



**To: Senate Transportation Committee
Sen. Mike Petersen, Chairman**

From: Ed McKechnie, Chief Commercial Officer, Watco Companies, LLC

Date: Thursday, February 19, 2015

Re: Written Testimony in Opposition to Senate Bill 164

Mr. Chairman and members of the committee, thank you for the opportunity to offer testimony in opposition to SB 164.

I represent Watco Companies, Kansas's largest short line holding company. We own three railroads, with collectively more than 1,243 miles of rail that serves rural Kansas from Missouri to Colorado and two of our states urban centers in Wichita and Kansas City.

Senate Bill 164 is bad public policy. First, it would not achieve its stated goal of improved safety. Second, it would be a tremendous financial burden Kansas railroad Customers, producers and consumers.

Let's start with safety. There is a long history of technological improvements in the railroad industry leading to productivity gains while, at the same time, setting new safety records. The advent of diesel locomotives eliminated the need for firemen; end-of-train (EOT) devices eliminated the need for a caboose and personnel at the end of the train; and remote controlled locomotives (RCL) have eliminated the need for locomotive engineers on many yard jobs.

The proposal outlined in SB 164 runs counter to trends, both in the US and abroad, that are driving the use of single-person train crews.

Moreover, the railroad industry is in the process of implementing federally mandated positive train control (PTC) on some 60,000 miles of railroad track (and at a total cost, including 20 years of maintenance, of up to \$13.2 billion). PTC is designed to provide additional remote and continuous monitoring of train crews to automatically override any human error in controlling train speed and movements. By its design, PTC-based monitoring will render redundant the additional person in multiple-person train crews on affected routes.

Internationally, the use of single-person crews for trains is widespread in developed markets similar to the United States in size and complexity. In Europe



and Australia for example, the use of single-person crews is the dominant practice on many freight railroads, including those in Germany, France, Sweden, Australia, the United Kingdom, and Queensland/New South Wales.

Safety Analysis and Comparison

A study by Oliver Wyman, a global management consulting firm, was commissioned comparing aggregate statistics on relevant equipment incidents and casualty incidents for 2007 through 2013 for operators using single-person crews (Amtrak, commuter operators, and INRD) versus operators using multiple-person crews (Class I and other regional freight railroads). Across equipment incidents (derailments and collisions) and casualty incidents (serious injuries and fatalities), the analysis found that single-person train crew operations were as safe as multiple-person train crew operations.

For the US versus Europe, Oliver Wyman developed a comparative data set for 2007 through 2012 for US Class I rail operators and a selection of major European freight railroads that make use of single-person train crews. Oliver Wyman analyzed safety data for collisions, derailments, serious employee injuries, fatalities, and signals passed at danger. For all of these categories, major European operators using single-person crews appeared to be as safe as Class I multiple-person crew operations.

In addition, it is worth noting that there has been a positive long-term trend of declining rail accident risk within the European Union (EU), despite significant cuts in railroad staff and the expansion of single-person crew operations. In fact, those EU countries with the best safety records (least fatalities and weighted serious injuries per million train-kilometers) are all countries where railroads operate with single-person crews.

Economic Analysis

Oliver Wyman also developed an economic model to establish the value of single-person crew operations to the US Class I freight railroad industry. Two scenarios were modeled to represent the range of potential single-person crew operating options: the removal of trainmen (i.e., conductors) from all road trains without intermediate work, and the removal of trainmen only from road trains operating on high-density lines (on low-density rail lines, the use of round-the-clock utility



personnel would be far more expensive than retaining the trainman position on the few trains operating over those lines). Together, these two scenarios bracket the range of operational configurations that railroads could employ when implementing single-person crew operations.

Oliver Wyman modeled the savings that would be realized by the railroads on an aggregate basis under each scenario for 2013 and for 2020 through 2029 (since single-person crew operations are unlikely to be fully implemented prior to 2020). In both scenarios, the railroads would realize significant reductions to their cost of operations.

Rail is used to move nearly every class of product bought and sold in Kansas. It is both safe and cost effective. The changes proposed in SB 164 will not achieve greater safety. However, it will certainly result in higher costs on everything moved by rail, an increase that will by necessity be felt by everyone.

Put simply, if you it moves by rail to get to you, SB 164 will increase your costs to buy it.

The rail industry has taken a proactive stance to keep rail traffic the safest and most cost effective means of shipping goods and products, and we are committed to continuing to do so. SB 164 moves us in the wrong direction and I urge the committee to reject its passage and maintain the current rules and regulations. Thank you very much for your time and attention.