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A Caterpillar Company

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Chairman
Surface Transportation Board
395 E Street SW
Washington, DC 20423

April 11, 2011

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Dear Chairman Elliott:

Progress Rail Services is one of the largest suppliers of railroad equipment and services to the U.S. rail industry through its railcar services, engineering and track services, and Electro-Motive Diesel locomotive divisions. I am writing you in regards to Ex Parte 705 to urge you to oppose any policy changes that would hinder the freight railroads' ability to continue investing billions of dollars of private capital to modernize and grow the nation's rail system. These expenditures are not only the life blood for companies like Progress Rail, but are key to making the continued productivity and safety improvements possible that have created the most productive and vibrant freight rail system in the world.

Thanks to the Staggers Act passed in 1980, rail shippers in the United States have enjoyed average freight rates that have decreased by 55% in real terms over that period. Starting from a railroad network that was near bankruptcy in 1980, the U.S. railroads have been able to double the amount of traffic carried by rail, decrease accidents by 75%, and tremendously improve service to their shippers. None of this would have been possible without the balanced approach to railroad regulation brought about by the Staggers Act. The doubling of traffic carried on the railroads since 1980 has also been accomplished with virtually no increase in fuel consumption due to technological improvements in locomotive and freight car design. U.S. railroads today are able to carry one ton of freight 480 miles on a single gallon of fuel, thereby reducing pollution, easing highway congestion and preserving fuel. Every 10% of truck traffic that is converted to rail saves over a billion gallons of diesel fuel and eliminates 12% of carbon dioxide emissions. Obviously, the opposite would be true if a return to over-regulation of the freight rail system were to lead to the kind of rail network deterioration that existed prior to the Staggers Act with resultant diversion of traffic back to trucks on our severely congested highway network.

Since 1980, the U.S. rail industry has invested over $480 billion in its effort to continuously improve safety and productivity while adding capacity to support a doubling of freight traffic. Unlike the heavily subsidized highway and waterway networks in the U.S., none of this investment had to be made by the government.

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In fact, a profitable freight rail system generates billions of dollars in tax revenues for Federal, state, and local governments. The U.S. rail industry, as well as the vibrant railway supply industry that supports it, also provides thousands of jobs at much higher than average compensation levels. Railroad employment was up 5.2% from 2009 to 2010 and shows signs of similar strong gains this year. With the government under increasing pressure to expand the economy, cut expenditures, and create jobs following one of the worst recessions in our country's history, any action by the STB to adopt policies that would discourage private investment in this country's transportation infrastructure would be unwise and extremely counterproductive.

For all of the reasons outlined above, I strongly urge you to maintain the balanced regulatory framework between shippers and the railroads established by the Staggers Act. I would be happy to testify at any future hearings you hold on this subject.

Sincerely,

William P. Ainsworth
Chief Executive Officer

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