

EP 711 (Sub No. 1)

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2016 DEC -2 PM 5:39

OFFICE OF CHAIRMAN
C. W. Moorman
President and Chief Executive Officer



ENTERED
Office of Proceedings
December 2, 2016

November 22, 2016
Part of
Public Record

The Honorable John Thune
Chairman
Committee on Commerce, Transportation,
and Science
U.S. Senate
Washington, DC 20510

The Honorable Bill Shuster
Chairman
Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, DC 20515

The Honorable Bill Nelson
Ranking Member
Committee on Commerce, Transportation,
and Science
U.S. Senate
Washington, DC 20510

The Honorable Peter DeFazio
Ranking Member
Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Thune, Chairman Shuster, Ranking Member Nelson, and Ranking Member DeFazio:

I am writing to express Amtrak's concerns about the decision of the Surface Transportation Board (STB) to adopt a new policy that would require freight railroads to provide reciprocal switching between points served by a single railroad and points where that railroad could interchange traffic with another railroad.

Amtrak has a unique perspective on the effects of the STB's new policy. We are the only railroad that operates from coast to coast, and throughout the national rail network. Our 21,300-mile route system serves 46 states and the District of Columbia. We own only 656 miles—about 3 percent—of that route system, and dispatch and/or maintain an additional 268 miles. The vast majority of our route mileage is owned by the seven Class I railroads, and used primarily for freight service.

Amtrak is concerned that the new reciprocal switching policy may adversely impact the performance of our national network trains, particularly in congested terminal areas such as Chicago. Additionally, based on our understanding of the policy, we believe it could lead to otherwise unnecessary increases in freight operations on the Northeast Corridor (NEC) and other Amtrak and publicly owned passenger rail lines, and make it more difficult for Amtrak and our state partners to improve and expand intercity passenger rail service.

Our greatest concern is that additional freight train and switching operations under the new policy could adversely affect the on-time performance of our long distance and state-supported routes. The average all-stations on-time performance of our long distance trains was just 55.1 percent in 2016. Ten state-supported short distance routes had all-stations on-time performance below 80 percent. Freight train interference is the largest cause of delays.

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Implementation of reciprocal switching likely will require additional freight operations to move trains and freight cars to different and additional interchanges. Additional switching operations needed to interchange freight traffic may increase rail network congestion that could adversely affect Amtrak trains.

We are particularly concerned about the impact of reciprocal switching in congested terminal areas such as Chicago. Chicago is the most important interchange on the North American freight rail system. It is also Amtrak's most important connecting hub. Fifty-six Amtrak trains originate or terminate there each day, enabling passengers to connect to and from trains serving the East, West and Gulf Coasts, and the network of corridor trains we operate in partnership with Midwestern states.

In October 2014, my predecessor, Joseph Boardman, created the Chicago Gateway Blue Ribbon Panel to examine rail network congestion in the Chicago area that was adversely impacting Amtrak, commuter and freight rail service. The Panel, whose members included the late, former STB Chairman Linda Morgan, delivered its report in October 2015. It can be found at:

<https://www.amtrak.com/servlet/ContentServer?c=Page&pagename=am%2FLayout&cid=1251629400213>.

The Panel concluded that Chicago's rail infrastructure was woefully inadequate to accommodate existing rail operations, let alone projected future increases in freight and passenger traffic. It found that rail network congestion in Chicago produces delays that reverberate throughout the national rail network, and inhibits expansion of Amtrak service and development of high speed rail in the Midwest.

Reciprocal switching would likely obligate the six Class I railroads that serve Chicago to *increase* the number of freight cars they interchange with each other there. Needless to say, that could make a very bad situation worse.

The STB's new policy could also adversely impact dozens of passenger railroad and public authority-owned rail lines throughout the United States. Although these lines are mostly used for high density Amtrak and/or commuter rail services, most also have numerous freight rail shippers. The most significant of these lines is the predominantly Amtrak-owned NEC between Washington and Boston. The NEC, and its connecting, Amtrak-owned lines to Springfield, Massachusetts, and Harrisburg, Pennsylvania, are currently served by approximately 60 freight trains a day, in addition to 140 Amtrak trains and approximately 2,000 commuter trains. As on the freight railroad-owned portions of the rail network, reciprocal switching on the NEC could require additional, otherwise unnecessary, freight train operations. This could degrade the performance of Amtrak and commuter trains, and reduce already limited windows for track maintenance and infrastructure upgrades.

Finally, Amtrak is concerned about the impact of the STB's new policy on freight railroads' ability to earn sufficient revenues to maintain and invest in the rail lines over which Amtrak operates. As the Blue Ribbon Panel noted in its report, addressing Chicago's rail congestion program will require major

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investments by the freight railroad industry and Amtrak's general position is that these carriers should be investing more in their infrastructure across the nation to ensure that there is sufficient capacity to support all rail traffic. Likewise, freight railroad investment in the NEC is essential to maintain existing freight rail operations and accommodate future growth in the Northeast.

The freight railroad industry's financial position has improved markedly since the bankruptcies of the 1970s that led to the adoption of the regulatory policies currently at issue. However, freight rail traffic has experienced a nationwide decline over the past year. Many freight railroad-owned lines, including lines over which Amtrak operates, have seen precipitous reductions in shipments of commodities that accounted for most of their traffic. Reduced revenues from lower freight volumes are requiring freight railroads to scale back capital expenditures. Speeds are already being lowered on some lines to reduce maintenance costs, and freight operations have ceased on others as railroads consolidate traffic. Thus, any changes in regulatory policies that would reduce railroads' ability to fund necessary capital investments on the rail lines over which we operate are deeply concerning to Amtrak.

In summary, the debate on changing freight rail policies has, thus far, focused exclusively on the interests of freight rail shippers and freight railroads. However, Amtrak has a major stake in the future performance of the Nation's rail network. Therefore, we believe that the STB and federal policymakers should thoroughly take into consideration the impact of the STB's proposed changes on Amtrak, our 31 million annual passengers, our 20,200 employees and our state and commuter partners before any final decisions are made. We stand ready to further discuss these important issues with you and we appreciate your support for Amtrak.

Sincerely,

A handwritten signature in black ink that reads "Charles W. Moorman".

C. W. Moorman
President and Chief Executive Officer

cc: Daniel R. Elliott, III, Chairman, STB
Deb Miller, Vice Chairman, STB
Ann D. Begeman, Member, STB