

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

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Public Record**

DOCKET NO. EP 763

**MONTANA RAIL LINK, INC.
PETITION FOR RULEMAKING
CLASSIFICATION OF CARRIERS (49 C.F.R. 1201)**

**COMMENTS OF THE
AMERICAN SHORT LINE AND REGIONAL RAILROAD ASSOCIATION**

ASLRRA is a non-profit trade association representing the interests of approximately 600 short line and regional railroad members and railroad supply company members in legislative and regulatory matters. Short lines operate 50,000 miles of track in 49 states, or approximately 30% of the national freight network, connecting manufacturers, businesses and farmers in communities and small towns to larger markets, urban centers, and ports. Our railroad members operate in 49 states and in some cases account for the state's entire rail network. Class II and III railroads play a vital role in maintaining rail service over hundreds of miles of light density lines throughout the country that in many cases were candidates for abandonment by their former Class I owners. These small railroads have short lengths of haul, high fixed costs, and large capital needs for infrastructure investment, including the task of upgrading bridges and track to handle heavier freight cars. They also face pervasive competition from trucks, barges, and transloading operations for freight traffic.

On February 14, 2020, Montana Rail Link, Inc. ("MRL") filed a petition for rulemaking to amend the Surface Transportation Board's ("STB" or "Board") rail carrier classification regulation found at 49 C.F.R. 1201, General Instructions § 1 -1(a) ("MRL's Petition"), which describes the

revenue thresholds for the classes of railroads for accounting and reporting purposes.¹ MRL is currently classified as a Class II carrier. MRL's Petition sought to have the STB increase the revenue threshold for changing from a Class II carrier to a Class I carrier to \$900 million. On September 28, 2020, Board proposed amendments to its rail carrier classification regulations. The proposed amendments would raise the Class I revenue threshold from \$504,803,294 (as adjusted for inflation) to \$900 million and have the effect of excluding MRL (and other similarly situated carriers) from Class I status unless they have met the proposed revenue threshold for three years.

ASLRRA fully supports the Board's proposed amendments. As further elaborated upon in our June 15, 2020 comments to this Docket, this proposal recognizes the significant operational and financial differences between MRL and similarly situated Class II railroads as compared to Class I railroads, will permit MRL and other similarly situated regional railroads to continue to efficiently serve their customers, and will allow these railroads to retain the benefits contained in the Short Line Rehabilitation Tax Credit and the Railroad Industry Agreement.

Respectively submitted,

A handwritten signature in cursive script that reads "Sarah Yurasko".

Sarah G. Yurasko
General Counsel
American Short Line and Regional Railroad Association
50 F Street NW Suite 500
Washington, DC 20001

October 29, 2020