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SURFACE TRANSPORTATION BOARD

**STB Ex Parte No. 671
Rail Capacity and Infrastructure Requirements
STB Docket #: EP_671_0**

**Written Statement
by Stephen J Thompson
May 9, 2007**

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QUALIFICATIONS AND REPRESENTATION

My name is Stephen J Thompson. I was an economist employed in the Bureau of Economics of the Interstate Commerce Commission for about 2 years, where I worked on economic issues related to railroads, trucking and intercity bus transportation. For the next 25 years, I held the title Specialist in Transportation at the Congressional Research Service (CRS). CRS is a division of the Library of Congress which is dedicated to helping Members of Congress in their legislative duties. At CRS, I wrote CRS Reports for Congress, CRS Issue Briefs, and memorandums for Members of Congress and their staff. I conducted briefings for Members of Congress and their staff. My subjects of specialization at CRS were the rail and trucking industries, although I did work on almost the entire range of transportation public policy topics. The Library of Congress, at the request of the Senate Commerce Committee, assigned me full-time to that committee during the preparation of the legislation that became the Staggers Rail Act of 1980.

I have an associate degree in physical science, a B.S. in accounting with a double minor in economics and business administration. I have an M.S. and Ph.D. in economics from the University of Illinois at Urbana-Champaign. One of my areas of specialization in my graduate work was transportation economics. My master's thesis is on the economic and public policy environment that led to the creation of Amtrak. While still a graduate student, I wrote most of

the Instructor's Manual for a college textbook on the principles of economics. I have taught the principles of economics course as a graduate assistant at 2 universities, including the University of Illinois at Urbana-Champaign. I have taught a senior-level course entitled Public Policy Toward Business for 2 universities, including the University of Maryland--University College.

I have served as the chair of the Transportation Research Board's Committee on International Trade and Transportation. I have served as Program Vice President and later as President of the Transportation Research Forum (TRF). I am on the National Council of TRF.

This statement represents my own views and it was not written on behalf of another individual or any organization. I appreciate the open intellectual environment fostered by the Surface Transportation Board that allows me to participate in this STB proceeding. I hope that my participation is constructive and useful to the Board.

I would like to address 7 topics. First, should current rail customers be expected to pay for rail capacity expansion? Second, would a 25% tax credit for expenditures used to expand rail capacity help reduce the uneven playing field between trucking and railroads? Third, would accelerated depreciation for tax purposes be a reasonable way to provide funds for rail capacity expansion? Fourth, are there options that might make a rail trust fund more acceptable to railroads and rail customers? Fifth, are "value-of-service rates" still justifiable on equity grounds? Sixth, could operating and maintenance procedures, and rail employee work rules, be modified so as to improve rail capacity using current rail facilities without reducing safety or increasing rail employee fatigue or stress? Seventh, should we make a stronger effort to embed new technologies in the new rail capacity that is expected to be built in the next several decades?

SHOULD CURRENT RAIL CUSTOMERS PAY FOR RAIL CAPACITY EXPANSION?

Internally-generated-funds is often a preferred mode of expansion for many businesses. An advantage of this method of expansion is that it does not result in increased debt. It does not create an obligation to pay interest on that debt. It does not create a need to generate future revenues in order to repay the debt. Internally-generated-funds is an example of the "pay-as-you-go" principle of capacity expansion. Pay-as-you go is the principle that underlies the concept of the Highway Trust Fund, although general funds are often added to the pot of funds used to construct highways.

However, internally-generated-funds used for capacity expansion inherently result in an "inter-generational transfer of wealth" from current customers to future customers (or to the same customers sometime in the future). Thus, pay-as-you-go hurts current customers and benefits future customers (or benefits the same customers in the future).

Historically, in another network industry, the electric utility industry, regulators made a determined effort to prevent the use of internally-generated-funds to create new electrical generating capacity. The rationale was to prevent the inter-generational transfer of wealth from current customers to future customers (or to the same customers in the future).

