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Cynthia T. Brown
Chief of the Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street SW
Washington, D.C. 20423

Re: Gulf Coast Passenger Service Between New Orleans and Mobile
STB Finance Docket No. 36496

Dear Ms. Brown:

R. J. Corman Railroad Group is headquartered in Nicholasville, KY, and relies on the freight rail service provided by CSX Transportation, Inc. I write on behalf of R. J. Corman Railroad Group to express concerns regarding the potential precedent setting impact on our nation's efficient freight rail network if Amtrak's proposed Gulf Coast passenger service between New Orleans, Louisiana and Mobile, Alabama is allowed to proceed without evaluating impacts on connecting short lines' ability to efficiently compete and serve its customers.

R. J. Corman Railroad Company (a subsidiary of R. J. Corman Railroad Group) is a short line operator in 11 states* that relies on Class 1 railroads, such as CSXT, to connect to the national freight network. Consistent, reliable, and cost efficient Class 1 rail service is critical to the success of our business and our customers. The quality of service CSXT provides makes freight rail the most efficient transportation alternative to maintain and grow our business. Introducing services that limit rail capacity without regard to understanding the impacts on freight rail efficiency and the ability to meet the demands of our customers is a significant concern.

CSXT and Norfolk Southern Railway Company have submitted evidence, including a Rail Traffic Controller study that shows the introduction of Gulf Coast passenger service between New Orleans and Mobile will cause significant harm to freight service. This harm will manifest itself through decreased freight train speeds, higher dwell times and extreme operational variability. Although our short line does not operate in this region, our concern over the precedent of proceeding without proper due diligence is justified. Due to the capital and asset-intensive nature of the first mile/last mile delivery business, our short line railroads often operate on extremely thin margins and some years at a loss. Many of our lines depend on a single larger customer (or a few customers) that enable us to remain an on-going concern, and even so are not viable on a stand-alone basis, without cross-subsidies from our other lines, joint Class I or customer investments, or capital transfers from other business divisions. We are

therefore forced, by the nature of our business, to carefully tailor our service and plan our capital investments accordingly. We work very closely with our Class I partners and our customers to avoid over/under engineering our services, so that we remain in a position to cover our operating expenses and the cost of the capital invested in our assets. While we welcome Amtrak to this joint effort, we are convinced that ignoring or bypassing this thoughtful joint planning process and imposing Amtrak service on our short lines railroads without consideration for this fragile equilibrium that takes years to establish and a huge deal of effort to maintain, has the potential to increase our operating and maintenance capital requirements, placing in jeopardy our ability to service our customers economically, and will result in volume losses and, in extreme cases, the need to cease operations on certain short line railroads that become unable to recover their cost of capital due to operating and capital cost increases and loss of volume and customers.

R. J. Corman Railroad Group does not oppose passenger service and expresses no opinion on the merits of that service. However, it is important that the introduction of this passenger service does not decrease the quality of freight service provided by our class 1 partners such as CSXT. It is our understanding that CSXT and NSR have proposed infrastructure projects that would support Amtrak's desired passenger service while protecting the quality of freight service that R. J. Corman Railroad Group relies on. R. J. Corman Railroad Group urges the Board to seriously consider the merits of these projects.

It is unfair for Amtrak to insist on operating passenger service without regard to the businesses it will share the corridor with. If Amtrak is permitted to commence passenger service without paying its own way, the cost of that service will inevitably fall on the shoulders of our shippers. Shippers like R. J. Corman Railroad Group will either be forced to turn to more expensive and less efficient alternatives to rail or will wind up subsidizing passenger service through increased rail service costs as CSXT and NSR are pressed to add infrastructure to stem the degradation to freight service.

The former scenario poses a real threat to the viability of short line operators who may only have a limited number of customers. Every carload is critical and the loss of one major customer could result in cutbacks and job losses in that community. Attracting new industries is the lifeblood of every short line. Increased delivered costs due to unreliable service and delayed shipments severely impacts our ability to grow and contribute to the local economies.

The Board has an obligation to protect the interests of all parties that rely on the national rail network, not just those of passenger rail. Amtrak's desire for access to the Gulf Coast or any Rail Corridor with no strings attached is not only harmful to freight rail service, but untenable given the substantial funding it received from Congress last year. R. J. Corman Railroad Group requests that the Board require Amtrak to fund and facilitate the construction of infrastructure projects so as to avoid any harm to freight rail service.

Respectfully submitted,



Ed Quinn
R. J. Corman Railroad Group

‘*’ Short line represented by state

<u>Kentucky</u>	Bardstown Line (RJCR)	Central KY Lines (RJCC)	Memphis Line (RJCM)	
<u>Alabama</u>	Childersburg Line (RJAL)			
<u>Mississippi</u>	Tennessee Terminal (RJCK)			
<u>North Carolina</u>	Carolina Lines (RJCS)			
<u>South Carolina</u>	Carolina Lines (RJCS)			
<u>New York</u>	Owego & Harford Line (OHRY)			
<u>Ohio</u>	Cleveland Line (RJCL)	Western Ohio Lines (RJCW)		
<u>Pennsylvania</u>	Allentown Lines (RJCN)	Lehigh Line (LRWY)	Luzerne & Susquehanna Line (LS)	Pennsylvania Lines (RJCP)
<u>Tennessee</u>	Nashville & Eastern Line (NERR)	Nashville & Western Line (NWR)	Memphis Line (RJCM)	
<u>Texas</u>	Texas Lines (RJCD)			
<u>West Virginia</u>	West Virginia Line (RJCV)			

cc: FD 36496 Service List