

February 14, 2022

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The Honorable Martin J. Oberman, Chairman
U.S. Surface Transportation Board
395 E Street SW
Washington, DC 20423

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Dear Chairman Oberman:

We write today to share serious concerns about the Surface Transportation Board's proposed rule on forced reciprocal switching (EP 711-1), including the singularly disruptive impact it would have on California's logistics industry and its potential to undermine progress toward our state's sustainability goals.

If California were a nation, it would rank as the world's fifth largest economy. Similarly, we have the fifth most rail track miles in the U.S. - with 27 railroads moving nearly 170 million tons across California annually. Railroads are crucial to the one-third of our economy that relies on goods movement.

For rail-served communities and businesses in California, mandated switching presents both a short-term disruption to an already strained supply chain and a long-term problem that may benefit a few favored shippers but undercuts the health of the rail network for others. With California's 13 major seaports receiving more than half of all U.S. imports, our state and our nation cannot afford a regulation that will slow down freight (and passenger) rail operations while at the same time making shipping less safe and less predictable.

Forcing railroads to open their tracks to competitors would have broad negative impacts on train operations. If railroads can't stay competitive with other modes, like trucking, they will be less able to make the large investments needed to keep a rail network going and many freight shipments will move to other modes.

Another consideration is the potential impact of the rule on the carbon footprint of goods movement. Currently railroads account for 40% of long-distance freight in the U.S. but less than 2% of all transportation-related emissions. Research (including a recent study from Lawrence Berkeley National Laboratory on battery locomotives) is showing how rail emissions can be brought down even further. What's more, California ports have invested heavily in on-dock rail to tackle emissions. It makes little sense, in this context, to pass a rule that could result in pushing freight from railways to roadways.

Despite continued challenges in the supply chain as well as record demand, railroads have proven to be uniquely nimble and resilient partners for California's ports and logistics industry. A report from the Northwestern University Transportation Center, which found that railroads moved more intermodal in the first half of 2021 than any similar period, even states that railroads can help lead the logistics industry in the future.

Railroads continue to set themselves apart with their consistently high level of investment in infrastructure, technology and operations. Countless jobs and communities in California rely on this investment and healthy rail lines. We urge you to reject mandated switching, which would undermine railroad efficiency and investment, exacerbate current supply chain challenges and threaten the long-term health and sustainability of the rail network.

Sincerely,

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