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Committee on Transportation and Infrastructure
U.S. House of Representatives

Bill Shuster
Chairman

Washington, DC 20515

March 14, 2014

Nick J. Rahall, III
Ranking Member

Christopher P. Bertram, Staff Director

James H. Zoia, Democrat Staff Director

The Honorable Daniel R. Elliot, III
Chairman
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

The Honorable Ann D. Begeman
Vice Chairman
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

Dear Chairman Elliot and Vice Chairman Begeman:

The Surface Transportation Board (STB) has announced that it will hold a public hearing on March 25-26, 2014 on a petition by the National Industrial Transportation League to modify the Board's standards for mandatory competitive switching.

In connection with this hearing, we would like to express our collective view about the importance of the freight rail industry as a critical component of our nation's transportation system, and impress upon you the importance of maintaining the existing regulatory balance between the railroads and the shipping community.

As the Committee has previously expressed, the United States has the most efficient, affordable and environmentally-friendly freight rail network in the world. With nearly 140,000 miles of track carrying approximately 1.8 trillion ton-miles annually, freight rail is an immense jobs generator and a major economic driver. The industry supports directly or indirectly 1.2 million jobs, including some 180,000 well-paying jobs in the freight rail industry itself. Railroads account for approximately 40 percent of all freight ton-miles in the U.S. – more than any other mode.

The passage of the Staggers Act in 1980 provided for a balanced regulatory system that has allowed the rail industry to build the world's best freight rail system, while protecting shippers in areas where there is no effective competition. Since its passage, average inflation-adjusted rates are down substantially and freight railroads have reinvested \$550 billion to increase capacity, maintain existing capacity, and maximize efficiency on their operating networks. In fact, despite a weak economy, railroads have invested more back into their networks over the past five years – approximately \$115 billion – than in any five-year period in their long history. This could not have been done, and will not happen in the future, in the absence of the current policy of balanced regulation by the STB that is called for in the Staggers Act – a policy that also has

allowed railroads to concentrate traffic onto efficient routes, promote safer operations, and create fluid transportation systems.

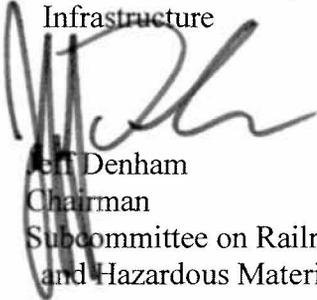
The Department of Transportation estimates that total freight shipments will increase by 62 percent between 2011 and 2040. It is critical that the freight rail industry be able to make the necessary investments to meet this rising demand. Any policy change made by the STB that decreases the railroads' efficiency, and limits their ability to reinvest, grow their networks and meet the nation's freight transportation demands both today and in the future will be opposed by this Committee.

We look forward to hearing from you about how the STB plans to ensure that the freight railroad industry will continue to play a major role in contributing to a strong and vibrant U.S. economy.

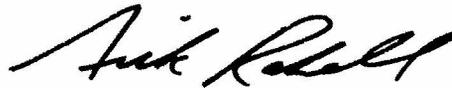
Sincerely,



Bill Shuster
Chairman
Committee on Transportation and
Infrastructure



Jeff Denham
Chairman
Subcommittee on Railroads, Pipelines,
and Hazardous Materials



Nick J. Rahall, II
Ranking Member
Committee on Transportation and
Infrastructure



Corrine Brown
Ranking Member
Subcommittee on Railroads, Pipelines,
and Hazardous Materials