ASSOCIATION OF
AMERICAN RAILROADS

Ian Jefferies
President and Chief Executive Officer

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The Honorable Paul Tonko
Chairman
Subcommittee on Environment and Climate Change
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable John Shimkus
Ranking Member
Subcommittee on Environment and Climate Change
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Tonko and Ranking Member Shimkus:

On behalf of the Association of American Railroads, thank you for the opportunity to write to you and supply a statement for the record for the "Building a 100 Percent Clean Economy: Solutions for Planes, Trains, and Everything Beyond Automobiles" hearing on October 23, 2019. AAR members account for the vast majority of freight railroad mileage, employees, and traffic in Canada, Mexico, and the United States.

Greenhouse gas emissions in transportation are directly related to fuel consumption, which means the key to reducing transportation-related greenhouse gas emissions is reducing fuel consumption in transportation. America's freight railroads offer a simple, cost-effective, and meaningful way to do this, thereby helping to ensure a sustainable future for our planet.

Railroads, on average, are three to four times more fuel efficient than trucks. That means that moving freight by rail instead of truck reduces greenhouse gas emissions by up to 75 percent. We estimate that if just 10 percent of the freight that moves by Class 7 or Class 8 (the

largest) trucks moved by rail instead, fuel savings would be more than 1.5 billion gallons per year and annual greenhouse gas emissions would fall by more than 17 million tons — equivalent to removing some 3.2 million cars from the highways for a year or planting 400 million trees.

As an added benefit, moving more freight by rail also reduces highway congestion. According to the Texas Transportation Institute's 2019 Urban Mobility Report, highway congestion cost Americans $166 billion in wasted time (8.8 billion hours) and fuel (3.3 billion gallons) in 2017. Lost productivity, cargo delays, and other costs add tens of billions of dollars to this tab. A single freight train though can replace several hundred trucks, freeing up space on the highway for other motorists and eliminating greenhouse gas emissions from wasted fuel. Shifting freight from trucks to rail has the added bonus of reducing highway wear and tear and the pressure to build costly new highways.

According to data from the Environmental Protection Agency, freight railroads accounted for just 2.0 percent of transportation-related greenhouse gas emissions in 2017 and just 0.6 percent of total U.S. greenhouse gas emissions.

Over the years, America's freight railroads have taken a variety of steps to reduce how much fuel is needed to transport a given amount of freight. These steps include:

- Acquiring thousands of new, more fuel-efficient locomotives and removing from service thousands of older, less fuel-efficient locomotives;
- Developing and installing highly advanced fuel management systems that, among other things, calculate the most fuel-efficient speed for a train over a given route, determine the most efficient spacing and timing of trains on a railroad's system, and monitor locomotive functions and performance to ensure peak efficiency;
- Installing idling-reduction technologies, such as stop-start systems that shut down a locomotive when it is not in use and restart it when it is needed, and expanding the use of distributed power (positioning locomotives in the middle of trains) to reduce the total horsepower required for train movements;
- Increasing the amount of freight in rail cars and on trains due to improved freight car design and other factors. The amount freight railroads carried in an average train in 2018 was 3,661 tons, up from 2,923 tons in 2000, a 25 percent increase;
- Enhancing operating practices and rail car components to reduce fuel use, including using advanced lubrication techniques to reduce friction and improving the aerodynamic profile of trains to reduce drag;
- Providing employee training to help locomotive engineers develop and implement best practices and improve awareness of fuel-efficient operations; and
- Increasing the use of zero-emission cranes to transfer containers between ships, trucks, and trains at ports and rail facilities.

Thanks to railroads' efforts, in 2018, one gallon of fuel moved one ton of freight by rail an average of 473 miles — roughly the distance from Albany to Pittsburgh, or from Collinsville, Illinois to Knoxville, Tennessee. This 2018 figure represents a 101 percent improvement since

1980 and a 19 percent gain since 2000. From 2000 through 2018, U.S. freight railroads consumed 9.0 billion fewer gallons of fuel and emitted 100 million fewer tons of carbon dioxide than they would have if their fuel efficiency had not improved.

Railroads respectfully suggest that the cause of reducing greenhouse gas emissions would be well served if policymakers removed impediments to moving freight by rail and supported policies that incentivize shippers to ship by rail.

First, policymakers could adopt a more equitable system of funding non-rail transportation infrastructure. With respect to federally-funded capacity investments in public road and bridge infrastructure, the U.S. has historically relied upon a "user pays" system. Until relatively recently, that system worked well. Unfortunately, the user-pays model has been eroded as Highway Trust Fund (HTF) revenues have not kept up with HTF investment needs and have had to be supplemented with general taxpayer dollars. General fund transfers to the HTF since 2008 have totaled almost $144 billion, according to the Congressional Budget Office, and will require another $191 billion between 2020 and 2029 to keep the HTF solvent.

Unfortunately, moving away from a user-pays system has distorted the competitive environment by making it appear that trucks are less expensive than they really are and has put other modes, especially rail, at a disadvantage. America's freight railroads, which are almost entirely privately owned, operate overwhelmingly on infrastructure that they own, build, maintain, and pay for themselves. Congress could help ameliorate this modal inequity by reaffirming the "user pays" requirement, preferably through a vehicle miles traveled fee or a weight-distance fee.

Second, policymakers should retain existing commercial truck length and weight limitations. The taxes and fees that heavy trucks pay are already far less than the cost of the damage those trucks cause. This huge underpayment would only become even greater, and the freight transportation marketplace would become even more distorted, if truck size and weight limits were increased.

Third, greater use of rail-related public-private partnerships—under which public entities devote public dollars equivalent to the public benefits that will accrue from a project, while railroads contribute resources commensurate with the private gains expected to accrue—would also lead to more freight moving by rail. Without such partnerships, many projects that promise substantial public benefits (such as reduced greenhouse gas emissions by taking trucks off highways by increasing rail capacity for use by passenger trains) are likely to be delayed or never started at all because neither side can justify the full investment needed to complete them. Cooperation makes these projects feasible.

Fourth, policymakers should keep the existing system of balanced rail rate and service regulation. Today's balanced rail regulatory system has worked extremely well for railroads and their customers. However, some want to again give government regulators control over crucial

areas of rail operations. That would be a profound mistake because it would prevent America's railroads from making the massive investments a best-in-the-world freight rail system requires and would inexorably lead to less freight moving by environmentally-friendly rail.

Thank you again for providing me with the opportunity to provide a written statement.

Sincerely,

Ian Jefferies
President and Chief Executive Officer