

news from ... Congressman Nick Rahall

FOR IMMEDIATE RELEASE

February 19, 1985

Contact: Jerry Burkot

202-225-3452

Rahall and Consumer Rail Equity Coalition Join Together to Fine-Tune Staggers Act

Washington, D.C. -- Fourth District Rep. Nick Rahall (D-WV) today joined with members of Congress from coal-producing states in introducing legislation to fine-tune the Staggers Rail Act of 1980 so that the original intent of Congress will be carried out by the Interstate Commerce Commission.

"The Consumer Rail Equity Act represents a logical extension of the effort I began during the last Congress to address the serious deficiencies contained in the ICC's implementation of the Staggers Act," Rep. Rahall said. "We are presenting a bill supported by a broad coalition of shippers and consumers who are concerned with the adverse effect the Commission's actions will have on society, especially with respect to the movement of coal from the nation's mines to electric utility markets."

This legislation is focused on the problems faced by captive shippers of bulk commodities; those with no viable transportation alternatives other than a single railroad. For these shippers, there is no transportation competition and they are subject to monopolistic railroad pricing practices which often result in unreasonable rates on the movement of their commodities. With respect to coal, unreasonable railroad rates are directly subsidized by consumers of coal-fired electricity.

Over 52% of the electricity generated in the U.S. comes from coal and on the average, 30% of the delivered price of this coal is due to railroad transportation costs," Rep. Rahall pointed out. "In many states, this cost is immediately passed on to the consumer through utility automatic fuel adjustment clauses."

"Through the ICC's proposals, however, we can expect unrestricted railroad coal rate increases in the name of railroad revenue inadequacy," Rep. Rahall stated. "I would submit, that this revenue inadequacy is a result of hocus-pocus accounting procedures rather than a realistic indication of the financial health of today's Class I railroads."

"The Consumer Rail Equity Act does not, as some will allege, re-regulate the railroad industry; it merely seeks to fine-tune the Staggers Act so that the intent of Congress will be carried out," Rep. Rahall said. "It is, without a doubt, pro-consumer and represents a course which I think we can all be comfortable with."