The best public policy might well be to rely heavily on internally-generated-funds to pay for rail capacity expansion. But, discussions of options for expanding rail capacity perhaps should include an explicit review of the advantages and disadvantages of various alternatives. Such reviews might warrant a discussion of why, in the view of the public policymakers, current customers are not unjustly disadvantaged by the inter-generational transfer of wealth inherent in the pay-as-you-go approach to rail capacity expansion.

In particular, a large share of the new rail capacity likely will be paid for by coal and some other commodities that typically pay higher rail transportation rates (as a percent of the total variable cost to the railroad to produce the transportation service) compared to other commodities transported by rail that pay lower rates. Most rail capacity expansion will probably be “lumpy” in the sense that the new capacity will not be customized to be available only to one (e.g., coal) shipper. Thus, the new rail capacity will most likely be used for transporting commodities other than coal and chemicals, as well as coal and chemicals.

Because much of the total rail revenues that will be used to fund rail capacity expansion will likely be collected from a small percentage of rail customers, the reasonableness and fairness of this approach in the minds of the railroads and the Board should perhaps be explained in some detail to rail customers and to the public. For example, the discussion of options for funding the expansion of rail capacity might be enriched by including an analysis of the possible added costs AND BENEFITS to current coal customers of railroads, and to their customers (primarily, perhaps, residential electricity customers) that might result from the internally-generated-funds approach to rail capacity expansion.

The discussion might also be enriched by including an analysis of why those additional costs to rail customers, and electricity users, are justified, compared to the other options for funding rail capacity expansion. One possible benefit to current rail customers, and their customers, could be that their cost for rail transportation might be lower, over the life of the new rail capacity expansion, by paying more in the beginning, and less later, because paying now avoids interest payments, and avoids the need to generate revenues in the future to pay the debt itself.

To some degree, the stockholders of a business often fund expansion, they forego taking

dividends and, instead, their earnings on their share of ownership in the business are reinvested in the business. AT&T used to reinvest about half their profits

The debt financing option might be less attractive to rail management, and to the Board, compared to the pay-as-you-go approach, because of the troubled financial history of railroads over the past century. Railroads, and the Board, have a keen interest in seeing that rail capacity expansion occurs steadily so as to provide adequate rail transportation services for the benefit of the public as the demand for these services grows in the next several decades. Rail management might also want to expand equity capital, and they might hold the view that having a low level of debt will help attract equity capital.

In any case, some portion of the internally-generated-revenues for rail capacity expansion could reasonably be expected to come from owners of share capital in the railroads in the form of dividends postponed, as well as from other sources, including from rail customers who pay high rates for the transportation services that they receive.

WOULD A 25% TAX CREDIT FOR EXPENDITURES TO INCREASE RAIL CAPACITY HELP REDUCE THE UNEVEN COMPETITIVE PLAYING FIELD BETWEEN TRUCKING AND RAILROADS?

The highway cost allocation studies produced by the Federal Highway Administration over many years have concluded that heavy trucks (those which compete most directly with rail transportation) do not pay the full cost of providing the highway facilities that they use. Thus, a 25% tax credit to railroads for rail expenditures to increase rail capacity could be expected to help reduce the uneven competitive playing field between trucking and railroads.

WOULD ACCELERATED DEPRECIATION FOR TAX PURPOSES BE A REASONABLE WAY TO PROVIDE FUNDS FOR RAIL CAPACITY EXPANSION?

In addition to a tax credit, or as an alternative to a tax credit, an option for raising funds to pay for rail capacity expansion would be to allow faster depreciation for tax purposes on expenditures for new infrastructure. An accelerated depreciation allowance for tax purposes might be easier for Congress to enact than a tax credit. The reason is that, compared to a tax credit, changes in depreciation for tax purposes may sound less like a "tax refund" or tax "giveaway" in the eyes of the general public.

Accelerated depreciation for tax purposes on investments in rail capacity expansion is an option which could be suggested to Congress as an alternative to a 25% tax credit -- or alternatively, both options could be suggested to Congress.

