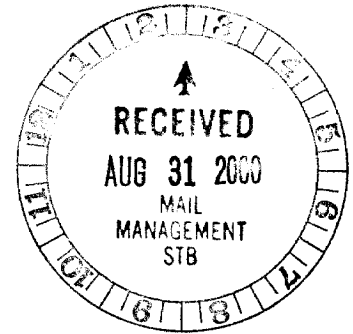


BEFORE THE  
SURFACE TRANSPORTATION BOARD

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STB EX PARTE NO. 583

MODIFICATION OF CLASS I REPORTING REGULATIONS

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COMMENTS OF THE  
U.S. DEPARTMENT OF AGRICULTURE

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Michael V. Dunn  
Under Secretary  
Marketing and Regulatory Programs  
U.S. Department of Agriculture  
Washington, D.C. 20250

Date: September 1, 2000

## **AUTHORITY AND INTEREST**

The Agricultural Adjustment Act of 1938 and the Agricultural Marketing Act of 1946, gives the Secretary of Agriculture the responsibility of representing the interests of agricultural producers and shippers in improving transportation services and facilities by, among other things, initiating and participating in Surface Transportation Board (Board) proceedings involving rates, charges, tariffs, practices and services.

Approximately 40 percent of all grain produced in the United States moves to market by rail. Agricultural rail users paid \$2.72 billion to transport raw farm products and \$2.40 billion to transport food and kindred products by rail in 1999. These numbers demonstrate the dominance of railroads in moving grain and the importance to rural agricultural communities of being able to obtain adequate data on car loadings, terminations, and related operating statistics to contest, when necessary, rail line abandonments and rail tariff rates. The Secretary is in favor of direct reporting of car loading and termination data by Class I railroads directly to the Board.

## **INTRODUCTION**

The Board's stated purpose in this proceeding is to require Class I railroads to report the number of railcars originated and terminated annually to ensure the continued availability of this information. Class I railroads currently provide similar data voluntarily on an annual basis through the Association of American Railroads (AAR), however, this proposed action would make these reports mandatory and require Class I railroads to report the information directly to

the Board. The timeliness and availability of accurate Class I railroad statistics is vital to individuals and parties who monitor railroad activities and aspire to effectively participate in Board proceedings. Ensuring continued access to rail car loading and termination information has wisely been recognized by Board members in this proceeding.

**RAIL OPERATING STATISTICS ARE NEEDED TO FIGHT LOSS OF RAIL SERVICE  
AND TO CHALLENGE RAIL TARIFF RATES**

Rural agricultural communities need guaranteed access to Class I railroads' operating statistics, including car loadings and terminations, in order to protest rail abandonments and appeal rail tariff rates. As of 1998, 49 percent of rail lines in Iowa had been lost; 40 percent in Minnesota; 46 percent in South Dakota; and 35 percent in Missouri. In addition, North Dakota had lost 20 percent and Kansas and Illinois 30 percent (Tolliver, 1998). The network of rail lines in the rural, agricultural regions of the United States continues to decline.

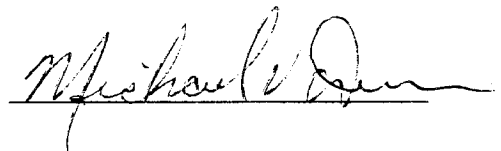
In addition to the negative impacts on local economies associated with diminishing rail infrastructure, smaller non-unit train shippers and captive grain shippers who want to challenge what they feel are excessive rail tariff rates find the process extremely difficult and costly to pursue. If, for whatever reason, Class I railroads decided to discontinue furnishing car loading and termination statistics, it would be impossible for shippers to challenge rates since this information is used in calculating the Uniform Rail Costing System (URCS). URCS data is necessary to determine revenue-to-variable cost ratios (R/VC). Without the ability to calculate R/VC ratios, it would be impossible to appeal rail tariff rates.

**THE DESIRABILITY OF CERTIFIED REPORTING**

Former Interstate Commerce Commission (ICC) Chairman Gail McDonald recognized in 1991 that railroad operations data submitted to the ICC should be certified by the carriers as correct. According to then Chairman McDonald: "...There are serious disadvantages to relying solely on AAR as our primary source of railroad operations information: Not only must the railroads certify to the Commission that the information they submit to us is correct (no such certification is required of the information they submit to AAR), but AAR does not police and verify the information that is filed with them by their members."<sup>1</sup>

USDA agrees that car loading and termination data should be submitted directly to the Board where it would become the agency's official record. Since these data are presently compiled by Class I railroads and forwarded to AAR, no additional burden would fall on the carriers to submit the information directly to the Board. USDA urges the Board to require direct, certified reporting of this data to ensure its continued timely availability.

Respectively submitted,



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<sup>1</sup>McDonald, Gail C., Interstate Commerce Commission Docket No. 40436, Revision to Railroads' Reporting Requirements. Dissent in part to decision, May 8, 1991.