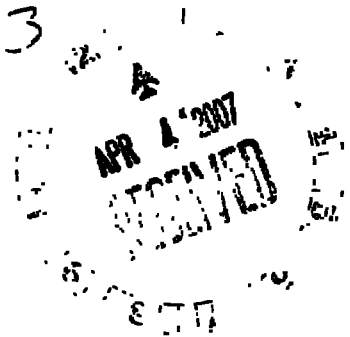




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April 4, 2007

Via Hand Delivery:

The Honorable Charles Nottingham
Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20024

Re.: Docket No. EP_671_0
RAIL CAPACITY AND INFRASTRUCTURE REQUIREMENTS

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APR 4 - 2007

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Public Record

Dear Chairman Nottingham,

Please consider this letter as the opinion and recommendation statement of the members of the North American Alliance of Automotive Manufacturers (the Alliance) for inclusion in the above-captioned proceeding. The Alliance has nine members: BMW Group; DaimlerChrysler Corporation; Ford Motor Company; General Motors Corporation; Mazda North American Operations; Mitsubishi Motors North America, Inc.; Porsche Cars North America, Inc.; Toyota Motor North America, Inc.; and Volkswagen of America, Inc.

Opinion:

It is the independent opinion, expressed jointly, of the members of the Alliance that the current North American transportation infrastructure is inadequate to address the projected increase in demand for transportation services over the next 15 years and requires a coordinated effort supported by Federal, State, and municipal governments, the transportation service providers, and the international shipping community to develop an innovative and equitable plan for infrastructure design, funding, construction, and maintenance that will promote North American industry and the efficient flow of materials and finished products into the future.

Specifically regarding the rail infrastructure, the Alliance supports the findings presented in the AASHTO – 2003 Freight Rail Bottom-Line Report regarding forecasted volume growth, physical infrastructure congestion points, and the commodities that will be driving demand through 2020. Although the financial performance of the North American railroads has been extremely positive since 2002, and record capital is being earmarked by the railroads to satisfy

BMW Group • DaimlerChrysler • Ford Motor Company • General Motors
Mazda • Mitsubishi Motors • Porsche • Toyota • Volkswagen

pent-up capital requirements for current operations and expansion projects, the Alliance still sees commercial risk to the automotive market if railroad capital projects do not consider the full range of needs from all of the commodities that rely on the railroads and their common carrier responsibility.

Intermodal volume is forecasted to continue the rapid growth that it has demonstrated over the last 20 years and represents the primary demand growth for rail services in North America for the next 20 years. Intermodal is also the commodity that has the most competitive alternatives for transportation services which creates a healthy commercial pricing environment for global shippers. However, the risk exists for those commodities that have fewer competitive alternatives, yet rely heavily on rail transportation, or represent flatter volume growth to the railroads, that commercial rates may be leveraged due to the captivity of those customers to subsidize the capital investment in the more competitive “franchises” on the railroads.

Automotive growth through 2015 is forecasted at a modest 8.4%, nowhere near the double digit growth forecasted for intermodal, and is heavily reliant on the railroads to effectively service the daily volume of business, satisfy the need for specialized equipment, as well as support the geographic scope of the end market. Therefore, for commodities such as automotive, the issue is not only with the level of investment, but the intelligent infrastructure design and effective distribution of assets for the railroads to competitively satisfy their responsibility as a common carrier without putting undue economic pressure on those commodity shippers captive to the railroad through geography, specialized equipment needs, or scope of volume.

The North American railroads have done a fantastic job in improving their range of services, increasing productivity, and streamlining their operations to satisfy the demands of the North American marketplace over the last 27 years and are an integral part of the North American economy, as on-going concerns in their own right and as primary transportation service providers for nearly every raw material, food, and product category consumed in North America and abroad. We encourage and support the North American railroads in their efforts to modernize and improve the national infrastructure; however, there is a need for a national focus to support the railroads in their efforts.

Therefore, the Alliance’s opinion is that reliance on internal rail infrastructure design and investment alone will not be adequate to satisfy the long-term demand for efficient rail services and that there is a strong need for a national rail infrastructure plan that considers the range of commodity needs, that allows the railroads to adequately invest in growth areas without putting undue economic burden on captive commodities, and promotes access to certain public funding mechanisms and public-private partnership options to achieve a robust, efficient, and competitive national rail industry.

Recommendation:

It is the Alliance’s recommendation that the Surface Transportation Board consider sponsoring a national effort to develop a comprehensive infrastructure plan that addresses the

forecasted needs of the shipper community and the public interest over the next 15-20 years, that participation in the effort include the rail industry, the shipper community (with broad commodity representation), and the various governments and public interest parties, as well as the financial communities. The following conditions should also be considered:

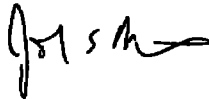
- Infrastructure investment must satisfy railroads, shippers, & the public interest
- Yard and terminal capacity must be expanded to satisfy projected volume increases
- Projects must promote co-production and/or operational cooperation amongst railroads
- Consideration for open access to competitive rail alternatives
- Any projects that include public funding must have direct, or demonstrable indirect, benefit to a broad scope of commodities and shippers

It is our opinion that the carriers, shippers, and public interest will benefit from the recommended considerations outlined above through:

- Improved customer satisfaction
- Reduced operational costs to shippers
- Increased profitability for carriers through improved productivity
- The development of opportunities for growth in affordable rail service offerings for all commodities

Thank you in advance for your consideration.

Sincerely,



John T. Whatley
Vice President & General Counsel