



Committee on Transportation and Infrastructure  
U.S. House of Representatives  
Washington DC 20515

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May 12, 2021

The Honorable Gene L. Dodaro  
Comptroller General of the United States  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, D.C. 20548

Dear Comptroller General Dodaro:

In recent years, numerous stakeholders have raised concerns about the railroad management strategy known as precision scheduled railroading (PSR). Using variations of this strategy, it appears that Class I railroads have streamlined operations and otherwise cut costs in pursuit of lower operating ratios for short-term revenue gains. Stakeholders are concerned that the rise of the PSR model has come at the expense of long-term capital investments,<sup>1</sup> reduced rail infrastructure,<sup>2</sup> affected service for some shippers,<sup>3</sup> and caused dramatic workforce cuts<sup>4</sup> and safety concerns.<sup>5</sup>

In light of the importance of the issue, the railroads' common carrier obligations, and Amtrak right of preference, we ask that you study the impact on freight rail shippers, Amtrak, commuter railroads, railroad employees, and other affected parties due to changes in freight railroad operating and scheduling practices as a result of the implementation of the PSR model.

At a minimum, please examine the impact of PSR on:

- (1) train size, including use of longer trains, and the corresponding safety and service effects;

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<sup>1</sup> Jim Blaze. "What's the 2020 Outlook for Railroad Capital Expenditures?" Railway Age. Available at: <https://www.railwayage.com/regulatory/whats-the-2020-outlook-for-railroad-capital-expenditures/>

<sup>2</sup> 2020 Morgan Stanley 8th Annual Laguna Conference Presentation. Norfolk Southern. Slide 4. Available at: <http://www.nscorp.com/content/dam/nscorp/get-to-know-ns/investor-relations/presentations/2020/Morgan-Stanley-2020-presentation.pdf>

<sup>3</sup> Paul Ziobro. "Railroads Want to Move Faster. Shippers Are Paying a Price." The Wall Street Journal. May 29, 2019.

<sup>4</sup> 2020 Morgan Stanley 8th Annual Laguna Conference Presentation. Norfolk Southern. Slide 5. Available at: <http://www.nscorp.com/content/dam/nscorp/get-to-know-ns/investor-relations/presentations/2020/Morgan-Stanley-2020-presentation.pdf>

<sup>5</sup> Aaron Gordon. "It's Going to End Up Like Boeing?: How Freight Rail Is Courting Catastrophe." Vice. Available at: <https://www.vice.com/en/article/y3gnnv/malaysia-train-mrt-traffic-public-transportation-problem>

- (2) safety impacts associated with reductions in workforce, including occupational injury rates, impacts to inspection frequencies, inspection adequacy, repair quality, and changes in workforce levels;
- (3) the elimination or downsizing of yards, repair facilities, and other operational facilities;
- (4) increases in demurrage or accessorial charges or other costs to shippers;
- (5) capital expenditures for rail infrastructure;
- (6) changes to dispatching practices and locations of dispatching centers;
- (7) increases to the size of signal territories;
- (8) the on-time performance of passenger trains;
- (9) the quality, availability, and reliability of service to freight shippers within a range of industries, particularly shippers that are small and/or geographically remote; and
- (10) railroads' ability to respond to changes in demand or market conditions, particularly in light of reductions in capital asset and workforce levels.

Please provide a report summarizing the study and its results, including recommendations for addressing any impacts of PSR on labor, freight shippers, passenger railroads, or railroad safety.

Sincerely,



Peter A. DeFazio  
Chair



Donald M. Payne, Jr.  
Chair  
Subcommittee on Railroads,  
Pipelines, and Hazardous Materials