ARE THERE OPTIONS THAT MIGHT MAKE A RAIL TRUST FUND MORE ACCEPTABLE TO RAILROADS AND RAIL CUSTOMERS?

At the hearing in the present STB proceeding, Ex Parte No. 671, that was conducted on April 11, 2007, there was discussion of the possibility of creating a rail trust fund for expanding rail capacity.

An option for such a rail trust fund that was discussed at the hearing would be to levy a tax on rail fuel and dedicate the revenues from that tax to the expansion of rail capacity. Some rail customers have expressed support for it, while some rail carriers object to the concept. "Proposals for a rail trust fund call for most of the money to be raised from railroads and rail customers, while the proceeds would be distributed by the government", said Peggy Nasir, a spokeswoman for the Association of American Railroads. "Funding for rail transportation infra-

structure projects should not be subjected to politics, and there would be enormous pressure to use these funds to finance projects that don't necessarily expand rail infrastructure", she said."

(Traffic World, April 23, 2007, page 14 The punctuation differs from the Traffic World report.)

Perhaps there are some options related to a rail trust fund which would make the concept of a rail trust fund more acceptable to railroads and rail customers The first option that I am suggesting would affect who pays the tax. The second option that I am suggesting would affect who decides which projects will be funded from the rail trust fund.

The current proposal is to levy a fuel tax on railroads That proposal would generally be viewed as a tax on railroads The first option that I am suggesting would replace the proposed tax on rail fuel with a ton-mile tax on rail customers or, alternatively, with a sales tax on rail customers based on the amount that they pay for rail transportation services (A ton-mile tax could appear on a bill presented to a rail customer for rail transportation services much like a sales tax on transportation service could appear on a bill presented to a rail customer for rail transportation services) Either of those 2 taxes would generally be viewed as a tax on rail customers A tax levied on rail customers might appeal more to railroads than a tax on rail fuel

The current proposal for a rail trust fund would give Congress the power to decide which rail expansion projects would be funded from the rail trust fund The second option that I am suggesting would allow those who pay taxes into the rail trust fund to decide which rail expansion projects would be funded from the rail trust fund. Giving rail customers the power to decide which projects will be funded might make the concept of a rail trust fund more appealing to rail customers

A rail trust fund would require a board of directors or some other sort of administrative

body to administer the fund and decide which rail capacity expansion projects would be funded. The board of the rail trust fund could be comprised of representatives of railroads and representatives of rail customers. Railroads, and those rail customers who pay little into the rail trust fund, could be granted some amount of veto power over how funds are expended. Rail customers who pay more into the rail trust fund could be granted more power over how the funds are spent. That power could be on the basis of the tax revenue paid into the rail trust fund. Perhaps one dollar of tax revenue paid into the rail trust fund by a rail customer would entitle that rail customer to cast one vote in any decision made by the board of directors of the fund.

Because the rail trust fund would be used only to expand rail transportation capacity, current infrastructure would not be directly affected -- only expenditures on projects that expand rail capacity would be entitled to funding from the rail trust fund. A rail trust fund that would be administered by the users of the rail transportation system presumably would remove the political pressure to which the rail spokesperson referred in the quotation above from Traffic World when she expressed concern that the funds might be used for projects unrelated to railroads.

These 2 options regarding how funds in the rail trust fund would be generated and spent might improve the chances for establishing a rail trust fund, compared to the options presented at the Board hearing on April 11, 2007.

One further point regarding a rail trust fund might be worth consideration by the Board and by the Congress. As discussed above, rail capacity expansion projects funded by the rail trust fund could be funded by tax revenues levied on a variety of rail customers, rather than from tax revenues levied on railroads. This feature of the rail trust fund opens the possibility of allowing, where appropriate, "open access" on such new rail facilities, something like the access on

terminal railroads, and the access on reciprocal switching among railroads. That is to say, the use of the new rail capacity facilities would not need to be limited to use by the locomotives, rolling stock or the employees of any particular railroad, although the facilities might be owned by the rail trust fund, or by an individual railroad, or by a public-private partnership.

