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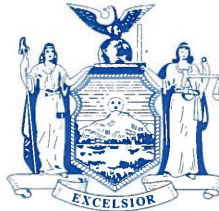
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THE SENATE
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JAMES L. SEWARD

SENATOR, 51ST DISTRICT

CHAIRMAN, MAJORITY PROGRAM
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December 1, 2016

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

Ms. Debra Miller, Vice Chairman
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Ms. Ann D. Begeman, Member
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

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

Dear Chairman Elliott and Members of the Board:

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

Recently, the board advanced several new regulatory proceedings which were framed as providing additional avenues for shippers to seek regulatory oversight and relief. Included was a proposal to require one railroad to open up its line to a competitor through switching in certain instances.

Altogether, 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 Staggers Railroad Act of 1980. Railroads have relied on that regulatory system to complete mergers and enhance single line service for the benefit of the

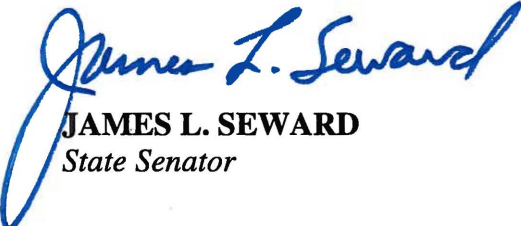


entire rail system's operations. Since 1980, to preserve the existing, successful system, Congress repeatedly considered and rejected legislation advancing many of the same concepts that are amongst the board's regulatory proposals. Any significant policy change in favor of greater regulation like that 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 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 effects of any changes. At a time when freight traffic is only expected to grow in this country—by nearly sixty percent by 2040—doing anything that would weaken the railroads' abilities to meet the transportation needs of the country could have dire consequences for our economy.

Thank you for your careful consideration of this important matter.

Sincerely,



JAMES L. SEWARD
State Senator

JLS:dj:jt