

Statement of Karen J. Hedlund

Nominee to be a Member of the Surface Transportation Board

Before the U.S. Senate Committee on Commerce, Science, and Transportation

June 24, 2026

Chairman Cruz, Ranking Member Cantwell, and Members of the Committee, thank you for the opportunity to appear before you today as the President's nominee for a second term on the Surface Transportation Board.

I also want to thank my sons Erik and Alex, their remarkable wives, and my grandchildren Mira, Leo and Soleil who could not be there today but are tuning in out there in radioland.

I am honored by the attendance here today of my fellow Board Members, Chairman Fuchs and Vice Chairman Schultz, whom I have had the great pleasure of working closely with over the last four years. My experience serving on the Board since January 2022 has been one of the most fulfilling of my long and varied legal and governmental career.

As a practicing project finance attorney, I advised state and local governments on major infrastructure projects all across the country, including in most of the States represented on this Committee. Among others, I advised on:

- A privately developed toll road in Texas;
- The Anchorage, Alaska airport;
- The Triangle Parkway near Raleigh, North Carolina;
- Power projects in Montana and Arizona;
- A toll road in Minnesota;
- Stadiums and dormitories for the University of Illinois and the University of Notre Dame;
- The Las Vegas Monorail;
- I-470 and T-REX, the Transportation Expansion Project, in Colorado;
- The Hudson-Bergen Light Rail Line in New Jersey; and
- P3 advice to the State of Delaware.

I began my federal government career in 2009 where I first served as Chief Counsel of the Federal Highway Administration, then moved over to the Federal Railroad Administration as Chief Counsel and then Deputy Administrator to help them set up their first real grant program to distribute American Recovery and Reinvestment Act funding for rail projects. I also oversaw loans to short-line railroads. In addition, I served as representative of FRA on the Boards of the Moynihan Station Development Corporation and Washington, DC's Union Station.

I returned to the private sector in 2015 where I worked on the start-up of the Northeast Corridor's Gateway Project in New York, and the Portland and Seattle to Vancouver rail project in the Pacific Northwest Corridor. Then in 2021, this Committee advanced my nomination for my first term on the Surface Transportation Board. I was sworn in January 2022. And what a ride it has been.

The beginning of my first term coincided with a service crisis besetting the railroad industry and impacting the nation's supply chain.

During several public hearings, the Board's focus was on improving rail service, strengthening competition, and increasing transparency across the network. The Class I railroads acknowledged that service challenges had been exacerbated by deep workforce reductions, prompting the Board to require more detailed service reporting, data-driven recovery plans, and greater public visibility into operations. These measures have contributed to improved performance and clearer accountability.

In the same time period, the Board addressed competition issues and expanded transparency in both freight and passenger rail through an investigation into Amtrak on-time performance; hearing Amtrak's petition to re-inaugurate their service on the Gulf Coast; and evaluating a then-largest railroad merger since 2001, that of Canadian Pacific Railway and Kansas City Southern Railway.

Today, the Class I CEOs say they are focused on growth. And the shortline railroads are working hard to develop new business on their lines as the retail partners of the Class Is.

I also want to mention how we are handling the important work of the agency with a relatively small but very capable and dedicated staff of 114, primarily consisting of lawyers, economists, and analysts. Under the managerial leadership of Chairman Fuchs, we recently reorganized our legal staff to give us more flexibility, and we are working on making our data collection efforts more user-friendly to our stakeholders and the public.

In everything we do, we take guidance from the federal Rail Transportation Policy set forth in 49 USC § 10101, which instructs us that in regulating the railroad industry, it is the policy of the United States Government, among other things,

“to ensure the development and continuation of a sound rail transportation system with effective competition among rail carriers and with other modes, to meet the needs of the public and the national defense.”

As a result of all this, I would consider it a great privilege to be able to continue to serve the public interest—and the national defense—through a second term on the STB.

I look forward to your questions.