ARE "VALUE-OF-SERVICE RATES" STILL JUSTIFIED ON EQUITY GROUNDS?

Value-of-service rates have been justified in the economic literature on the grounds that the higher rates paid by some rail customers would be even higher if other traffic were not transported, even though this other traffic pays lower rates. That benefit to the higher-priced rail customers occurs because the lower-priced traffic makes a contribution to the fixed costs of providing the rail capacity which is used by the rail customers who are paying the higher rates.

Thus, value-of-service rates are justified in the economic literature on the condition that there is excess capacity in the rail industry. Excess rail capacity was generally believed to exist from the inception of rail economic regulation to the present day. But, there was general agreement at the STB hearing on April 11, 2007, that there is no longer much excess rail capacity -- we are now faced with rail traffic congestion and the need to increase rail capacity on a scale not seen in the United States for the past 90 years.

If this is the situation, has the rationale for value-of-service rates also vanished? Maybe. The rationale for value-of-service rates might have vanished in those instances in which rail capacity expansion can be feasibly paid for by one rail customer, coupled with exclusive use of that increased rail capacity by that one rail customer. However, the opportunities for such rail capacity expansion projects would seem to be limited. In most foreseeable rail capacity expansion

projects, more than one rail customer currently is being served by the rail infrastructure before the rail capacity is expanded, and the expanded facilities would be capable of handling all the current customers -- plus new customers as well. In the vast majority of cases, therefore, the rationale for value-of-service ratemaking appears to be unchanged. That is to say, if each rail customer would have to pay more in the absence of other rail traffic on the new facilities, then value-of-service pricing benefits each rail customer.

In cases where one or a few rail customers provide most of the funding for a rail capacity expansion project, thought might be given to the option of allowing priority service to the rail customers who funded to major portion of the rail capacity expansion project. For example, some trains might need to wait on a rail siding while unit coal trains pass them. Prioritizing traffic occurs now, and such prioritization might, in most cases, already fit this pattern.

COULD OPERATING AND MAINTENANCE PROCEDURES, AND RAIL EMPLOYEE WORK RULES, BE MODIFIED SO AS TO IMPROVE RAIL CAPACITY USING CURRENT RAIL FACILITIES WITHOUT REDUCING SAFETY OR INCREASING RAIL EMPLOYEE FATIGUE OR STRESS?

Perhaps regularly scheduled train departures would promote greater rail operating efficiencies, particularly by reducing the time it takes to transfer the crew when a train travels over the tracks of more than one railroad. This would be an example of using best practices in order to improve rail capacity without the need for expenditures on new rail capacity expansion, rather than being an example of embedding best technology in new rail infrastructure. Using best practices might make a significant contribution to the goal of increasing rail capacity without the need to expend funds to expand rail infrastructure.

Rail employee work rules might be another possible example worth consideration by the Board: do current rail employee work rules deter the best possible utilization of rail physical facilities? Could some rules be relaxed without reducing rail safety or increasing rail employee fatigue or stress?

The Board might wish to suggest possible ways to improve operating and maintenance procedures, and rail labor work rules, without unduly harming the economic well-being of rail labor and the safety of the railroads and the public

The Board might suggest possible ways to compensate rail labor for economic losses which it might experience as a result of changes in operating and maintenance procedures, and in work rules, that are intended to improve the utilization of rail physical facilities.

Could train scheduling, dispatching, monitoring and coordination be improved as a way of improving the utilization of physical facilities and the through-put of more rail traffic using current facilities? Could the scheduling of maintenance of rolling stock, locomotives, and infrastructure be improved as a way of increasing traffic through-put using current facilities? Such changes might cost less than building new physical facilities. The Board might wish to look into these and other possibilities for increasing rail capacity as a way of assuring the greatest increase in rail capacity at the least cost to railroads, rail customers, and the general public.

