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February 8, 2022

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, Proposed Rule on Reciprocal Switching

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

Votorantim Cimentos (VCNA) supports 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.

VCNA manufactures portland cement, a manufactured powder that acts as a glue bonding agent that forms concrete. As an essential construction and a basic component of the nation's infrastructure, portland cement is utilized in 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.

VCNA has 2 cement manufacturing plants in 2 states and terminals in 7 states. We rely on the railroads to move hydraulic cement from manufacturing plants to distribution facilities to market. Frequently, we do not have a practical or feasible modal alternative to railroad service to meet our business needs. For these reasons, we support taking steps to increase competition in the freight rail industry.

The Board's existing rules related to switching require high regulatory hurdles that have resulted in no rail customer ever being able to take advantage of it. Due to the highly concentrated railroad market and the financial strength of the railroads, this policy is outdated.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%. VCNA in many instances is captive. Reciprocal switching could help relieve railroad service disruptions, which have only increased over the past two years. Reciprocal shipping would enable VCNA to choose a carrier that provides the best combination of rates and service. Greater market choice would help informed solutions to rates and service issues.

For these reasons, VCNA urges the Board to move forward with finalizing reciprocal switching rules that will achieve the Staggers Rail Act's vision of a healthy and competitive freight rail system that efficiently moves cement, and other products, to market.

Sincerely,

A handwritten signature in black ink, appearing to read 'Filiberto G. Ruiz', written over a horizontal line.

Filiberto G. Ruiz
President & Chief Executive Officer