

Chairman Oberman, Vice Chair Hedlund, other Board members and guests, good morning.

I am Leila Ford from Genesee and Wyoming.

My colleague Sandra Ellis will provide an overview of recent rail traffic and energy-related trends. I will briefly touch on a few other important points.

First, all of us here on the rail side fully appreciate that our customers need and deserve safe, reliable, and efficient service. Railroads are fully committed to help making that happen.

Toward that end, railroads are working diligently to ensure they have the right resources in the right places at the right time to meet their customers' needs now and, importantly, in the future as well. Railroads are spending vast amounts of money on renewing and expanding their infrastructure and equipment and on new technologies that promise to make their operations safer and more reliable and will help ensure railroads remain viable in the highly competitive freight transportation marketplace. Such technologies include advanced wayside detection as well as AI-enabled track and equipment inspection. Identifying at risk structures and equipment enables swift intervention, resulting in higher safety outcomes as well as improved / sustained fluidity across our collective networks.

Second, for many business lines, a combination of weak domestic manufacturing, limited export opportunities due to subpar economic growth abroad, ongoing global supply chain disruptions, and overall economic uncertainty are creating headwinds for rail volumes. Carloads continue to be constrained due to the underwhelming performance of sectors within the U.S. economy that produce the most rail traffic, including a manufacturing sector that has seen output stagnate for more than a year. Railroads are hopeful that a path toward sustained economic growth will be found.

Third, railroads are continuing to work hard on behalf of the environment. On average, railroads are three to four more fuel efficient than trucks, which means moving freight by rail instead of truck reduces greenhouse gas emissions by up to 75%. This means railroads are an effective, immediate low-carbon transportation solution for their customers.

But railroads are also working hard to improve their own sustainability. In recent years, railroads and their suppliers have initiated intensive research efforts aimed at transitioning away from diesel locomotives toward more environmentally friendly alternatives — for example, hydrogen, cleaner-burning natural gas, batteries, and fuel cells. Significant progress has been made and much promising work continues.

It is important to note that, though, that zero-emission locomotives are in a pre-commercial stage today. To date, there is no clear technological path to zero-emission locomotives that meet freight railroads' extremely rigorous safety, reliability, and functionality requirements. Railroads, locomotive manufacturers, academic researchers, and others have spent billions of dollars and expect to spend billions more in an ambitious effort to change this reality. Significant additional development and testing is needed: the technology cannot simply be willed into immediate existence by policymakers.

As railroads we ARE taking action in the now; we are collaborating with the manufacturers and warranty holders of locomotives to test biofuel blends that provide acceptable performance while reducing carbon emissions

Consequently, mandates that attempt to immediately reduce GHG emissions via premature replacement of locomotive fleets, such as the attempt currently underway in California by the California Air Resources Board, or CARB, are short-sighted and destructive.

Even regulations that at first glance seem removed from environmental considerations can have a measurable environmental impact. For example, a cap on train length and an ensuing reduction in rail efficiency would likely cause a) an increase in carbon emissions per GTM, this is neither good for the environment nor for customers working to reduce their carbon footprint, including scope 3 emissions; and b) could cause freight to divert from rail to less fuel efficient trucks as a result of the higher cost to serve. We respectfully suggest that everyone here today should oppose regulations and legislation that, while perhaps well intentioned, will have serious unintended consequences that would lead to less freight moving by rail.

Over the past year, railroads and unions in national bargaining have negotiated agreements covering sick leave and other quality of life and scheduling issues for more than 90% of craft employees. Railroads appreciate the skill and professionalism of their employees, and railroads are committed to working with them to help ensure that the future of railroads remains bright.

Finally, as the economy and population grow in the years ahead, demand for freight transportation will likely grow too. I know I join with all of you in saying that rail is the best way to move this added freight. But railroads know that just because the freight transportation "pie" might grow in the years ahead, that doesn't mean railroads are guaranteed a particular piece of it. Railroads know they will have to earn it by providing transportation service more safely, efficiently, and cost effectively than their customers can obtain from someone else.

Toward this end, railroads will continue to do their best to work cooperatively with you, other policymakers, rail customers, rail employees, and others to ensure that our shared goal — safe, reliable, efficient, growing railroads — is achieved.

We look forward to a productive discussion today.

Thank you for your attention. I will now open the floor to other railroad representatives for any comments they have.