SHOULD WE MAKE A STRONGER EFFORT TO EMBED NEW TECHNOLOGY AS WE INCREASE RAIL CAPACITY?

Railroads have been shrinking their infrastructure, especially tracks, signals and routes, for about the past 90 years. This process has been encouraged by public policymakers and rail

customers as a way to improve rail operating efficiencies and lower rail transportation costs to rail customers. Now we have the prospect of a shortfall in rail capacity and the possible need to significantly increase rail capacity over the next several decades.

Some projections of future needs for expanded rail capacity might turn out to have been too high, particularly if we factor in the probability of economic downturns, unexpected changes in technology and in consumer preferences, and the possibility of damped consumption resulting from concerns about global warming or for other reasons.

However, rail service quality and reliability seem to many rail customers to have diminished over the past several years due to lack of sufficient rail transportation capacity. These rail customers, and the railroads themselves, are calling for higher rates of investment in new rail facilities.

New rail infrastructure has a long expected useful life, often as much as 30 or 40 years. Thus, the technology we embed in that new rail infrastructure might be difficult and expensive to upgrade and replace for a very long time. The prospect of significantly increasing rail capacity, coupled with the long expected useful life of that new rail infrastructure, raises the issue of whether we are doing enough to embed the best possible technology in that new infrastructure.

One possible example of a technology used in another industry that could perhaps be adapted to work in the rail industry is called time domain reflectometry (TDR). TDR uses magnetic fields to "look around corners" to find defects in fiber optic cables. Perhaps the technology could be adapted to "look" several hundred yards down a railroad track, in the dark or around corners, to find defective rails or to find obstacles, such as another train, a truck, a car, a cow or a person.

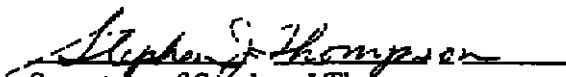
Greater use of positive train control might be another example of the use of the best possible available technology that should be embed in new rail capacity expansion Use of GPS tracking of trains might be yet another.

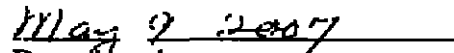
There might be many other examples of technology that perhaps could be adapted to improve rail operating and maintenance efficiency.

Perhaps the Board should help give the issue of embedding best technology in new rail infrastructure higher visibility, and encourage the Congress, the Federal Railroad Administration, the Rail Progress Institute, the Association of American Railroads, the Transportation Research Board, and others, to find ways to embed the best possible technology into the new rail capacity expansion projects.

DECLARATIONS

I, Stephen J Thompson, declare, under penalty of perjury, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this pleading Further, I certify that I have served all parties of record in this proceeding with this document by United States Mail


Signature of Stephen J Thompson


Date signed

219262

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The discussion might also be enriched by including an analysis of why those additional costs to rail customers, and electricity users, are justified, compared to the other options for funding rail capacity expansion. One possible benefit to current rail customers, and their customers, could be that their cost for rail transportation might be lower, over the life of the new rail capacity expansion, by paying more in the beginning, and less later, because paying now avoids interest payments, and avoids the need to generate revenues in the future to pay the debt itself.

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Accelerated depreciation for tax purposes on investments in rail capacity expansion is an option which could be suggested to Congress as an alternative to a 25% tax credit -- or alternatively, both options could be suggested to Congress

ARE THERE OPTIONS THAT MIGHT MAKE A RAIL TRUST FUND MORE ACCEPTABLE TO RAILROADS AND RAIL CUSTOMERS?

