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Hon. Martin Oberman
Chairman
Surface Transportation Board

Hon. Robert Primus
Vice Chairman
Surface Transportation Board

EP 711 (Sub-No. 1)

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)

The Vinyl Institute, a U.S. trade association representing the leading manufacturers in the PVC/vinyl industry, supports reciprocal switching.

Collectively, the Vinyl Institute represents over 3,000 vinyl manufacturing facilities, more than 350,000 employees, with an overall economic value of \$54 billion. The Vinyl Institute strongly supports the adoption of the Surface Transportation Board's (STB) proposed reciprocal switching rules that will help facilitate greater rail competition and reliability.

Many of our members' facilities are served by a single class I rail carrier. Not only are these facilities subject to substantially higher rail rates than facilities that have rail competition, but the lack of shipping options can mean they receive less reliable service.

Reliability is particularly important to our members, because many of them produce vinyl and plastic resin used for medical devices and in healthcare settings. As such, rail shipping delays have the potential to create serious disruption across the healthcare supply chain and throughout other critical industries.

We applaud the STB's 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 improve cost and reliability and 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 STB to finalize reciprocal switching rules that will provide our members with greater access to competitive rail options. This would help create a more responsive, reliable, and competitive freight rail system.

We appreciate the Board's consideration of this letter.

Respectfully submitted,

Ned Monroe
President and CEO