TESTIMONY

OF

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BEFORE THE

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

WEDNESDAY, OCTOBER 29, 2008 – 9:30 A.M.

Good morning. My name is William Crosbie, and I am the Chief Operating Officer for Amtrak, a position I have occupied since 2003. I am responsible for the conduct of daily operations and for the engineering and maintenance work necessary to keep a fleet of more than three hundred trains a day on the track and on time.

As the first Amtrak officer to appear before this body since the President signed the Rail Safety Improvement Act into law, on behalf of our President, Alex Kummant, and the 18,828 other employees of Amtrak. I would like to thank those members of this Committee who played such pivotal roles in getting it passed. To Chairman Oberstar, Mr. Mica, Ms. Brown, and Mr. Shuster, I would extend our heartfelt appreciation for all of your efforts. We are confident that this act will do much to strengthen Amtrak and encourage more effective intercity passenger rail service in the years to come.

I appreciate the opportunity to be here today to discuss our infrastructure and equipment needs in the context of a national recovery effort. In a moment, I will lay out for you a number of projects that we have ready to go that will generate work and jobs in our facilities and on our right of way, as well as providing work for our vendors and suppliers. I would like to emphasize that the rehabilitation of our fleet will allow us to take some concrete measures to supply the transportation capacity we need. People use our trains for a variety of reasons. They go to work, take business trips or personal travel, and we provide them with a safe, economical, and environmentally friendly mode of transportation. These are durable projects; as you will see, many of the structures we propose to upgrade have lasted for decades, and some for more than a century, so we expect that the investments we make today will have enduring value; we will be

realizing benefits from them for decades to come. This resilience is one of the unique characteristics of the railroad industry, and I think it's important to touch here on the vital importance of the national rail network, and the full range of freight and passenger services that it carries, to the American economy.

(Slide 1)

I want to start by mentioning the growth in ridership we have experienced. FY07 was a record year for Amtrak ridership, and we broke that record in FY08. Our total ridership grew more than 11% this year, and while some of that growth was on our traditionally well-patronized Northeast Corridor services, we are seeing growth on corridors in the Midwest, California, and elsewhere. As the economy has softened, we have seen some drop in ridership on the NEC, and we are keeping a close eye on our other services. We are a little concerned about the near term, but we recognize that this is a moment to plan and invest for the future.

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Rising gas prices have contributed significantly to our ridership growth. Railroads enjoy some inherent mechanical advantages, and those translate into economic advantages, particularly in a time of rising fuel prices. We do have some increased costs, but economies of scale allow us to move larger numbers of riders without a corresponding increase in costs, and our Northeast Corridor services are electrified. Electrification allows us to run faster services and is not

dependent on imported oil. But the infrastructure is aging and capital intensive, and requires a program of continuing investment to keep the lines and equipment in operation.

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Amtrak needs five kinds of investment right now – 1) investment in the Northeast, where we own the railroad and parts of the electrical infrastructure, 2) investment in improvements on existing routes, 3) investments in our existing fleet, and 4) investment in new equipment that will replace aging coaches and locomotives, sustain existing services, deal with growth, and inaugurate new services. And if we are to fulfill the vision that's embodied in the recent Amtrak reauthorization bill, we are going to need money to expand our range of corridor offerings – that's the fifth category.

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Our immediate capital needs fall into two categories – infrastructure and rolling stock. We have already budgeted for the return of 12 Amfleet cars to service in FY09, and we would like to get all of the 81 Amfleet cars that are currently out of service back into service. These will help us to deal with growth needs.

The infrastructure needs of the Northeast Corridor are also pressing. Currently, our engineering staff estimates that we could get to work relatively quickly on $70 million of projects previously submitted to the Committee staff. For example, station and facility projects require no special

scheduling to avoid disruptions to trains, and some of the work could be done by contracting with construction firms. In addition to these projects, we have identified $87 million worth that could be undertaken if the money was forthcoming. Approximately $11 million of the $160 million total would be directed toward projects that would improve Amtrak's compliance with the Americans with Disabilities Act.

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One area where we would invest is in our aged and aging mechanical facilities, particularly the Wilmington and Beech Grove shops, which are over a century old. Our mechanical facilities are in great need of improvement and rehabilitation, and targeted investments would improve working conditions and shop efficiency for a relatively small cost.

