

Surface Transportation Board Asks Assoc. of American Railroads to Attempt Resolution of Rail-Car "Interchange" Issues

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has asked the Association of American Railroads (AAR) to convene a meeting with railroads, shippers, and other involved parties to discuss ways to address issues concerning delays in the interchange of railroad cars among railroads.

The Board's action arose out of a dispute between the Union Pacific Railroad Company (UP) and several smaller, "connecting" railroads with which UP interchanges traffic, principally in the Chicago area, that concerned charges which the connecting railroads had sought to impose on UP for delays in accepting cars in interchange. UP argued that a railroad may not impose such charges on another railroad for delayed interchange unless all parties to the charges agree, or unless the charges are specifically authorized by the Board.

The interchange of traffic among railroads is a fundamental operational component of the national railroad network and typically is a straightforward and reasonably uniform process in which all railroads participate for their own benefit and that of the shipping public. Sometimes, however, parties differ as to how such interchange can be accomplished to best meet the needs of all concerned. The Board noted that it can resolve such disputes, if the parties cannot do so themselves, and stated that it will resolve the issues raised in this case, if necessary. But the Board pointed out that the national railroad system functions best on the basis of good faith cooperation among all railroads, both large and small:

"If we were to rule against UP and find that carriers are not prohibited from unilaterally imposing interchange charges, the result could be a variety of charges, imposed pursuant to the actions of one carrier and the responses of another, that would not be conducive to the cooperation necessary for a seamless, efficient national rail network."

Issues regarding interchange delays are usually addressed under the framework of the industry-wide Car Service and Car Hire Agreement and Code of Car Service Rules/Code of Car Hire Rules, administered by AAR. Noting that it has successfully encouraged private-sector negotiation to resolve other difficult issues, the Board concluded that the best way to deal with this issue would be for "those directly affected" to meet, "in the spirit of cooperation," and attempt to negotiate an effective and equitable resolution of these issues. The Board thus asked AAR to convene meetings and suggest further steps to the Board by **March 11, 2002**.

The Board's decision was issued today in *Union Pacific Railroad Company--Petition for Declaratory Order--Unilaterally Imposed Interchange Charges*, STB Docket No. 42052. **A printed copy of the decision is available for a fee by contacting Da-2-Da Legal, Room 405, 1925 K Street, N.W., Washington, DC 20006, telephone (202) 293-7776, or via [http://Da_To_Da@Hotmail.com](mailto:Da_To_Da@Hotmail.com).** The decision also is available for viewing and downloading via the Board's website at <http://www.stb.dot.gov>.

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