

# Transportation Communications Union/IAM

*International Association of Machinists and Aerospace Workers*



**Robert A. Scardelletti**  
*National President*



June 3, 2011

Mr. Dan Elliott, Chairman  
Surface Transportation Board  
395 E Street, S.W.  
Washington, DC 20423

Dear Mr. Elliott:

On behalf of the more than 50,000 members of the Transportation Communications Union (TCU/IAM) who work in the freight and passenger rail industry, I am respectfully requesting an opportunity to testify at the upcoming June 22 hearing on Ex Parte 705, rail to rail competition.

TCU/IAM members work together with over 120,000 other railroad workers who are represented by the American Train Dispatchers Association; International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers; Brotherhood of Maintenance of Way Employees; Brotherhood of Locomotive Engineers and Trainmen; Brotherhood of Railroad Signalmen; International Association of Machinists and Aerospace Workers; International Brotherhood of Electrical Workers; National Conference of Firemen and Oilers; Sheet Metal Workers International Association; Transport Workers Union of America; and United Transportation Union.

The economic wellbeing of our members is our Union's number one priority. And that wellbeing is directly connected to the financial health of the railroad industry. 98% of railroaders stay in the industry their entire working career. Rail union jobs depend upon a financially viable industry that can earn sufficient returns on its investments to provide the middle class jobs our country needs -- the kind of jobs that allow Americans to pursue the American dream.

Railroading is a very capital-intensive industry that requires huge investments in infrastructure and equipment. Since 1980, railroads have invested \$480 billion in capital expenditures. To continue the quality of service the railroads provide, significant ongoing investments must be made in rolling stock, signaling equipment, repair facilities, tracks and employee training. These comprehensive and complex investments require entities that are financially strong.



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Any STB regulation that would require two railroads to serve every rail customer would have severe economic consequences for the rail industry and cost thousands of jobs. TCU has first-hand experience with the unintended consequences of STB decisions that penalize railroads. Immediately after the 2009 STB decision on the rate case brought by Basin Electric against BNSF, where the railroad was ordered to lower Basin's rail rates by \$350 million, BNSF furloughed more than 100 TCU Carmen and other shop craft employees. The timing of this decision couldn't have come at a worse time for the employees. It took place at the height of the worst recession in our nation's history since the Great Depression. The STB may have felt justification in providing relief to Basin Electric; however, it came at a heavy price to the BNSF employees.

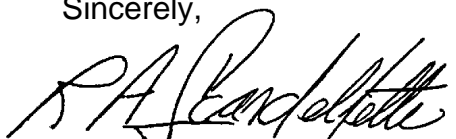
I witnessed firsthand the bankruptcies of the Northeast railroads in the 1970's, which led to Congress passing The Regional Rail Reorganization Act and subsequently the Staggers Rail Act -- a clear acknowledgement that railroads all across the United States were hemorrhaging money. The railroad industry and the country cannot afford to go back to those days.

Any further shifting of the regulatory balance toward shippers would result in greater job losses and wage and benefit suppression. Large corporations who ship by rail may receive financial benefits from a new regulation that would require two carriers to serve every shipper, but such a regulation by the STB would come at the expense of the railroad industry, the workers and their families in the form of a financial loss. We would once again experience a loss in rail jobs as a result of government regulations at the very time that these types of middle class jobs are vitally needed.

Putting the financial health of the railroads at risk would also jeopardize the Railroad Retirement System; thereby, affecting the retirement of more than 545,000 railroad retirees and their families who depend on their monthly benefits.

This letter serves as both -- our request to testify and our oral testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "R.A. Scardelletti". The signature is written in a cursive, flowing style with a large initial "R".

Robert A. Scardelletti  
National President