

THE SENATE
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CATHARINE M. YOUNG
SENATOR
57TH DISTRICT

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FINANCE

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ENVIRONMENTAL CONSERVATION
HEALTH
HOUSING
TRANSPORTATION

ALBANY OFFICE
ROOM 428
STATE CAPITOL
ALBANY, NEW YORK 12247
(518) 455-3563
FAX: (518) 426-6905

DISTRICT OFFICE
WESTGATE PLAZA
700 W. STATE STREET
OLEAN, NEW YORK 14760
(716) 372-4901
FAX: (716) 372-5740
1-800-707-0058

2016 DEC 13 PM 3:31

OFFICE OF CHAIRMAN

December 6, 2016

The Honorable Daniel R. Elliott, III
Chairman
United States Surface Transportation Board
395 East Street, SW
Washington, DC 20423-0001

The Honorable Ann D. Begeman
United States Surface Transportation Board
395 East Street, SW
Washington, DC 20423-0001

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The Honorable Debra Miller
Vice Chairman
United States Surface Transportation Board
395 East Street, SW
Washington, DC 20423-0001

ENTERED
Office of Proceedings
December 13, 2016
Part of
Public Record

Re- Reciprocal Switching/Docket Ex Parte No. 711 (Sub-Nov 1)

Dear Chairman Elliott and Surface Transportation Board Members,

I am writing to you today to express some concerns that I have with a current proposal before you, which would establish new rule changes regarding freight rail operations. I appreciate you taking the time to read this letter.

The railroad industry is an instrumental part of our country's economic success, and the success of the State of New York. With almost 3,500 freight rail miles in New York, our State is home to 3,487 freight rail employees, each of whom enjoy nearly \$104,000 in wages and benefits. As such, several of the current proceedings underway at the Board, if not handled with the utmost caution and deliberation, could result in significant consequences for the health and efficiency of the nation's rail network.

Recently, the Board has advanced several new regulatory proceedings that it has framed as providing additional avenues for shippers to seek regulatory oversight and relief. These efforts include a proposal to require one railroad to open up its line to a competitor through switching in certain instances.

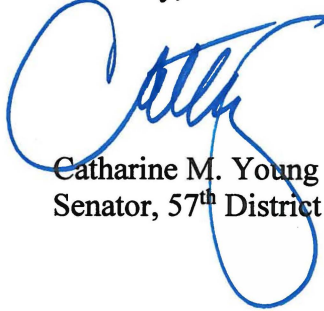
These proposals have the potential to dramatically change the regulatory regime that has been successful in allowing a safe and efficient freight rail system to develop. Excessive regulatory involvement in routing, rates, and other railroad operations were hallmarks of the

faltering rail system prior to the Stagger's Railroad Act of 1980. Railroads have relied on that regulatory system to complete mergers and enhance single line service for the benefit of the entire rail system's operations. Since 1980, to preserve the existing, successful system, Congress repeatedly has considered and rejected legislation advancing many of the same concepts that are in the Board's regulatory proposals. Any significant policy change in favor of greater regulation like that which bankrupted many railroads in the 1970s, is the prerogative of Congress, not a regulatory agency.

It is critical that these proposals, should they progress through the regulatory process, be grounded in sound, well-established economic principles and supported by data-driven empirical analysis of their impact. All stakeholders in the rail network have relied on the current structure in making investment decisions, and all shippers will feel the impacts of any changes. At a time when freight traffic is only expected to grow in this country, by nearly 60 percent before the year 2040, doing anything that would weaken the nation's railroads' abilities to meet the transportation needs of the country could have serious consequences for our economy.

I appreciate your careful consideration of this important matter. Please accept my best wishes, and if I can be of any further assistance, do not hesitate to contact me.

Sincerely,



Catharine M. Young
Senator, 57th District

CMY/rjd

Cc: Patrick J. McHugh
The Elk Street Group, LLC