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July 26, 2011

Ms. Cynthia T. Brown
Director, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

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Office of Proceedings

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Public Record

Re: Ex Parte No. 711 – Petition of the National Industrial Transportation League for Rulemaking To Adopt Revised Competitive Switching Rules

Dear Ms. Brown:

This letter is being written on behalf of the Portland Cement Association ("PCA"), in support of a Petition filed on July 7, 2011 by the National Industrial Transportation League asking the agency to initiate a rulemaking to adopt revised rules on competitive switching. The Petition follows the Board's general consideration of competition issues in Ex Parte No. 705, *Competition in the Railroad Industry*.

PCA is a trade association representing cement companies in the United States and Canada. PCA's membership consists of 25 companies operating 97 manufacturing plants in 36 states, with distribution centers in all 50 states. PCA members account for 97 percent of cement-making capacity in the United States. The cement industry is a crucial component of one of the largest segments of our nation's economy – the more than one trillion dollar construction industry. Nearly every construction project requires portland cement.

Considering the regional nature of the cement industry, it is critical that there are reliable and cost-effective transportation options available. Average cement shipments range between 250 to 300 miles. Truck transportation is not economical beyond 100 to 125 miles. As such, the cement industry is reliant on railroads to deliver our product beyond the economical range of trucks. Several cement plants have access to water transportation for domestic shipments. Most bulk cement shipments are from the manufacturing plants to the more than 400 regional distribution terminals, where the cement is then delivered by truck to local contractors and ready mixed producers. It is vitally important to our industry that the railroads provide reliable, efficient and cost-effective service to meet the widespread demand for our product.

In the Ex Parte No. 705 proceeding, the STB asked for new proposals and solutions to address the competitive problems faced by shippers. The League's Petition outlines the significant changes that have taken place in the railroad industry since the Interstate Commerce Commission adopted rules for reciprocal switching in 1985. The Petition indicates that the agency has the power to change those rules. Most importantly, the Petition sets forth a detailed proposal for a new regime of competitive switching, under which competitive switching would be made available to shippers who are served by only a single, Class I rail carrier and who lack effective inter- or intramodal competition.

PCA strongly urges the Board to grant the League's Petition and to issue a Notice of Proposed Rulemaking on the proposal detailed by the League. PCA believes that the League's proposal represents a fair and balanced effort to improve the state of competition in the rail transportation industry, and would provide increased competition for captive shippers without harming carriers. Issuance of a Notice of Proposed Rulemaking on the League's proposal would permit the industry as a whole to comment on the proposal and to guide the Board in its effort to improve the state of competition in the rail industry.

Sincerely,

A handwritten signature in black ink, appearing to read "David S. Hubbard". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David S. Hubbard
Vice President, Legislative Affairs