News From CONGRESSMAN Nick Rahall
WEST VIRGINIA-4th DISTRICT

STATEMENT OF CONGRESSMAN NICK J. RAHALL (D-WV), ON INTRODUCTION OF LEGISLATION TO ADDRESS ICC RAILROAD RATEMAKING PRACTICES, 4/14.

A little less than two years ago, the Congress enacted the Staggers Rail Act of 1980. At that time, it was generally held that we had struck a balance between the revenue interests of the railroads, with those of coal and other captive shippers. While we would allow greater flexibility in railroad ratemaking and work to insure the future financial stability of the railroads, we also would not abandon protections for captive shippers of high-bulk commodities. The history of the Staggers Act makes that clear.

However, the Interstate Commerce Commission through recent decisions and proceedings has not seen it this way. I believe the Commission has largely ignored the intent of the Staggers Rail Act with respect to maintaining captive shipper protections. The Commission has implemented the Staggers Rail Act in a roguish and irresponsible manner.

Therefore, today I and several of my colleagues have introduced legislation to provide additional guidelines to the ICC with respect to railroad ratemaking practices.

These amendments enhance and reinforce the provisions of the Staggers Act intended to protect captive shippers. In no way, do they run counter to the intent of the 1980 law.

The ICC has declared an open season on captive coal shippers. Already faced with escalating transportation costs these shippers, the electric utilities and export markets they serve, currently foresee no effective relief from oppressive market conditions under present ICC practices.

To stress again, these problems are not the result of the Staggers Rail Act, but with how the ICC is interpreting it.

If we continue on this course of total railroad rate deregulation, it has been estimated that electricity rates from coal-fired generation will be 30 to 60 percent higher than they are today----because of increased transportation costs to the utility for its coal supplies. Without a doubt, this increased cost will be passed on to the consumers of electricity.

In addition, increased coal transportation costs make this source of energy less attractive to utilities who may opt to continue burning petroleum or switch to nuclear generation.

On the coal export front, U.S. coal is already 15% to 20% more expensive in the world market than coals of competing nations. Any increase in transportation costs of U.S. export coal, will further reduce its competitiveness on the world market.

Obviously, these transportion cost increases for both domestically used and export coal will cost jobs in the nation's coalfields, a thought that is unacceptable in an industry that today is suffering under a 32 percent unemployment rate.

Therefore, it is my hope that the legislation we are introducing today will help achieve a balance in railroad ratemaking.

WASHINGTON 440 Cannon House Office Building • (202) 225-3452