

August 18, 2010

Testimony of Joseph H. Gerdes III, Executive Director of the Keystone State Railroad Association before,

The Pennsylvania Senate Transportation Committee

Good morning Chairman Rafferty, and members of the Transportation committee. Thank you for allowing me to speak today on behalf of the membership of the Keystone State Railroad Association, an association representing many of the Commonwealth's Class I, II, and III railroads, non-operating railroad owners, and numerous vendors and suppliers to the railroad industry. It is a pleasure to be with you today.

I appreciate the opportunity to discuss freight railroads role in Pennsylvania's modern transportation infrastructure. I have several of my railroad members here with me today and I realize you may have questions so I will be brief. I understand this committee knows all too well the challenges facing our state's transportation infrastructure and our industry certainly understands the complexity in trying to find a solution on how to fund the many vital projects out there. It is a daunting task you have before you. As you go about putting together a solution for this vexing problem, I think it's important to highlight the

success' of the partnership you have already created with the rail industry in Pennsylvania. Through the Rail Freight Assistance Program (RFAP) and the Rail Transportation Assistance Program (RTAP) you have created a great public private partnership. This is a partnership that is working and is helping to prepare Pennsylvania's transportation infrastructure for tomorrow. Thanks to you, Pennsylvania has been a leader in partnering with the rail industry to insure rails vital place in Pennsylvania's transportation system. As you know, one thing is certain; the amount of freight that will be moving through the Northeast and particularly Pennsylvania will be growing at an astronomical rate over the next ten to fifteen years. This coupled with increased vehicular traffic will put a tremendous strain on our roads, bridges and highways. The Commonwealth's freight rail network will be a vital pressure relief valve to help move this freight and help to keep commerce and people moving efficiently in Pennsylvania. It's also important to highlight that the many of the areas serviced by our railroads, particularly our Class II and III railroads, are areas that might well be cut off from any future economic expansion because of a lack of efficient and reliable transportation to get their goods to market. A great example of this is the recent

Marcellus Shale boom. My colleagues from the Wellsboro & Corning Railroad will tell you first hand how their railroad is a vital link to this emerging industry.

The funding provided by the state through the Rail Freight Assistance Program (RFAP), and the Rail Transportation Assistance Program (RTAP) have been an important partnership with our industry and have an immediate and direct effect on our economy but most importantly will pay tremendous dividends in years to come. Although the Rail Freight Assistance Program (RFAP) was zeroed out this year during budget negotiations, money was added to the capital budget to offset any negative impact. We hope with your help to restore this program in this year's budget. This program, which is reserved for the Class II and III railroads allows them to invest in projects they may not have been able to fund by themselves and is an extremely important program for them.

Again, Mr. Chairman, thanks to you and to your colleagues for your leadership in helping to foster and grow our Commonwealth's rail freight infrastructure. Our Governor, and our legislature, on both sides

of the aisle, have been great partners with our industry and we look forward to working with you to insure this important partnership continues.

Again, thank you for the opportunity to appear before you today and I yield the floor back to the Chairman.