



***THE SURFACE
TRANSPORTATION BOARD'S
RAIL CUSTOMER
AND PUBLIC ASSISTANCE
PROGRAM***

PRESENTATION TO:

**National Grain and Feed Association
Country Elevator/Feed Industry Conference
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Program**



Surface Transportation Board

Rail Customer and Public Assistance Program

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Rail Customer and Public Assistance Program

- **Our Assistance is FREE and Informal**
- **Your Information is Treated Confidentially**
 - **We do not share data with rail carriers or other shippers**
 - **Data does not carry over into “Formal” cases.**
- **We Only Contact the Other Parties with Permission**
- **Some Prefer to Talk to Us and Handle Issues With Carriers Themselves**



Rail Customer and Public Assistance Program

What We Do

- **Informal, Private Sector Dispute Resolution**
- **Enhance Communication Between Shippers and Railroads**
- **An Alternative to Litigation**
- **Assets:**
 - **Knowledge of Rail Industry**
 - **Operational and Commercial**
- **Best Interests of Shippers and Receivers**
- **Best Interests of Railroads**



Introduction to The Surface Transportation Board

- **Created by the ICC Termination Act of January 1, 1996**
- **Took over some (not all) functions of ICC; other ICC functions were eliminated or transferred to DOT**
- **Economic regulation of various modes of surface transportation:**
 - **Rail (extensive and preemptive)**
 - **Trucking (limited: mainly rate bureau immunity, recently w/drawn)**
 - **Bus (limited: financial transactions)**
 - **Pipeline (rates, service; non-energy pipelines such as anhydrous ammonia)**
 - **Water (only noncontiguous trade; only tariff filing, rate areas; limited experience)**



In 1996, ICC Becomes STB

- **Congress Believes in Free Market Approach – Significant Majority Vote in Favor of Terminating the ICC**
- **Government Regulation Responsible for Weak Financial Condition of Railroads**
- **108 Year Old Agency No Longer Needed**
- **Scope and Authority Reduced**
- **Greatly Reduced Manpower**
- **Field Offices Closed**



The Result So Far (Good News)

- **Success - Railroads Become Financially Stronger**
- **Government Doesn't Have to Worry About Bailing Out Bankrupt Railroads**
- **More Freedom for Railroads to Decide Which Markets To Invest In**
- **Rate Freedom**
- **Contract Freedom**
- **Easier to Exit Undesirable Markets (Branchlines)**
- **Railroads Try To Be The Same as Most Other Businesses**
- **Some Shippers Very Happy**



But.....

- **Other Shipper Complaints Persist**
- **Some Shippers Perceive Railroads as Harder to Deal With**
- **Some Shippers Feel They Receive Worse Service**
- **Some Shippers Feel Railroads Are Not Listening to Them**
- **New Small Shippers Have Trouble Connecting to the Rail Network**
- **Inactive Shippers Have Trouble Reconnecting to the Rail Network**
- **Creative Miscellaneous Charges Are Alarming**
- **Formal Action Before the STB is Sometimes Expensive**
- **Competition and Rates?**



Surface Transportation Board Supports Informal Solutions

- **Creates Rail Consumer Assistance Program in 2000**
- **Upgrades to Rail Customer and Public Assistance Program in 2008**
- **Informally Addresses Most Areas of Concern to Rail Shippers and Receivers**
- **Carrier and Shipper Participation is Voluntary**
- **Provides the Board with Information Regarding Rail Customer/Carrier Issues**



Rail Customer and Public Assistance Program

Most Common Issues

- **Rail Service Problems**
- **Abandonment – Loss of Service**
- **Rates and Fuel Surcharges**
- **Denial of Service**
- **Embargoes**
- **Claims**
- **Demurrage**
- **Many Others**



Rail Customer and Public Assistance Program

Success Stories

- **Helped Avoid Plant Shutdown**
- **Obtained Service**
 - Lifted embargo
 - Monitored traffic
- **Embargo Rules**
 - Informal approach
 - Pro-active
- **Get Parties Talking**
- **Small Shipper Rate Dispute**
 - Priced back into market
 - Routing/Interchange dispute



STB Rate Regulation

STB Only Can Look at Reasonableness of a Rate if:

- **A Regulated Commodity**
- **Challenged by Shipper**
- **Rate has Taken Effect**
- **Traffic is Captive (market dominance).**
 - **Quantitative Threshold: More than 180% revenue-to-variable cost ratio.**
 - **Qualitative analysis: Market analysis of competitive alternatives (intramodal & intermodal competition).**
- **Cannot Review Contract Rates.**



Surface Transportation Board

Rail Customer and Public Assistance Program

- **Contact by telephone, email, fax, mail, or STB website**
- **Quick follow-up – less than 4 hours in many cases**
- **Phone (toll free): (866) 254-1792, or (202) 245-0281**
- **Email: brugmant@stb.dot.gov**
- **Fax: (202) 245-0462**
- **Webpage: www.stb.dot.gov**