



September 29, 2016

The Honorable John Thune
Chairman, Committee on Commerce, Science
and Transportation
United States Senate
Washington, DC 20510

The Honorable Bill Shuster
Chairman, Committee on Transportation and
Infrastructure
United States House of Representatives
Washington, DC 20510

The Honorable Bill Nelson
Ranking Member, Committee on Commerce,
Science and Transportation
United States Senate
Washington, DC 20510

The Honorable Peter DeFazio
Ranking Member, Committee on
Transportation and Infrastructure
United States House of Representatives
Washington, DC 20510

Dear Chairman Thune, Ranking Member Nelson, Chairman Shuster, and Ranking Member DeFazio:

Towson University’s Regional Economic Studies Institute recently quantified the national impact of major freight railroads on the U.S. economy, finding that sizeable industry investments supported 1.5 million jobs, generated \$33 billion in taxes and produced \$274 billion in economic activity in 2014 alone. Like many economists before, the researchers concluded that the regulatory structure surrounding the industry – set forth by Congressional leadership in passing the Staggers Act – provides certainty and stability and allows the industry to earn the revenues needed to invest and create such positive ripple effects.

As the collective voice of businesses that serve railroads and provide the equipment and technologies to enhance the efficiency and safety of their operations, we know this first hand. Over-involvement of the federal government in the day-to-day business decisions of railroads once pushed this sector and the larger railroad ecosystem of customers and suppliers to the brink of collapse. Without the wisdom to partially deregulate the industry in 1980, America would have lost a privately owned and maintained economic engine that provides quality jobs to support families and communities, affordable and environmentally friendly options for businesses to move goods and critical infrastructure to support passenger railroads.

So it is especially troubling to see the Surface Transportation Board (STB) move forward on reregulatory efforts, including so called “reciprocal switching” and commodity reregulation. The “Rail Customer Coalition” recently wrote you advocating for these misguided proposals and casting them as common sense and in the common interest of the American public. Nothing could be further from the truth, and as a result, we are asking you to ensure the STB regulates as you intended in the 2015 reauthorization.

As leaders on issues pertaining to surface transportation, the railroad supply community asks you to please consider the facts as it relates to the STB and proposed regulations.

Reciprocal switching, or more accurately, forced access, would upend longstanding precedent. It would force railroads to switch traffic to competitors without any suggestion that the incumbent railroad failed to offer competitive services, or has otherwise engaged in any sort of unreasonable behavior. A rash of new switches could possibly advantage a few, but in the aggregate it would strain a 140,000-mile network and degrade services for the majority of customers.

We are deeply concerned that this regulatory effort could greatly cut into capital spending by the railroads. Past analysis by the Association of American Railroads found that a similar proposal could affect an estimated 7.5 million carloads of traffic, placing nearly \$8 billion in revenues at risk. Reduced revenues mean reduced money for investment in the rail network and reduced demand for businesses like ours. Continued investments are critical for maintaining a safe and efficient rail network and allow us to provide strong employment opportunities in our communities.

The government dictating what a private business can do with its property and operations is antithetical to the free market and should be soundly rejected by a Congress that has never advised the STB to embark on this path.

A separate commodity regulation would subject five commodity groups to STB economic regulation for the first time in two decades, despite the fact that railroads face strong competition for the service from trucks. The proposal comes without any evidence that the transportation markets are different today than in past decades, and more alarmingly, without petitions from these commodity groups. Such a rule would again signal that the STB views competition through a narrow prism.

The railroad supply community plays an integral role in maintaining the world's safest, most efficient and highly competitive freight railroad system. We also provide high-paying and high-skilled manufacturing jobs in our communities. We are concerned that the STB has interpreted its reauthorization as a signal that Congress wanted the independent agency to regulate more.

We support a transparent and efficient STB and believe that the agency maintains an important role in maintaining a proven regulatory structure. But we do not support the STB's recent trend of imposing regulations first, and discovering the consequences later.

We appreciate your continued leadership in setting sensible policies to govern this critical industry that serves U.S. industry and creates local jobs. We ask that you ensure the STB regulates as you intended in the 2015 reauthorization by making your concerns known directly to the STB and we look forward to working with you in the future.

