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Chlorine Institute Asks Federal Rail Administration to Reconsider Positive Train Control Rule Due to Faulty Cost-Benefit Analysis

ARLINGTON, Va. (March 16, 2010) – While it strongly supports a new regulation that requires railroads to implement technology capable of making rail movements safer, the Chlorine Institute, Inc. (CI) today asked the Federal Railroad Administration (FRA) to re-issue the rule with a corrected cost-benefit analysis.

The Positive Train Control (PTC) rule, which was published Jan. 14, 2010, drastically underestimates the rule's benefits, according to a CI-commissioned follow-up cost-benefit study¹ by L. E. Peabody & Associates, Inc., Alexandria, Va. This faulty analysis could foster a situation that would allow railroads to impose on shippers of chlorine and other toxic inhalation hazard (TIH) chemicals an unfairly large share of the costs of applying PTC technology, CI told the FRA in a petition filed today.

"[T]he railroads have already announced that they will attempt to recover their investment in PTC from those shippers offering TIH materials for rail movement," CI President Arthur Dungan wrote. "These efforts will have a direct and substantial impact on prospective TIH rail shippers and a strong incentive to move TIH shipments from the safer rail mode to the less-safe highway mode of transportation. Certainly, TIH shippers also will be negatively impacted by the railroads rolling their PTC investments on regulated shipments into their regulatory rate base, thereby leading to a double recovery of PTC costs well into the future..."

The CI-commissioned cost-benefit analysis found that the final rule underestimated the net direct and indirect benefits of implementing PTC by \$12 billion-plus. In addition to safer operation, key benefits to railroads, shippers and the public afforded by the PTC rule include:

- Fuel savings for railroads from better fuel monitoring and more efficient operations;
- Increased rail-line segment capacities;
- Improved rail equipment reporting, monitoring and utilization;

(more)

- Improved rail dispatching operations leading to greater efficiency;
- Reduced total cost for all rail shippers resulting from improved rail transit times and reliability, and
- Decreased highway crashes, congestion, maintenance costs and truck emissions, all of which would result from fewer trucks on roads as shippers take advantage of better rail service (and/or reduced rail rates), and shift freight shipments from truck to rail.

“To arbitrarily exclude vast sums on the benefit side of the cost/benefit analysis is to fatally prejudice the result in a manner that is wholly unacceptable, and inconsistent with the most basic cost/benefit models,” the CI petition states. “Given the undeniable flaws in the cost/benefit analysis relied upon by FRA, and given the substantial economic harm to TIH shippers, including chlorine shippers, that would result from the use of that flawed analysis, FRA should reconsider its final rule insofar as its cost/benefit analysis is concerned.”

In comments filed last August on the proposed rule, CI endorsed widespread application of PTC as part of a holistic approach to rail safety and security across all mainline tracks, not just those carrying passengers and TIH materials.

(Editors: The Chlorine Institute, Inc., petition to FRA; the CI-commissioned cost-benefit analysis by L. E. Peabody & Associates, Inc., and interviews with a CI official are available upon request to Joe Walker, 703-491-3301 or walkercom2@aol.com.)

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The Chlorine Institute, Inc. is an Arlington, Va.-based trade association supporting the North American and global chlor-alkali industry by fostering continuous improvements to safety, security, and the protection of human health and the environment connected with the production, distribution and use of chlorine and other chlor-alkali mission chemicals. The Institute provides numerous technical publications that can be freely downloaded from our [web site](#) to assist members and non- members to more safely and security handle our mission chemicals.

¹ “Positive Train Control Benefits Analysis: Updated Statement of Total Benefits and Restatement of FRA Cost-Benefit Analysis Based on FRA Costs and Updated Benefits,” March 3, 2010.