

**DEPARTMENT OF TRANSPORTATION****Office of the Secretary****Study on Interstate Commerce Commission Functions****AGENCY:** Department of Transportation.**ACTION:** Notice.

**SUMMARY:** Section 210(b) of the "Trucking Industry Regulatory Reform Act of 1994," (Act) requires the Secretary of Transportation to study possible organizational changes to the Interstate Commerce Commission (ICC), including some specified in the Act, that lead to government, transportation, or public interest efficiencies. A draft report to the Congress on this matter has been completed and the Department is presently seeking public comment on its recommendations.

**DATES:** Comments are due by March 13, 1995.

**ADDRESSES:** Comments may be mailed to Docket 49848, Office of Documentary Services (C-55), U.S. Department of Transportation, Plaza Level, 400 Seventh Street, S.W., Washington, D.C. 20590-0001. To expedite consideration of the Docket, please submit an original and five copies. The DOT study of ICC functions referenced in this notice may be obtained from the Documentary Services Division, U.S. Department of Transportation, Room PL-401, 400 7th Street, S.W., Washington, D.C. 20590, 202-366-9322. The Report is available on the World Wide Web Server as [gopher.dot.gov/11/general/iccrept.wp5](http://gopher.dot.gov/11/general/iccrept.wp5). For the convenience of those without access to the computer network, the executive summary of the report is included herein.

**FOR FURTHER INFORMATION CONTACT:** Edward Rastatter, 202-366-4420; Robert Stein, 202-366-4846; or Paul Smith, 202-366-9285.

**SUPPLEMENTARY INFORMATION:** Section 210(b) of the Act requires DOT to study the feasibility and efficiency of merging the ICC into the DOT as an independent agency, combining it with other Federal agencies, retaining the ICC in its present form, eliminating the agency and transferring all or some of its functions to DOT or other Federal agencies, and other organizational changes that lead to government, transportation, or public interest efficiencies. DOT has already conducted extensive outreach effort beginning with a Federal Register notice of November 1, 1994, seeking comment on the ICC's report, required in Section 210(a) of the Act, and continuing with numerous meetings with carriers, shippers, and trade associations. This study by DOT considers the cost savings

that might be achieved, the efficient allocation of resources, the elimination of unnecessary functions, and responsibility for regulatory functions. DOT must submit its findings for public comments, and then submit the results of its study, together with any recommendations to the Congress. Consequently, the Department is presently seeking public comment on its draft recommendations.

In order to make sure our report is most useful to the Congressional Committees, we expect to make a legislative proposal available to them on an expedited basis. Any changes resulting from the public comment period would be incorporated in our final report and modifications to our legislative proposal.

**Executive Summary****Background**

This report examines a range of policy issues dealing with the economic regulation of surface transportation service (primarily freight) in the United States.

Freight transportation represents a core element of our national economy. It provides U.S. manufacturers and consumers with access to domestic as well as global markets and has a dramatic impact on economic growth and on our international competitiveness.

The surface freight transportation industry includes many different sectors—trucking, railroads, barges, pipelines, buses, and intermediaries such as freight forwarders and brokers. The structure and performance of each sector have been considered in discussing options for economic regulation.

The industry has changed dramatically in the past several decades. Regulatory policy has both led and responded to these changes. A new regulatory principle, recognizing competition as the best regulator of transportation, has been embodied in bipartisan legislation enacted in each of the past three decades. Federal economic regulation has increasingly been reserved for glaring instances of market failure or as a tool to pursue broader social purposes.

Deregulation has resulted in more efficient operations for carriers and better service at lower rates for shippers. As a result of the Staggers Rail Act of 1980, the railroad industry—which teetered on the brink of financial failure in the late 1970's—has been revitalized and is now a viable competitive sector of the economy. Deregulation of air cargo, trucking, and "piggyback" traffic

has led to spectacular growth in intermodal traffic.

The trucking industry has also been transformed. Many new firms have entered the industry, and both new and existing carriers have been given greater flexibility to meet customers' needs. Improvements in the reliability of trucking service have enabled manufacturers to enhance productivity by placing greater reliance on just-in-time manufacturing techniques.

The principal rationale for the remaining regulatory structure is to protect competition and the interests of shippers. However, ongoing changes in the nature of the transportation industry clearly indicate that the current level of Federal economic regulation of surface freight transportation burdens the public interest. Further reductions in regulation are needed.

**The Process**

This report is mandated by the Trucking Industry Regulatory Reform Act of 1994, P.L. 103-311 (TIRRA), which requires that the Interstate Commerce Commission (ICC) and the Department of Transportation (DOT) conduct studies to be used as the basis for considering further policy changes related to the regulation of surface transportation.

Section 210(a) of TIRRA requires the ICC to examine its functions and responsibilities and to report within 60 days of enactment recommendations on which of these functions should be continued, modified, or eliminated. The ICC report (completed on October 25, 1994), provides a detailed treatment and analysis of the full panoply of existing functions and responsibilities of the agency. Section 210(b) requires DOT to study the feasibility and efficiency of merging the ICC into DOT as an independent agency, combining it with other Federal agencies, retaining the ICC in its present form, eliminating the agency and transferring all or some of its functions to DOT or other Federal agencies, and other organizational changes that would be expected to lead to government, transportation, or public interest efficiencies.

The Department has given serious consideration to the recommendations of the Commission in assessing the merits of eliminating or restructuring the current functions and responsibilities of the ICC. This report reflects a different view from that taken by the ICC and generally concludes that government should retain fewer functions.

DOT's approach to conducting this study ensured full participation by all affected parties including carriers,