

Ex Parte No. 658

Timothy R. Wallace
Chairman, President &
Chief Executive Officer

October 17, 2005

The Honorable Roger P. Nober
Chairman, Surface Transportation Board
1925 K Street NW
Washington, DC 20423-0001

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Dear Chairman Nober,

As the largest U.S. manufacturer of railcars, we at Trinity Industries firmly believe that our country needs additional freight rail capacity and that the Surface Transportation Board (STB) should promote a federal regulatory policy that does not inhibit the railroads from making the necessary investments to expand their rail infrastructure to accommodate forecasted demand growth.

The partial deregulation of U.S. freight railroads brought about by the Staggers Rail Act of 1980 has been beneficial to both railroads and their customers. Staggers sparked an industry transformation, enabling railroads to rationalize and upgrade their systems, reinvest in infrastructure and equipment, increase rail capacity and productivity, provide better service, improve profitability and most importantly, improve safety – all while lowering rates for shippers.

Business for the railroads after the passage of Staggers has relied on competition and market forces to determine rail rates and service standards in most cases, with maximum rate and other protections available to rail customers who truly need them. Post Staggers Act the rail industry has experienced a real renaissance that has proved beneficial to both the railroads and their customers. However, while proponents of regulation object to the railroads use of “differential pricing”, railroads, like business throughout the economy, price their services on the basis of demand. A return to heavy-handed government regulation would cause immense harm by preventing railroads from earning enough to make the massive investments required year after year to meet the freight transportation needs of our nation. The result would be decreased rail capacity due to decreased investment, higher costs, reduced service and diversion of traffic to already overcrowded highways.

I appreciate the careful consideration that the STB is giving to this very important matter.

Sincerely,



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