

January 6, 2017



The Honorable Daniel Elliott III
Chairman
United States Surface Transportation Board
Washington, DC 20423

The Honorable Deb Miller
Vice Chairman
United States Surface Transportation Board
Washington, DC 20423

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The Honorable Ann Begeman
Commissioner
United States Surface Transportation Board
Washington, DC 20423

RE: STB Ex Parte No. 711 (Sub-No. 1), Reciprocal Switching

Dear Chairman Elliott, Vice Chairman Miller, and Commissioner Begeman:

The Pennsylvania Chemical Industry Council (PCIC) is writing to express our support for revised competitive switching rules. Totalling more than \$22 billion in revenues, the Pennsylvania chemical industry has a tremendous economic and employment impact in Pennsylvania, accounting for 41,000 direct jobs and another 50,000 chemical-related and support jobs. The strength and resolve of the chemical industry will continue to grow with approval of competitive switching.

We strongly support the principles of the Board's proposed rule that would allow rail customers with no competitive transportation options to request to have their freight moved to another Class I railroad at a reasonably accessible interchange. While the STB's authority to allow competitive switching is clear, no shipper has ever obtained switching under the STB's current rules. The STB's proposal to reduce these regulatory barriers is not only consistent with the Board's statutory mandate, it is good for manufacturers, farmers and energy providers in Pennsylvania and across the U.S.

Competition is the cornerstone of a strong and efficient economy, and policymakers and industry typically embrace it as a better alternative to regulatory oversight. Unfortunately, opening comments filed by the Association of American Railroads and individual Class I railroads not only oppose this particular proposal, but seemingly any change in STB policy that would facilitate greater rail-to-rail competition. Their assertion that an improved competitive environment will damage the fundamental economics of the U.S. freight rail system is simply unfounded and runs counter to basic free market principles.

If switching cases are too complex, timely and costly then the new rules will be ineffective and will not be used. The Board should adopt a final rule that will result in streamlined proceedings before the Board. Specifically, we support recommendations made by the Shipper Coalition for Railroad Competition in their opening comments.

We appreciate the Boards' consideration of this letter and urge the agency to adopt workable new rules that will help make our member companies more competitive in the global marketplace.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Logan", is written over a faint, stylized chemical structure graphic in the bottom left corner of the page.

Jeffrey M. Logan, President
Pennsylvania Chemical Industry Council