

# NATIONAL COAL TRANSPORTATION ASSOCIATION

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## POSITION PAPER NATIONAL COAL TRANSPORTATION ASSOCIATION

### Surface Transportation Board Notice of Proposed Rulemaking July 27, 2016 Reciprocal Switching – Docket N. EP 711 (Sub-No.1)

November 13, 2017

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#### STATEMENT OF POSITION

The Board of Directors of the National Coal Transportation Association (NCTA) conceptually agrees and supports the Surface Transportation Board Notice of Proposed Rulemaking (NPR) released July 27, 2016 under Docket NO. EP 711 (Sub-No. 1) *Reciprocal Switching*. Coal shippers need competitive switching to mitigate against market dominance for those captive to a single carrier. The options available to a captive shipper seeking alternatives and rate relief are costly and cumbersome with a proceeding under a maximum rate complaint at the STB usually resulting in a lengthy and complicated case. A more equitable process or arbitration reviewing the need for competitive access may be better for all parties eliminating the need to resort to arduous hearings involving arcane economic theories of regulation. NCTA as a representative of coal shippers, while in support of the Board's decision to expand competition for captive shippers, also expresses its concerns that the NPR does not go far enough to ensure competitive alternatives. NCTA would support reciprocal switching as a possible remedy in arbitration or in a complaint process between the parties but urges the Board to clarify and expand the scope of reciprocal switching relief with the following recommendations:

1. NCTA proposes the STB Board should not assume that an offered rate by a carrier that is below a specified revenue to cost ratio would preclude the need for reciprocal switching.
2. The Board should not consider a geographical scope of reciprocal switching that is too limited.
3. The Board should not implement switching fees that are too high to promote competition.
4. The Board should not require a procedural process that is too long and costly.
5. The Board should not limit the scope of reciprocal switching to terminal areas but consider an acceptable radius of distance from the origin or destination and that is in the public interest.
6. The Board should consider that all arrangements be practicable and in the public interest, or necessary to provide competitive rail service.

NCTA recognizes and agrees that reciprocal switching is not intended to harm railroads. The Decision in EP 711 (Sub No.1) clearly requires one of two conditions: 1) the switching must be practicable and in the public interest, or 2) necessary to provide competitive rail service.