

June 15, 2005

Mr. [CEO]
[Address Block]

Re: Fall Peak Service Demands and Infrastructure Improvements

Dear Mr. [CEO]:

As you know, the United States Surface Transportation Board carefully monitors the Class I railroads' performance levels, and works in close cooperation with both rail carriers and their customers on service issues. The Board does so to fulfill its statutory responsibility to administer the rail provisions of the Interstate Commerce Act.

Last year, in light of the unprecedented increase in demand for rail freight services, I asked each of the Class I railroads to provide the Board with its plans for addressing the increased demand for freight rail services associated with the fall shipping season, known as the "fall peak." I also asked each railroad to describe its plans for communicating its peak season plans with its customers.

I am pleased that despite the unprecedented volumes tendered to the railroads during the 2004 fall peak season, the railroads were able to handle these demands without any significant degradation of system fluidity and performance. I believe that the fall peak responses provided by the railroads to the Board were not only helpful to our agency and industry stakeholders, but the publication of these plans helped maintain a more fluid transportation network during the fall peak and kept customers better informed about what they could expect from the railroads during that period.

Since last fall, all of the railroads have continued to work to improve their service offerings and overall operational performance, despite continued increases in demand for service. Looking ahead to the rest of 2005 however, I am concerned that this increase in demand is constraining the transportation system in general and the freight rail system in particular. It is challenging the ability of Class I carriers to provide the necessary crew, equipment and track capacity to satisfy the freight transportation demands. And the railroads' performance metrics recently have shown the impact that volume and weather-related stresses can have on system fluidity and customer service in some regions.

In light of these concerns, this year I am again asking each of the Class I railroads to report to the Board on their plans for handling the 2005 fall peak shipping season. In particular, I would like to know your view of this year's expected fall peak demands, and how you believe those demands will affect your railroad in particular and the rail industry in general. Therefore, I request that you provide the Board with the specifics of your service and operational plans for this year's fall peak, focusing on:

- The steps your railroad is taking to ascertain demand for, and to prepare for, the fall peak;
- Your railroad's performance goals for at least the next 120 days, with a view toward meeting the service demands for the fall peak; and
- Your railroad's plan is for achieving those goals.

In addition to detailing these operational plans, over the past two years it has become apparent that many of the service issues experienced by railroads and their customers are related to insufficient rail capacity. Therefore, I would like you to provide the Board with the following capital-related information:

- Your railroad's capital plans for increasing capacity in 2005;
- Identification of your railroad's critical capacity-related infrastructure needs; and
- Your railroad's plans for addressing those critical capacity-enhancing infrastructure needs and your expectation for timely completion of those improvements.

Finally, a critical component of your preparations for the 2005 fall peak is your plan to communicate this information to the customers you serve. Therefore, please describe how you intend to share your plans for the upcoming fall peak with your customers.

Our shared objective must continue to be to work toward achieving the highest possible level of operating efficiency for the railroad industry and service reliability for the shipping public. I ask that you respond to this letter and provide the Board with this information within 30 days. And please keep in mind that as has been the case in the past, I expect to make your responses public.

I believe that our nation has the world's best freight rail system, which is a critical part of our nation's economic health. I look forward to your response and continuing to work together to ensure that the shipping public and our nation receives the best possible rail service.

Sincerely,

Roger Nober
Chairman

cc: The Honorable W. Douglas Buttrey
The Honorable Francis Mulvey
Mr. Edward R. Hamberger