

United States Senate

February 14, 2020

The Honorable Ann D. Begeman
Chairman
Surface Transportation Board
395 E Street Southwest
Washington, D.C. 20423

Washington, D.C. 20423
The Honorable Patrick J. Fuchs
Vice Chairman
Surface Transportation Board
395 E Street Southwest
Washington, D.C. 20423

EP 722
EP 761
300470

The Honorable Martin J. Oberman
Board Member
Surface Transportation Board
395 E Street Southwest

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Dear Chairman Begeman, Vice Chairman Fuchs, and Board Member Oberman:

As the Surface Transportation Board (STB) works to ensure railroads are able to continue to provide the safe, reliable, and sustainable service to the customers and communities they serve, I ask your due diligence to consider the potential impacts of decisions that may undermine the viability of the railroads to invest in new infrastructure, enhance rail service, and improve safety.

As you know, many of the issues under the consideration of the STB could have far reaching effects on the rail network and the shippers they serve. It is crucial that any proposals moving through the regulatory process continue to be grounded in sound economic principles and supported by data-driven empirical analyses. Concerns have come to my attention regarding proposals related to rate caps and revenue reductions based solely on a railroad earning returns on investment above its cost of capital. These concerns point to the vulnerability that using revenue adequacy to constrain an individual railroad's rates will undermine the ability to investment in infrastructure, conduct the requisite long-term planning, potentially harming safety and the overall economy.

It is crucial that any regulatory structure continue to recognize the importance of the railroads' ability to improve and maintain their world-class networks in order to meet their customers' and the nation's freight transportation demand today and in the future.

Thank you for your consideration.

Sincerely,



DAN SULLIVAN
United States Senator