



# ASSOCIATION OF AMERICAN RAILROADS

## FACSIMILIE

Urgent

For Review

Please Reply

Date: 9/26/02  
From: John Ullrich  
To: Phil Cooney

Pages: 1 of 3

Fax: 456-2710

Subject:

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**ASSOCIATION OF AMERICAN RAILROADS**  
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Edward R. Hamberger  
President and Chief Executive Officer

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September 26, 2002

By Facsimile

Mr. Jeffrey Holmstead  
Assistant Administrator for Air and Radiation  
Environmental Protection Agency  
1200 Pennsylvania Avenue, N.W.  
Washington, DC 20004

Dear Mr. Holmstead:

I am writing concerning EPA's proposed Ground Freight Transportation Initiative (GFTI), which, as EPA has stated in its Program Overview, is aimed at reducing freight sector energy consumption and climate change emissions. Although the Association of American Railroads (AAR) is strongly supportive of this initiative's goal, I am extremely disappointed that the program does not adequately recognize the significant environmental advantages of moving freight by rail, and concerned that the concept of singling out "green" companies cannot sensibly be applied to the rail industry and its customers.

The draft report prepared for EPA by ICF Consulting, entitled *Industry Options for Improving Ground Freight Fuel Efficiency*, recognizes that "efficiency gains may be available in ground freight that can reduce both costs and emissions" and that "substantial" opportunities exist for improvements and efficiency gains with respect to greenhouse gases, energy use, and congestion. AAR fully agrees with this assessment.

Although the ICF report admits "freight rail is four to seven times more fuel-efficient than freight trucking," neither the report nor the GFTI makes "any recommendations about the relative attractiveness of opportunities in one sector over another." If the GFTI is to make a difference, the EPA must be willing to recognize the tremendous benefits of rail transportation in general, and especially of rail intermodal service (the movement of containers or trailers by rail). The GFTI should encourage and support shippers who shift freight from truck to rail both in carload and intermodal service.

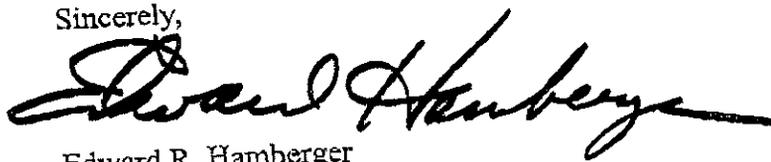
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The AAR is also concerned that the approach taken by the GFTI cannot practicably be applied to the rail industry, where the seven Class I railroads account for 91 percent of U.S. rail freight volume (on a revenue basis). These companies operate similar equipment — in fact, their freight cars are interchanged freely from one carrier to another, and there are only two manufacturers of freight locomotives — so differences in fuel efficiency are largely the result of differences in geography and the types of traffic handled. To single out one or two of these companies as more environmentally sound than the others would not reflect the realities of railroad operations.

In short, AAR believes that EPA is missing a golden opportunity to use the Ground Freight Transportation Initiative to advance the public health and welfare by rewarding shippers who switch their cargo from truck to rail. For this reason, I would like to request a meeting with you to discuss restructuring the initiative to properly recognize the reality — that rail carload and rail intermodal service can provide major societal benefits in terms of fuel efficiency and environmental protection. Because of the freight rail industry's equipment uniformity and interchangeability, I also hope to discuss with you revamping the initiative to exclude the designation of only selected railroads as environmentally superior.

I will follow up with your office shortly to arrange a mutually convenient meeting time.

Sincerely,



Edward R. Hamberger

cc: The Honorable Christine Todd Whitman  
Administrator

The Honorable Thomas Gibson  
Assistant Administrator for Policy, Economics, and Innovation

The Honorable John Beale  
Deputy Assistant Administrator for Air and Radiation