

Agricultural Transportation Working Group

June 25, 2019

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

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

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

Re: Support for Updating Rail Rate Oversight

Dear Chairman Begeman, Vice Chairman Fuchs and Commissioner Oberman:

The undersigned agricultural producer, commodity and agribusiness organizations that are members of the Agricultural Transportation Working Group write to express our strong support for the Surface Transportation Board (“STB” or “Board”) undertaking efforts to modernize its oversight of freight rail rates.

We commend Chairman Begeman for making reform of the Board’s current complex, costly and unworkable rate-challenge methodologies a top priority. We appreciate the creation of the STB’s Rate Reform Task Force and its robust staff [report](#). The Task Force’s report provides several important and creative recommendations that warrant serious consideration and public comment. The thoughtful ideas developed by the Task Force serve as a good starting point for discussions on modernizing and improving the agency’s rate-challenge process to make it more accessible to rail customers so they realistically can access the statutory protections provided under the Staggers Rail Act of 1980.

As noted in the Task Force report, the freight rail marketplace has changed significantly over the past 30 years, while the Board’s processes for adjudicating excessive rail rates have not kept pace. Agricultural groups petitioned the Board to adopt a new approach for captive “grain” shippers to challenge unreasonable rail freight rates in 2014. With rate review cases costing an average of \$5 million to \$10 million or more and taking three to five years or longer to litigate, the current rate-challenge process clearly is broken. For these reasons, we strongly support the STB initiating a rail rate reform proceeding as soon as possible.

We also thank the Board for initiating its proceeding (EP 754) to examine rail demurrage and accessorial practices and charges. The May 22-23, 2019 public hearing was extremely informative and illuminating. In the aftermath of the hearing and receipt of Supplemental Comments from stakeholders, we commend the Board for considering follow-up actions and believe development of further policies and guidance regarding the commercial fairness, commercial practicability and reciprocity of these rail practices is vital.

Thank you again for your ongoing attention to and interest in these matters. On behalf of our nation's farmers and the agricultural industries that serve them, we commit to work with you, and look forward to the Board's next steps on these important issues.

Sincerely,

Agricultural Retailers Association
American Bakers Association
American Cotton Shippers Association
American Farm Bureau Federation
Corn Refiners Association
Cottonseed and Feed Association
Cotton Warehouse Association of America
Growth Energy
Institute of Shortening and Edible Oils
National Association of State Departments of Agriculture
National Association of Wheat Growers
National Cattlemen's Beef Association
National Corn Growers Association
National Cotton Council
National Cotton Ginner's Association
National Cottonseed Products Association
National Council of Farmer Cooperatives
National Farmers Union
National Grain and Feed Association
National Grange
National Milk Producers Federation
National Oilseed Processors Association
National Pork Producers Council
National Renderers Association
North American Millers' Association
The Fertilizer Institute
U.S. Wheat Associates

cc: Members of Senate Commerce, Science and Transportation Committee
Members of House Transportation and Infrastructure Committee