



March 23, 2023

Hon. Sam Graves
Chairman
House Committee on Transportation
and Infrastructure
2165 Rayburn House Office Building
Washington, DC 20515

Hon. Rick Larsen
Ranking Member
House Committee on Transportation
and Infrastructure
2163 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Graves and Ranking Member Larsen:

The undersigned organizations representing the majority of bulk commodities transported by our nations Class I railroads write to you to urge the Committee on Transportation and Infrastructure to prioritize a full committee hearing dedicated to the challenges and opportunities related to Class I freight rail transport reliability. Reliability and safety go hand in hand – staffing shortages and railroads' failure to adequately invest the resources required to ensure adequate capacity create challenges on both fronts. We urge Congress to take a holistic look at where reforms are needed in the rail industry.

Operating the largest and most cost-efficient freight system in the world, the Class I freight rail industry is critical to the success of the U.S. economy. However, several rail carriers severely underdelivered in 2022 on their obligations and commitments to their customers who rely on an efficient nationwide rail system.

Following an April 2022 Surface Transportation Board (STB) hearing on “Urgent Issues in Freight Rail Service,” the STB ordered Class I railroads to submit service recovery plans and provide additional data to support improvement. This is a welcome initial step in holding Class I carriers accountable and to ensure STB and Congress understand that shippers and the U.S. economy bear the brunt of the damage when rail carriers are not prepared to overcome obstacles, such as weather events or increases in rail demand. While rail service is presently improved, we need rail carriers to be prepared to overcome the next big obstacle.

Currently, there is little recourse for poor rail service, and in some cases, shippers can be held captive with no viable alternative shipping methods to deliver products to markets

due to what is effectively a monopoly over rail transport in some regions. It is critical for Congress to hold Class I railroads accountable.

As described below, our industries who rely on Class I rail need resilient and reliable rail service:

- U.S. coal is the largest volume commodity transported on our nation's railways. The U.S. is one of the largest metallurgical coal exporters in the world and demand is expected to increase 20 percent by 2030 to support infrastructure projects at home and abroad. Coupled with domestic energy utilities historically low coal stockpiles, some Class I railroads are forecasting continued demand for coal shipped by rail in 2023.¹ The U.S. Energy Information Administration finds that the cost of rail transport as a share of the total delivered cost of coal to electric utilities has increased from 36.6 percent in 2009 to 48.4 percent in 2020.² Inconsistent and poor service has frequently reduced coal production at mines, which has resulted in lost mining wages and jobs and tax revenue that supports community services. Rail service issues have created significant uncertainty for domestic hardrock mineral producers and their ability to meet customer obligations also. Longer transit times, missed switches, pickups, and restrictions on shipping cars without an official embargo notice or other official traffic measure has cost hardrock producers. As an example, freight rail service delays almost caused one processing plant to curtail production. To avoid production curtailment, the mine had to find an offsite storage solution for the ore at an added cost of \$600,000.
- Aggregates, including crushed stone, industrial sand, and construction sand and gravel are synonymous with infrastructure and energy development and play a crucial role in everything we touch - housing, roads, railways, bridges, tunnels, ports, water supply, sewers, electrical grids, and telecommunications. Freight rail is essential to supply these materials, especially in fast growing metropolitan areas, having moved 1.1 million rail cars of stone, sand, and gravel in 2020. The consequences of declining rail service and unwarranted price increases for aggregate shippers are delays and increased costs for business, consumers, and essential infrastructure projects. Several infrastructure projects around the U.S. have been delayed because of this poor freight rail service and is also leading to critically low to no inventory available at terminals for state and federal infrastructure projects across the country. Shipment delays continue to strain many projects, such as state DOT roads and bridges, airport resurfacing, hospital builds, and other critical infrastructure projects. Additionally, 30 percent of industrial sand is shipped nationally by rail; in the case of the largest U.S producers, almost 50 percent is shipped by rail. Industrial sand, among other uses, is a proppant required for the production of oil and gas from shale. Industrial sand

¹ Argus Coal Daily, Issue 23-15, P. 2, Jan. 24, 2023

² U.S. Energy Information Administration, Coal Transportation Rates to the Electric Power Sector; https://www.eia.gov/coal/transportationrates/pdf/Table%201_Real.pdf

is also the primary raw material necessary to produce all glass, including flat glass used in residential and commercial construction.

As you continue your work to schedule priorities before the committee, we urge the committee to take up this issue to support the economic success of our nation's major industries and the competitiveness of the freight rail industry. Thank you for your attention to this longstanding issue.

Sincerely,

The National Mining Association
The National Stone, Sand & Gravel Association