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The Honorable Martin Oberman
Chairman
Surface Transportation Board

The Honorable Robert Primus
Vice Chairman
Surface Transportation Board

The Honorable Patrick Fuchs
Member
Surface Transportation Board

The Honorable Michelle Schultz
Member
Surface Transportation Board

The Honorable Karen Hedlund
Member
Surface Transportation Board

RE: Docket No. EP 711-1, Proposed Rule on Reciprocal Switching

Dear Chairman Oberman, Vice Chairman Primus, and Members Fuchs, Schultz, and Hedlund:

The Portland Cement Association (PCA), which represents cement manufacturers across the country, writes in support of the Surface Transportation Board's (Board) proposed rules to provide railroad customers with greater access to reciprocal switching. We strongly urge the Board to adopt a final reciprocal switching rule that will reduce the regulatory barriers and promote competition in the freight rail industry.

Portland cement is a manufactured powder that acts as the glue bonding agent that forms concrete. As an essential construction material and a basic component of the nation's infrastructure, portland cement is utilized in the numerous markets, including the construction of highways, streets, bridges, airports, runways, mass transit systems, commercial and residential buildings, ports, dams, and water resource systems and facilities.

Our have a presence in all 50 states. PCA members rely on the railroads to move hydraulic cement from manufacturing plants to distribution facilities to market. Frequently, there are no other practical, feasible modal alternatives to railroad service to meet the business needs of PCA's members. Thus, PCA members have a strong interest in competition in the freight rail industry.

National rail transportation policies emulated by Congress direct the Board "to allow, to the maximum extent possible, competition and the demand for services to establish reasonable rates for transportation by rail" and "to minimize the need for Federal regulatory control over the rail transportation system".¹

¹ 49 U.S.C. § 10101(1) & (2)

The Staggers Rail Act of 1980 specifically empowers the Board to grant reciprocal switching when it is in the public interest or necessary to provide competitive rail service.

The Board's existing rules require high regulatory hurdles that no rail customer has ever been able to successfully request switching. Due to the highly concentrated railroad market and the financial strength of the railroads, this policy is outdated. The Board's recent Annual Rail Rate Index Study shows that since 2004, rail rates (adjusted for inflation) have increased by 30%. Many cement manufacturers remain captive and have seen the rail rates increase by more than 30% since 2004. Reciprocal switching could help relieve railroad service disruptions, which have only increased since the beginning of the coronavirus pandemic. Reciprocal shipping would empower our members to choose a carrier that provides the best combination of rates and service. Greater market choice would fundamentally change shipper-railroad relationships and help facilitate information solutions to rate and service issues.

We urge the Board to move forward with finalizing reciprocal switching rules that will achieve the Staggers Act's vision of a healthy and competitive freight rail system. If you have any follow up questions, please do not hesitate contact Sean O'Neill at soneill@cement.org or 703-321-6792.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sean O'Neill".

Sean O'Neill
Senior Vice President, Government Affairs
Portland Cement Association