



Chemical Industry Council of California

January 04, 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

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RE: Surface Transportation Board Ex Parte No. 711 (Sub-No. 1), Reciprocal Switching

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

On behalf of the Board of Directors and the membership of the Chemical Industry Council of California (CICC), I write to express our organization's support for revised competitive switching rules. The Chemical Industry Council of California is a voluntary trade association comprised of large and small chemical manufacturers, distributors and allied businesses with more than 100 locations throughout the state. Many of these locations are heavily reliant on rail service for delivery of critical raw materials and shipment of chemical products.

We strongly support the principles of the Board's proposed rule which if adopted will allow rail customers with no competitive transportation options to request to have their freight transferred, at a reasonably accessible interchange, from one Class I railroad to another. While the STB's clearly has authority to allow competitive switching, no shipper has ever obtained said 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 California and across the nation.

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 oppose 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 unfounded.

If switching cases are too complex, timely and/or 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, CICC supports the recommendations made in their opening comments by the Shipper Coalition for Railroad Competition.

We appreciate the Board's consideration and urge the agency to adopt new workable rules which will enable our member companies in California to be more competitive here and within in the global marketplace. Thank you for this opportunity to comment.

Sincerely,

A handwritten signature in black ink, reading "John R. Ulrich". The signature is written in a cursive style with a large, sweeping initial "J".

John R. Ulrich
Executive Director
Chemical Industry Council of California