



U.S. Congressman
Nick Rahall
WORKING FOR WEST VIRGINIANS

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RAHALL CLAIMS VICTORY FOR CAPTIVE COAL SHIPPERS
ICC Decision Sends Signal to Railroads to Hold Rates in Check

WASHINGTON, D.C. -- Almost a decade after U.S. Rep. Nick J. Rahall (D-WV) led Congressional efforts to insert protections for captive shippers of coal into the Staggers Rail Act of 1980, the Interstate Commerce Commission in a recent ruling has finally issued a decision aimed at curbing railroad rate increases.

"For years, through the use of hocus-pocus accounting procedures, the ICC has been saying that major coal-hauling railroads were revenue inadequate, meaning that they could continue to milk captive coal shippers for all that they were worth," Rahall said. "This ruling, coming after nearly a decade since enactment of my captive shipper protections in the railroad deregulation law and my introduction in 1983 of reform legislation, tells the coal industry that there is light at the end of the tunnel."

Six years ago Rahall and Senator Wendell Ford (D-KY) first introduced legislation to amend the Staggers Rail Act to force the ICC to implement its captive shipper protections as originally intended by the Congress.

In the ruling, the ICC found that the Norfolk Southern Corp. is "revenue adequate," a determination of profitability which subsequently restricts a railroad's ability to increase rates on captive shippers without intensive scrutiny by the Commission. Captive shippers are those with no alternative form of transportation other than a single railroad. In the past, the ICC consistently determined that all major coal-hauling railroads were "revenue inadequate" in an effort to avoid triggering the law's captive shipper protections. This aspect of the Commission's implementation of the Staggers Rail Act was the focus of Rahall's legislation.

Rahall noted that as a result of the ICC's decision in the Norfolk Southern case, battle lines are already being drawn with the American Association of Railroads now contending that revenue adequacy should not be used as a basis for denying rate increases.

"While I commend the ICC for this decision, those of us with a concern over the health of the coal industry and those its employs cannot drop our guard," Rahall stated.

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