



ARC

*Alliance for
Rail Competition*

412 First St. S.E., Suite One, Washington, DC 20003
Phone (202) 484-7133, Fax: (202) 484-0770 www.railcompetition.org

To ARC Membership,

Attached is the Reply Statement filed by ALLIANCE FOR RAIL COMPETITION, MONTANA WHEAT & BARLEY COMMITTEE, COLORADO WHEAT ADMINISTRATIVE COMMITTEE, IDAHO BARLEY COMMISSION, IDAHO WHEAT COMMISSION, KANSAS WHEAT COMMISSION, NEBRASKA WHEAT BOARD, OKLAHOMA WHEAT COMMISSION, SOUTH DAKOTA WHEAT COMMISSION, TEXAS WHEAT PRODUCER BOARD, WASHINGTON GRAIN COMMISSION, NATIONAL ASSOCIATION OF WHEAT GROWERS, and NASSTRAC, INC. in STB Ex Parte 705 Rail Competition. This is a proceeding that the STB has opened to examine the state of Railroad Competition in the U.S. The Senator Commerce Committee Chairman Rockefeller has urged the STB to undertake an examination state of Rail Competition in the U.S.

The Railroads make clear in this proceeding in their Opening Comments, as they have on Capitol Hill, that they favor the status quo. In defending the status quo, the Railroads argue that the Board is powerless to modify past decisions unless Congress amends the Interstate Commerce Act, that competition among railroads is undesirable, and that loss of any of their monopoly power will jeopardize if not destroy the Railroads' incentive to invest in their facilities. Plainly, the Railroads' goal is to prevent the Board from considering, let alone proposing for public comment, any changes in current rules and policies that limit rail competition.

As detailed in the Reply Comments of ARC and ACC, et al., the contention that past decisions insulating the Railroads from more competition cannot be reexamined is specious. The law not only permits administrative agencies to depart from past precedent if they provide good reasons for doing so, but the modernization of regulation to address changed circumstances is an important function of administrative agencies.

ARC, et al. certainly agree that STB jurisdiction over unreasonable rail rates is important, as discussed in our opening comments. However, the Railroads' claims that rail rate remedies are adequate, or obviate the need for increased competition, are untenable.

Rate remedies are far from perfect even for coal shippers, the captive shippers which have received virtually all of the rate relief ordered by the ICC and STB since 1980. The ICC and STB remedies for non-coal shippers have been non-existent for much of that period, and often unused even when theoretically available.

Next up in this proceeding will be a mid-June hearing before the STB.

Thank-you for your continued support.

Terry Whiteside

Chairman ARC