At the hearing in the present STB proceeding, Ex Parte No 671, that was conducted on April 11, 2007, there was discussion of the possibility of creating a rail trust fund for expanding rail capacity

An option for such a rail trust fund that was discussed at the hearing would be to levy a tax on rail fuel and dedicate the revenues from that tax to the expansion of rail capacity. Some rail customers have expressed support for it, while some rail carriers object to the concept. "Proposals for a rail trust fund call for most of the money to be raised from railroads and rail customers, while the proceeds would be distributed by the government", said Peggy Nasir, a spokeswoman for the Association of American Railroads. "Funding for rail transportation infra-

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Because the rail trust fund would be used only to expand rail transportation capacity, current infrastructure would not be directly affected -- only expenditures on projects that expand rail capacity would be entitled to funding from the rail trust fund. A rail trust fund that would be administered by the users of the rail transportation system presumably would remove the political pressure to which the rail spokesperson referred in the quotation above from Traffic World when she expressed concern that the funds might be used for projects unrelated to railroads.

These 2 options regarding how funds in the rail trust fund would be generated and spent might improve the chances for establishing a rail trust fund, compared to the options presented at the Board hearing on April 11, 2007.

One further point regarding a rail trust fund might be worth consideration by the Board and by the Congress. As discussed above, rail capacity expansion projects funded by the rail trust fund could be funded by tax revenues levied on a variety of rail customers, rather than from tax revenues levied on railroads. This feature of the rail trust fund opens the possibility of allowing, where appropriate, "open access" on such new rail facilities, something like the access on

terminal railroads, and the access on reciprocal switching among railroads. That is to say, the use of the new rail capacity facilities would not need to be limited to use by the locomotives, rolling stock or the employees of any particular railroad, although the facilities might be owned by the rail trust fund, or by an individual railroad, or by a public-private partnership

ARE "VALUE-OF-SERVICE RATES" STILL JUSTIFIED ON EQUITY GROUNDS?

Value-of-service rates have been justified in the economic literature on the grounds that the higher rates paid by some rail customers would be even higher if other traffic were not transported, even though this other traffic pays lower rates. That benefit to the higher-priced rail customers occurs because the lower-priced traffic makes a contribution to the fixed costs of providing the rail capacity which is used by the rail customers who are paying the higher rates.

Thus, value-of-service rates are justified in the economic literature on the condition that there is excess capacity in the rail industry. Excess rail capacity was generally believed to exist from the inception of rail economic regulation to the present day. But, there was general agreement at the STB hearing on April 11, 2007, that there is no longer much excess rail capacity -- we are now faced with rail traffic congestion and the need to increase rail capacity on a scale not seen in the United States for the past 90 years.

If this is the situation, has the rationale for value-of-service rates also vanished? Maybe. The rationale for value-of-service rates might have vanished in those instances in which rail capacity expansion can be feasibly paid for by one rail customer, coupled with exclusive use of that increased rail capacity by that one rail customer. However, the opportunities for such rail capacity expansion projects would seem to be limited. In most foreseeable rail capacity expansion

projects. more than one rail customer currently is being served by the rail infrastructure before the rail capacity is expanded, and the expanded facilities would be capable of handling all the current customers -- plus new customers as well. In the vast majority of cases, therefore, the rationale for value-of-service ratemaking appears to be unchanged. That is to say, if each rail customer would have to pay more in the absence of other rail traffic on the new facilities, then value-of-service pricing benefits each rail customer.

In cases where one or a few rail customers provide most of the funding for a rail capacity expansion project, thought might be given to the option of allowing priority service to the rail customers who funded to major portion of the rail capacity expansion project. For example, some trains might need to wait on a rail siding while unit coal trains pass them. Prioritizing traffic occurs now, and such prioritization might, in most cases, already fit this pattern.

COULD OPERATING AND MAINTENANCE PROCEDURES, AND RAIL EMPLOYEE WORK RULES, BE MODIFIED SO AS TO IMPROVE RAIL CAPACITY USING CURRENT RAIL FACILITIES WITHOUT REDUCING SAFETY OR INCREASING RAIL EMPLOYEE FATIGUE OR STRESS?

Perhaps regularly scheduled train departures would promote greater rail operating efficiencies, particularly by reducing the time it takes to transfer the crew when a train travels over the tracks of more than one railroad. This would be an example of using best practices in order to improve rail capacity without the need for expenditures on new rail capacity expansion, rather than being an example of embedding best technology in new rail infrastructure. Using best practices might make a significant contribution to the goal of increasing rail capacity without the need to expend funds to expand rail infrastructure.

