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The Honorable Martin J. Oberman, Chairman
Surface Transportation Board
395 E Street SW
Washington, DC 20423

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Dear Chairman Oberman and Members of the Surface Transportation Board,

As you consider the issue of reciprocal switching (EP 711-1), we wanted to share perspective from the state and local level in Kentucky. We believe the proposed rule would be a net negative for economic growth—threatening a reliable and self-funded industry that drives business across our state.

Kentucky is leading the nation in economic development. Last year, for the first time ever in the commonwealth's history, private-sector companies announced over \$10 billion in new investments and expanded facilities in Kentucky, which will create an estimated 15,500 new jobs. These investments will increase our footprint in autos, appliances, paper, copper recycling, and steel – all industries that rely on the efficiency of freight rail.

We've all witnessed the supply chain under intense strain and facing record demand. Railroads moved more intermodal volume in the first half of 2021 than in any other similar period. They've handled record volumes while being the most reliable piece of the supply chain. This resilience is rooted in the self-funded nature of freight rail, with private rail companies reinvesting at about six times that of the average U.S. manufacturer into their infrastructure.

For Kentucky and the nation, it seems an especially inopportune time to impose a rule that would make freight rail networks less efficient; there can be no doubt that switching-related slowdowns would aggravate existing supply chain challenges and shift freight onto the highways. A large share of freight on the Kentucky rail network consists of movements that cross through the commonwealth, alleviating pressure on our highway system.

Several major intermodal shippers have agreed that less switching leads to better rail operations and have opposed forced switching. An additional factor to consider is the potential adverse effect on passenger rail operations, which rely on host freight railroads. Amtrak serves four cities in Kentucky and has stated that it is particularly concerned with the impact of switching.

The logistics sector is rapidly changing, and railroads must adapt like other sectors. Mandates that slow rail service both disadvantage Kentucky shippers and push freight to taxpayer-funded roadways. In the long term this also threatens the ability of railroads to keep investing at high levels into the infrastructure that benefits our communities.

To boost its multimodal freight network, Kentucky last year awarded \$2.5 million to improve at-grade rail crossings. Funding newly available through the bipartisan infrastructure law will also boost our freight connectivity and efficiency. We hope that while our state leaders tackle these important and complex challenges, your agency recognizes that mandated switching would work against our goals.

We urge you to consider these observations and reject the proposed rule.

Sincerely,

Lee Crume
President & Executive Director
Northern Kentucky Tri-ED

Chris Girdler
President & Executive Director
Somerset-Pulaski Economic Development
Authority

Jim Henderson
Executive Director/CEO
Kentucky Association of Counties

Jennifer Kirchner
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Kentuckians for Better Transportation

Robert L. Quick
President & CEO
Commerce Lexington Inc.

Hon. Sal Santoro
Representative, District 60
Kentucky General Assembly

CC: Kentucky Congressional Delegation