

STB Chairman Daniel R. Elliott III
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Thank you for inviting me to speak.

These are interesting days for me and my colleagues on the Surface Transportation Board. As you know, our Board is charged with regulating America's freight railroad system.

In the three decades since the U.S. freight system was largely deregulated, we've seen a renaissance in American railroading. It includes a record amount of investment in deteriorating infrastructure. It has made our freight-rail system the envy of the world. And it has turned railroads from Wall Street beggars to some of the most respected, and profitable, corporations in the nation. They are doing so well Warren Buffett bought himself one.

Of course, without shippers, railroads would have nothing to haul. And, since the Staggers Act of 1980, U.S. shippers have seen their average rail rates plummet to some of the lowest in the world. And for many, service overall has improved dramatically.

While the rebirth of railroading in the past 30 years has highlighted American economic dynamism and the power of competition, it is also an uneven story.

Many shippers say that deregulation has worked so well that there is now a lack of real competition. They say mergers have left the country dominated by two regional duopolies who increasingly offer high take-it-or-leave-it rates to companies who have no other transportation alternative.

Our job at the Board is not to pick winners or to champion shippers or railroads. Our job is to help the nation create as many jobs and as much economic growth as possible.

A lot has changed since the bad old days of the 1970s and early 1980s, when many of the current rules on rail competition, including competitive access, were put in place. We need to look at whether the Board needs to update its rules and procedures in light of the many years and many changes in the rail industry.

We want railroads to continue to be able to invest in their infrastructure. We want them to help the environment by taking trucks off the road.

We also want American companies and farmers to be able to compete internationally. And that means being able to ship their goods to Bakersfield or Beijing at reasonable rates in a reasonable timeframe.

The question is, can changes in Board policy help foster greater competition while ensuring that railroads can continue their needed investments? It is our statutory responsibility and our moral obligation to find out.

To help answer that question, the Board held a two-day public hearing in Washington in June. Dozens of speakers, representing railroads, shippers and other stakeholders told us what to do -- or what not to do.

Some of the shippers provided suggestions on how the Board could increase competition by increasing competitive access. Others said access is not a silver bullet.

We will follow the evidence and go where the analysis takes us, however long it takes us to get it right.

Competition is not the only issue we are grappling with.

We are also looking at our current exemption rulings, which removed the federal protections of reasonable service and rates from various shippers in the 1980s.

At the time, many of those shippers supported the exemptions. But some of those same shippers now say that these exemptions have outlived their usefulness.

Since I was sworn in two years ago, I have worked hard to refocus the Board's mission.

While one of our main missions is to settle formal rate disputes between railroads and shippers, I've tried to emphasize alternate dispute resolution efforts.

I see the Board's role as encouraging greater cooperation -- and through it more harmony -- between railroads and shippers.

That is why I'm trying to move the Board philosophically away from the "court" model and toward a "problem-solving" model.

Instead of using our tremendous human resources to push cases along the assembly line, why don't we use our expertise to solve disputes before they result in formal case filings?

I'm pleased that we have bolstered the staff of the Rail Customer and Public Assistance Program, which helps shippers informally settle disputes with their rail carrier. The number of disputes handled by this program has jumped from 93 in 2007 to 1,406 last year.

We have had some tremendous successes with formal mediation efforts. A recent large rate case was settled after our mediation assistance. We recently had 10 ongoing mediation efforts at the Board—the most ever.

The Board is especially well-suited to mediate disputes because we have the experts on staff who understand the issues backwards and forwards, making each side feel comfortable.

Of course, shippers and railroads still have recourse to formal proceedings before the Board. The Board remains a neutral forum to bring rate disputes and committed to an expedited and transparent decision.

In fact we are so skilled in alternative dispute resolution that the cases that do go formal are often the most difficult, complex and time-consuming ones. But we have a highly-educated, highly-motivated workforce at the Board that works through these difficult cases in an efficient but careful way. That is why we have been so successful in defending out decisions in court.

But there are challenges. Like many federal agencies, budgets are becoming even tighter, and we are being charged to do more with less. We are lucky in that we haven't seen a wave of retirements, despite the fact that a large portion of our workforce is eligible to retire. When people do leave, we get the best folks to replace them. And the fact that the STB has been named the Best Place to Work in the federal government for the past several years has helped retain our talented workforce and aided in the recruitment of the best.

While we work on these many key issues, it is important that we conduct ourselves in ways that are as open and transparent as possible. In my travels and conversations I've been surprised at the level of distrust of the STB.

I believe more than ever that sunshine is part of the cure.

I think our new policy of holding oral arguments on important or controversial cases is working out well. It gives both parties a chance to talk face-to-face with me and other board members before we rule on their dispute.

And we are in the middle of a major redesign of the Board's website, to make it more user-friendly and to allow the public to better monitor what we're up to. It will include a comprehensive search tool and a way to easily track cases. It should be ready by the end of the year.

As regulators of the world's most efficient freight-rail system, we have a responsibility to do our job to the best of our ability. And that's what we intend to do.

Overall, my goal is that the Surface Transportation Board is seen as an honest broker by shippers, railroads and Congress.

We all share a common interest in preserving a national railroad system that serves our economy efficiently, fairly and cleanly.

While there are still serious disagreements over rates and service, I think we can all agree that shipping goods by rail is environmentally and economically beneficial to our nation.

The freight train, which helped win the Civil War in the 19th Century, can help America tackle our environmental and economic challenges in the 21st Century.

At the Board, we aim to be part of the solution. We want you to join us in working toward that goal in a way that is fair to all the players.

If we all work together, we can do this.

Thank you again for your gracious invitation and I would be pleased to answer any questions.