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Chairman Daniel R. Elliot, III
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

Dear Chairman Elliot:

The Surface Transportation Board (STB) recently announced that it will hold hearings to review competitiveness in the rail industry. I urge the Board to be broad-minded as you consider these issues. The continued ability of railroads to invest in their infrastructure provides direct benefit for Iowa and our nation.

Railroads have been vital to Iowa's transportation network since the 1800s, but like the rest of the nation, Iowa's rail industry declined dramatically in the 1960s and 1970s. After Congress eliminated unsustainable government rail regulations in the 1980s, rail ton-miles in Iowa increased 222 percent and average shippers' costs per ton-mile declined from 2.64 cents to 2.49 cents. Today railroads carry more than 40 percent of Iowa's freight: annually railroads haul 17 million tons of Iowa grain to market, and railroad investment in ethanol infrastructure ensures economical and safe transportation for finished product as well.

In 2008, railroads spent \$435 million to maintain and upgrade their facilities in Iowa. This private investment was nearly equal to the amount of federal highway funds that Iowa received that year. If loss of income left railroads unable to invest in their Iowa network, an additional 665,000 trucks per year could travel Iowa's roadways, accelerating the need for taxpayer-funded roadway maintenance. This is an unacceptable and unsustainable model for my state.

In addition to infrastructure investment, Iowa freight railroads directly contribute \$267 million to Iowa's economy each year in wages and benefits to current employees, and nearly 9,000 retired railroad workers and family members receive railroad retirement benefits in Iowa. Simply stated, healthy railroads are important to the economic health of Iowa.

I urge the Surface Transportation Board to maintain the balanced regulatory framework that is in place today. Freight railroads are important partners in Iowa's success. Regulations that diminish their financial health would be a disservice to taxpayers, consumers and ultimately to the shippers who would no longer enjoy the benefits of the world's preeminent freight rail system.

Sincerely,

Nancy J. Richardson
Director

NJR:ckw