



ASSOCIATION OF
AMERICAN RAILROADS

Office of the President
Edward R. Hamberger
President and Chief Executive Officer

September 29, 2015

The Honorable Ashton Carter
Secretary of Defense
U.S. Department of Defense
1400 Defense Pentagon
Washington, DC 20301

Dear Secretary Carter:

I am writing to alert you to the critical need for Congress to act immediately to extend the December 31, 2015, statutory deadline for the installation and deployment of Positive Train Control, or PTC, on the nation's rail systems.

You should be aware of this looming issue because railroads and their shipping customers can't wait to see if Congress acts. They are today taking steps to prepare for what happens if the nation's rail network shuts down or is severely disrupted. Such actions could impact the proper functioning of the Department of Defense and your contractors that rely on railroads to support your mission.

Defense contractors that use freight rail for shipment of components in order to manufacture weapons for U.S. forces, military units that need freight rail to deliver refinery products to power their equipment – all such shipments could grind to a halt if Congress doesn't act before the end of October. At stake is nothing short of the efficient functioning of the U.S. economy, which is itself a national security issue.

From energy supplies for consumers and the U.S. armed forces, to chemicals that purify drinking water across the nation; from automobile parts and key commodities such as grain and coal, to commuter rail service around the country – the transportation of all goods and people over freight rail lines could grind to a standstill or be dramatically curtailed.

Major trade organizations, such as the American Chemistry Council, are warning of the danger, should Congress fail to act --- and act soon:

"A transportation shut down of this magnitude would have cascading impacts that would threaten the nation's food, energy and water supplies, as well as manufacturing, construction and nearly every other sector of the U.S. economy," the ACC said in a statement. "Even allowing the deadline to approach will have severe consequences as

companies need time to adjust transportation plans in the face of a shutdown of freight rail service.”

“The prospects of pervasive negative impacts across the country and throughout the economy are not theoretical as shippers, receivers and rail carriers confront a massive disruption in freight rail service,” said the National Industrial Transportation League, which represents companies that ship products over freight rail.

What is at the root of the problem? Congress requires that PTC be installed by the end of the year on some 60,000 route miles over which passengers and/or certain materials such as so-called toxic inhalation hazards (TIH) are carried. But given the unprecedented technical challenges developing and installing this state-of-the-art system, rail companies can’t meet the deadline – even after spending almost \$6 billion trying to do so.

Each of the nation’s major freight railroads has indicated that in the absence of congressional action, they may have to scale back or suspend services in order not to be in violation of the law.

In response to a request from Senator John Thune, Chairman of the U.S. Senate Committee on Commerce, Science & Transportation, Class 1 freight railroads submitted letters that provided stark warnings of the potential impact on freight and passenger transportation if the extension issue is not resolved in short order:

- **Union Pacific**: “We expect to issue the TIH embargo notice prior to Thanksgiving. Commuter operations would cease before midnight on December 31, 2015, and long distance passenger trains will stop originating several days earlier to ensure that all passengers reach their destinations before the deadline.”
- **BNSF**: The deadline “will impact all freight service, as opposed to only TIH...and passenger trains, on the lines where PTC is not fully installed and implemented...”
- **CSX**: The railroad “extensively uses commuter lines to provide freight rail service to...metropolitan areas like New York, Chicago, Boston, Miami, and Orlando... CSX is seriously considering suspending freight operations over these lines.” This would not only be for TIH, but “for all goods moving to and from these regions.”
- **Norfolk Southern**: The railroad’s “ability to conduct freight operations on the Amtrak-owned Northeast Corridor and other passenger lines after December 31 is uncertain....Our customers accessible only via passenger lines include automobile plants, major coal export terminals, chemical complexes, crude oil receivers, power plants, and even feed mills on the Delmarva Peninsula.”

- **Canadian Pacific:** The railroad is “evaluating a range of options...and has not settled on any particular course of action [but] we cannot rule out the possibility that CP might curtail [TIH] as well as intercity-passenger and commuter rail service on its main lines in order to remain compliant.”
- **Canadian National:** Without a deadline extension, “the threat of significant disruptions to freight and passenger rail traffic is very real...CN will have to weigh costly impacts on lines where PTC is mandated, almost certainly resulting in delays for our customers...”
- **Kansas City Southern:** Without an extension, “Clearly, there is a risk that freight and commuter railroads could be forced, either legally or financially, to slow, modify or maybe even stop some service in the worst case.”

When Congress originally mandated the installation of PTC in 2008, it set an arbitrary deadline that did not reflect the technological challenges to deploy this new technology safely and responsibly. The breadth of this task and the additional development needed to install and test it nationwide is why the freight rail industry – and the USDOT and the Government Accountability Office -- have warned for years that the current deadline can't be met.

Lawmakers should provide a deadline extension that would give railroads the necessary period of time to fully install, test, approve and validate the highly complex “system of systems” necessary for the safe and proper use of this technology.

For these reasons, I wish to underscore that Congress must act quickly to provide the rail industry with a clear and reasonable timeline for responsibly and safely implementing PTC.

If you agree, please convey your concerns to the House and Senate bipartisan leadership.

I stand ready to meet with you or your designee to further discuss this critical issue facing our country.

Sincerely,



Edward R. Hamberger
President and CEO