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

Washington, DC 20515

**John L. Mica
Chairman**

**Rick J. Rahall, III
Ranking Member**

James W. Coon II, Chief of Staff

January 24, 2011

James H. Zola, General Counsel of Staff

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

EP 704
EP 705

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Dear Chairman Elliot:

The Surface Transportation Board (STB) has recently announced two hearings. One will review rail traffic exemptions while the other will assess the competitive marketplace in which the railroads operate. In connection with these hearings, 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 shippers.

The United States has the most efficient, affordable and environmentally-friendly freight rail network in the world. With 140,000 miles of track carrying almost two trillion ton-miles annually, freight rail is an immense jobs generator and a major driver of the nation's economy. In fact, the industry supports directly or indirectly over 1 million jobs. Furthermore, 43 percent of all freight carried each year in the U.S. is moved by train--with demand projected to grow. In order to meet this demand, it is essential that there be continued growth in rail capacity.

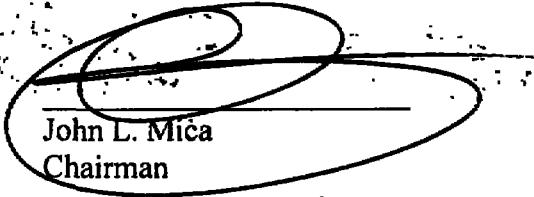
The passage of the Staggers Act in 1980 created a balanced regulatory system that has allowed the rail industry to build the world's best freight rail system, while protecting shippers in areas where there is no effective competition. Since its passage, average inflation-adjusted rail rates measured by revenue per ton-mile are down over 50 percent and freight railroads have re-invested more than \$480 billion back into their operating networks. This could not have been done--and will not be done in the future--unless the STB maintains the current regulatory balance as contemplated by the Staggers Act.

Any policy change made by the STB which restricts the railroads' abilities to invest, grow their networks and meet the nation's freight transportation demands will be opposed by the Committee.

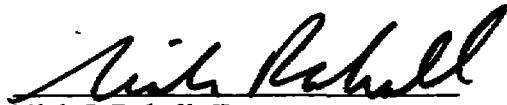
Chairman Daniel R. Elliot III
January 24, 2011
Page Two

We look forward to hearing from you on how the STB will make sure the freight rail industry will continue to play a major role in building a strong and vibrant U.S. economy.

Sincerely,



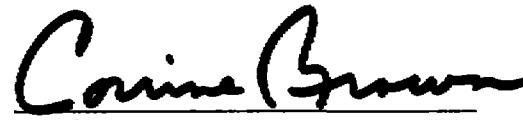
John L. Mica
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