

Joint NUTC Seminar & Sandhouse Rail Group presentation...

Modernizing Freight Rail Regulation— The 2015 Transportation Research Board Recommendation to Congress

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Thursday – Feb. 25, 2016

4:00 – 5:00 pm

Location:

Transportation Center
Chambers Hall- Lower Level
600 Foster, Evanston

Abstract: Congress requested that the National Academies' Transportation Research Board form a committee to evaluate the regulation of US freight railroads. Prof. Boyer was a member of this committee and will report on the findings of the report. Included in the findings are: The current method for regulatory costing is irreparably broken and should not be replaced with any other attempt to calculate the cost of an individual shipment; that the annual calculation of revenue adequacy of railroads is misleading and no longer serves a useful purpose; that the logic of rules inhibiting access of tenant carriers is no longer current and needs to be rethought; that the Standalone Cost Test currently used for rate disputes lacks a logical basis; that much data collected about railroads no longer has a useful purpose while data to evaluate common carrier obligations is currently not collected; that rates would be better evaluated against a benchmark of rates charged on comparable movements that are subject to competition rather than against any cost standard; and that arbitration would be a better method of settling rate disputes than the current extraordinarily expensive procedures for evaluating rate reasonableness.

KENNETH D. BOYER, Professor of Economics, Michigan State University. B.A. (economics), Amherst College, Ph.D. (economics), University of Michigan. His primary research interests are in the economics of transportation and the economics of regulation. He is a winner of the Michigan State University teacher-scholar award and has taught at the Sino-American Training Center in Shanghai, China and the University of Michigan. He has been a member of many committees of the National Academy of Sciences' Transportation Research Board, including those on truck sizes and weights, navigation on the Upper Mississippi River, the collection of freight statistics and most recently on the modernization of railroad regulation. He is the author of *Principles of Transportation Economics*. Dr. Boyer is past Chair of the Transportation and Public Utilities Group of the American Economic Association and has served for many years as the Secretary/Treasurer of the Industrial Organization Society, the trade group of researchers in the economics of antitrust and regulation. .