

Yesterday, The Surface Transportation Board (STB) proposed a new reciprocal switching rule that could benefit captive shippers in the aggregates and industrial sand businesses.

NSSGA praised the work of the STB for issuing the proposed rule. The STB first proposed reciprocal switching in 2010.

The proposal comes as NSSGA has been advocating in Washington for finding solutions to address inadequate rail service by holding meetings with the STB and Congress. We also submitted detailed [comments](#) on detailing rail services issues facing our industry and [comments](#) urging the STB to advance reciprocal switching rule.

NSSGA has compiled this summary of the rule:

Reciprocal Switching:

The proposed rule would allow shippers who suffer from inadequate railroad service to access a second carrier through reciprocal switching. This means shippers served by only one railroad could connect with another railroad at interchange points, potentially improving their service options.

1. **Performance Standards:** The rule outlines three performance standards that would determine when reciprocal switching is warranted:
 - **Service Reliability:** This measures a rail carrier's success in delivering shipments by the originally estimated time of arrival. The proposed success rate starts at 60% in the first year and increases to 70% thereafter.
 - **Service Consistency:** This measures a rail carrier's efficiency in moving shipments through the rail system, with a threshold for average transit time.
 - **Inadequate Local Service:** This measures a rail carrier's success in performing local deliveries and pick-ups of railcars within the applicable service window.
2. **Data Reporting:** Class I railroads would be required to provide customers with historical data for these service metrics within seven days of a customer's request. This transparency is intended to help rail customers monitor and measure rail service.

- 3. Reciprocal Switching Agreements:** These agreements would be for a minimum of two years and up to a maximum of four years, with the possibility of extension based on evidence presented. The agreement could be terminated if the incumbent rail carrier meets the minimum service standard.

Comments and Feedback:

Comments on the proposed rule are due by October 23, with reply comments due by November 21, allowing stakeholders to provide input and feedback on the proposed changes.

Rail Industry Response:

Industry groups, including the Association of American Railroads did not lambast the proposal and are reserving final judgement on the rule until a full cost benefit analysis is performed. AAR was thankful that the STB did not proceed with a more aggressive 2016 reciprocal switching rule and is attempting to utilize a service-based approach.

We anticipate AAR and Class 1's to be extremely vocal on capitol hill and push their changes to the rule with lawmakers.

Shipper Perspective:

NSSGA joins other shipper groups, including the American Chemistry Council and the National Industrial Transportation League, welcoming the proposal to address service issues and promote competition in the rail industry.