Sincerely,

GoRail

National Railroad Construction and Maintenance Association, Inc.
Railway Engineering-Maintenance Suppliers Association, Inc. (REMSA)
Railway Supply Institute
Railway Systems Suppliers, Inc. (RSSI)
Railway Tie Association

A&K Railroad Materials, Inc.
 Amerities Holdings, LLC
 Ames Construction, Inc.
 Amtrac Railroad Contractors of Maryland,
 Inc.
 Ansaldo STS, A Hitachi Group Company
 Arthur N. Ulrich Company
 Atlas Company of Lincoln/Judds Brothers
 Construction Co.
 AXIS Track Report
 Balfour Beatty Rail
 Bergmann Associates
 Birmingham Rail & Locomotive Co., Inc.
 Boschert Precision Machinery, Inc.
 Bowers & Company CPAs
 BSM Technologies
 Bullock Construction Inc.
 Chester Bross Construction Company
 Coleman Heavy Construction, Inc
 Commercial Insurance Associates LLC
 Design Nine, Inc.
 Driven Engineering, Inc.
 Dymax Inc.
 East Coast Railroad Services, LLC
 Edna A. Rice, Executive Recruiter, Inc.
 Encore Rail Systems, Inc.
 Esco Equipment Service Co.
 EVRAZ North America
 Fritz-Rumer-Cooke Co., Inc.
 Frontier Railroad Services, LLC
 Gannett Fleming, Inc.
 GE Transportation
 Genesis Technologies, Inc.
 Georgetown Rail Equipment Company
 Granite Construction
 Gross & Jones Co.
 Hall Signs, Inc.
 Hanson Professional Services, Inc.
 Harsco Rail
 Herzog Railroad Services, Inc.
 HiRAIL Corporation
 Hudson ROI Equipment, Inc.
 Hulcher Services, Inc.
 Innovative Parts & Solutions Ltd.
 IP Automation, Inc
 Johnson's Frog & Rail Welding, Inc.
 Kelly-Hill Company
 Koppers, Inc.
 L.B. Foster Company
 Loram Maintenance of Way, Inc.
 Menard's Railroad Materials
 Modern Track Machinery, Inc.
 MPL Innovations, Inc.
 NARSTCO, Inc.
 National Salvage & Service Corporation
 Natural Wood Solutions, LLC
 Nevada Railroad Materials, Inc.
 New York Air Brake, LLC
 Ogborn Consulting Group, LLC
 Ohio Railroad Association
 Omaha Track, Inc.
 Omega Industries, Inc.
 OMNI Products, Inc.
 Orgo-Thermit Inc.
 Outsource Administrators, Inc. (OAI)
 Peak Performance Asset Services LLC
 Plasser American
 Polivka International Company, Inc.
 Progress Rail, a Caterpillar Company
 R.J. Corman Railroad Group, LLC
 Rail Construction Equipment Co.
 RailPros Field Services
 Railroad Construction Co. of South Jersey,
 Inc.
 Railtech Boutet, Inc.
 RailWorks Corporation
 RCL Services Group, LLC
 RedHawk Energy Systems
 Reflective Apparel Factory
 Rocla Concrete Tie, Inc.
 Salco Products, Inc.
 Shannon & Wilson, Inc.
 Siemens Rail Automation
 Simmons Railroad Group, LLC
 Site-Specific Solutions, Inc.
 Southern National Track Services Inc.
 Southern Technologies Corporation
 Special Fleet Service
 SpillX, LLC
 Standard Steel, LLC
 Stella-Jones Corporation
 Strato, Inc.
 STV Incorporated
 The Okonite Company
 Thomas McGee, L.C.
 Trackside Services, Milwaukee, Wisconsin

TransCore
Truss, LLC
Twinco Manufacturing Company, Inc.
US Trackworks, LLC
V&H, Inc.
Wabtec Corporation
WAGO Corporation

Western-Cullen-Hayes, Inc.
Wheeler Lumber, LLC
Willamette Valley Company
Wilson & Company, Inc.
Winkle Industries
WJ Riegel Rail Solutions, LLC