Rail employee work rules might be another possible example worth consideration by the Board. Do current rail employee work rules deter the best possible utilization of rail physical facilities? Could some rules be relaxed without reducing rail safety or increasing rail employee fatigue or stress?

The Board might wish to suggest possible ways to improve operating and maintenance procedures, and rail labor work rules, without unduly harming the economic well-being of rail labor and the safety of the railroads and the public.

The Board might suggest possible ways to compensate rail labor for economic losses which it might experience as a result of changes in operating and maintenance procedures, and in work rules, that are intended to improve the utilization of rail physical facilities.

Could train scheduling, dispatching, monitoring and coordination be improved as a way of improving the utilization of physical facilities and the through-put of more rail traffic using current facilities? Could the scheduling of maintenance of rolling stock, locomotives, and infrastructure be improved as a way of increasing traffic through-put using current facilities? Such changes might cost less than building new physical facilities. The Board might wish to look into these and other possibilities for increasing rail capacity as a way of assuring the greatest increase in rail capacity at the least cost to railroads, rail customers, and the general public.

SHOULD WE MAKE A STRONGER EFFORT TO EMBED NEW TECHNOLOGY AS WE INCREASE RAIL CAPACITY?

Railroads have been shrinking their infrastructure, especially tracks, signals and routes, for about the past 90 years. This process has been encouraged by public policymakers and rail

customers as a way to improve rail operating efficiencies and lower rail transportation costs to rail customers. Now we have the prospect of a shortfall in rail capacity and the possible need to significantly increase rail capacity over the next several decades

Some projections of future needs for expanded rail capacity might turn out to have been too high, particularly if we factor in the probability of economic downturns, unexpected changes in technology and in consumer preferences, and the possibility of damped consumption resulting from concerns about global warming or for other reasons

However, rail service quality and reliability seem to many rail customers to have diminished over the past several years due to lack of sufficient rail transportation capacity. These rail customers, and the railroads themselves, are calling for higher rates of investment in new rail facilities

New rail infrastructure has a long expected useful life, often as much as 30 or 40 years. Thus, the technology we embed in that new rail infrastructure might be difficult and expensive to upgrade and replace for a very long time. The prospect of significantly increasing rail capacity, coupled with the long expected useful life of that new rail infrastructure, raises the issue of whether we are doing enough to embed the best possible technology in that new infrastructure

One possible example of a technology used in another industry that could perhaps be adapted to work in the rail industry is called time domain reflectometry (TDR). TDR uses magnetic fields to "look around corners" to find defects in fiber optic cables. Perhaps the technology could be adapted to "look" several hundred yards down a railroad track, in the dark or around corners, to find defective rails or to find obstacles, such as another train, a truck, a car, a cow or a person

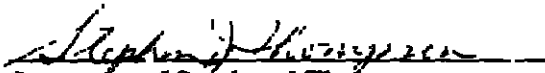
Greater use of positive train control might be another example of the use of the best possible available technology that should be embed in new rail capacity expansion Use of GPS tracking of trains might be yet another

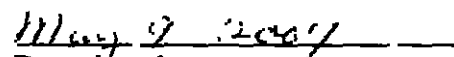
There might be many other examples of technology that perhaps could be adapted to improve rail operating and maintenance efficiency

Perhaps the Board should help give the issue of embedding best technology in new rail infrastructure higher visibility, and encourage the Congress, the Federal Railroad Administration, the Rail Progress Institute, the Association of American Railroads, the Transportation Research Board, and others, to find ways to embed the best possible technology into the new rail capacity expansion projects.

DECLARATIONS

I, Stephen J Thompson, declare, under penalty of perjury, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this pleading Further, I certify that I have served all parties of record in this proceeding with this document by United States Mail


Signature of Stephen J Thompson


Date signed