consumer Brands Association
Corn Refiners Association
Defoamer Industry Trade Association
The Fertilizer Institute
Freight Rail Customer Alliance
Foundry Association of Michigan
Georgia Chemistry Council
Glass Packaging Institute
Growth Energy
Idaho Grain Producers Association
Independent Lubricant Manufacturers Association
Industrial Minerals Association — North America
Institute of Scrap Recycling Industries, Inc.
International Warehouse Logistics Association
Louisiana Chemical Association
Manufacture Alabama Chemistry Advisory Council
Manufacturers Association of Florida
Massachusetts Chemistry Technology Alliance
Michigan Chemistry Council
Motorcycle Industry Council
National Association of Chemical Distributors
National Barley Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Farmers Union
National Grain and Feed Association
National Grange
National Industrial Transportation League
National Mining Association
National Oilseed Processors Association
National Pork Producers Council
National Rural Electric Cooperative Association
National Sorghum Producers
National Stone, Sand and Gravel Association
Nebraska Dry Pea and Lentil Commission
Nebraska Wheat Board
Nebraska Wheat Growers Association
New York State Chemistry Council

North American Millers' Association
North Carolina Agribusiness Council, Inc
North Carolina Manufacturers Alliance
Ohio AgriBusiness Association
Ohio Chemistry Technology Council
Ohio Manufacturers' Association
PennAg Industries Association
Pennsylvania Chemical Industry Council
Plastics Industry Association
Plastic Pipe and Fittings Association
Portland Cement Association
Private Railcar Food and Beverage Association
PVC Pipe Association
Renewable Fuels Association
Resilient Floor Covering Institute
Society of Chemical Manufacturers and Affiliates
Southeastern Lumber Manufacturers Association
South Carolina Manufacturers Association
Steel Manufacturers Association
The Sulphur Institute
Tennessee Chamber of Commerce & Industry
Texas Chemical Council
United States Fashion Industry Association
USA Rice
U.S. Wheat Associates
Vinyl Building Council
Vinyl Institute
Vinyl Siding Institute
Washington Grain Commission
West Virginia Manufacturers Association
Wyoming Wheat Marketing Commission