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Surface Transportation Board

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Vice Chairman
Surface Transportation Board

Hon. Patrick Fuchs
Member
Surface Transportation Board

Hon. Michelle Schultz
Member
Surface Transportation Board

Hon. Karen Hedlund
Member
Surface Transportation Board

Re: Proposed Rule on Reciprocal Switching (Docket No. EP 711)

My name is Jon Kessick and I am President & CEO of The ProTrade Group, LLC. ProTrade Group strongly supports the adoption of the Board's proposed reciprocal switching rules that will help facilitate greater rail competition. Our company moves 500-600 rail cars each month, of which most of these moves are served by a single class I rail carrier. These facilities are subject to substantially higher rail rates and less reliable service than our facilities that have rail competition.

We applaud the Surface Transportation Board's ("STB") decision to proceed with this rulemaking and agree that new switching rules are needed. The Staggers Act of 1980 specifically empowers the STB to grant reciprocal switching when it is in the public interest or necessary to provide competitive rail service. The Board's existing rules impose such high regulatory hurdles that no shipper has ever been able to successfully request switching.

The rail industry today is vastly different than the industry of the 1980s and there are far fewer competitive options. The Board's recent Annual Rail Rate Index Study shows that since 2004, real rail rates (adjusted for inflation) have increased by 30%. Many shippers remain captive to their railroad, even when reciprocal switching could help relieve railroad service disruptions and congestion.

Based on the extensive evidence already submitted in this proceeding, we believe reciprocal switching can be implemented without compromising railroads' ability to invest in the rail network or harming service for other rail customers. The proposed case-by-case approach allows the Board to appropriately consider the interests of all stakeholders based upon the facts of each individual switching request.

We encourage the Board to finalize reciprocal switching rules that will provide shippers with greater access to competitive rail options. This would help create a more responsive and competitive freight rail system.

We appreciate the Board's consideration of this letter.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Jon Kessick", written over a light blue horizontal line.

Jonathan R. Kessick
President
The ProTrade Group, LLC