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Our electric traction system is one of our great competitive advantages. It allows us to move trains at up to 150 mph, but much of the electrical infrastructure dates from the 1930s – the frequency converters shown here, on our Harrisburg line, were installed in 1938. Failures in the electrical system can bring the entire railroad to a halt until we can substitute diesels or make repairs. Upgrades and improvements to key components will improve our system resilience considerably.

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As part of the process of returning the Northeast Corridor to a state of good repair, we have begun reconstruction of the ventilation and access systems, and firefighting equipment for the tunnels that allow trains to reach Manhattan from the north and south. We do not currently have enough money to fund the program at the desired level, but the addition of $10.8 million would allow us to continue the work of improving those systems that have not yet reached the end of their life cycle, and replacing those that have.

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Here is an example of one of the larger station projects we need to undertake. Thirtieth Street Station is the third busiest station in the system. It's a registered historic landmark, but it requires significant exterior work. We estimate that the entire project of repairing and sustaining the façade will cost $32 million, but the first phase could be undertaken for $5 million.

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These vital systems support an infrastructure and a fleet that are carrying a heavy load. The chart on the right is a plot of ridership in coach class on our Regional trains for one week in late July. Every red square indicates a train that was more than 85% full at some point in its trip. Almost half of our trains (49%) were more than 85% full, and 62% were more than 75% full. There is still some room, but the heavy growth in demand in recent years and the very heavy utilization of

our fleet suggest that we are facing a coming capacity crunch if we don't get more equipment into service – particularly as our fleet ages.

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We have improved our maintenance processes for these cars, and improved organization of work, material availability, and quality process are allowing us to get more mileage out of every car, a benefit that will also accrue to stored equipment when we return it to service. This will not be enough to meet the long-term demand. We currently have 81 Amfleet cars in storage, and we would like to return them to service. Doing so would provide headroom for growth, it would get us some equipment to use on new short distance corridors or on expansion of service in places where the demand is growing at double-digit rates, like the Chicago-Milwaukee *Hiawatha*s, and it would relieve some of the stress on the fleet.

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We are also preparing plans and specs for the next generation of equipment. The AEM-7 electric locomotives are the backbone of our NEC services. The first one entered service in 1979. They are approaching the end of their useful life, and our Heritage fleet of diners and baggage cars is far older – many of them date from the 1940s. We also need to get fifteen new sleepers for our single level fleet, which generally operates on Chicago and Florida trains that terminate in New York City. The total cost for this will be around $540 million.

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As you are no doubt aware, H.R. 2095 requires us to work with the FRA to implement Positive Train Control, or "PTC" systems on main lines. I am pleased to be able to say that Amtrak is in the forefront of the industry in the introduction and use of PTC, and we have two active systems. The Advanced Civil Speed Enforcement System, or "ACSES," is in use on parts of the Northeast Corridor, and the Integrated Train Control System is employed on parts of our Michigan line. The cost of extending these systems to fully equip Amtrak-owned rolling stock and rail lines will be in the vicinity of $120 million.

I should note that this estimate does not include some key costs. It doesn't include the cost of implementing PTC on tracks that Amtrak uses and equipment Amtrak doesn't own on the Northeast Corridor, such as Metro-North Commuter Railroad. Nor does it include the cost of equipping Amtrak trains to operate on the lines of the freight railroads outside of the Corridor. These are going to be separate expenses, and we will let the Committee know the costs we expect to incur once the freights' implementation plans are developed. We are concerned the Federal Railway Administration does not have the resources to handle nationwide PTC as required by H.R. 2095. As they are under a continuing resolution that keeps them at the 2008 level of funding, they won't have the opportunity to add resources until they get a budget. This could potentially harm our ability to move swiftly on PTC implementation.

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There are also a number of projects Amtrak could undertake that are significantly larger, but carry the potential for longer-term employment and expansion, as well as the extension of service. It is not unrealistic to project the improvement of a passenger rail corridor to extend or inaugurate 110 mph service, and a route of perhaps 100 miles could be greatly improved for considerably less than a billion dollars – for example, our line between Chicago and Detroit. The portion that is owned by Norfolk Southern faces an uncertain future, and I think it's fair to say that the total cost of purchasing and rehabilitating it would not exceed $300 million; if that were combined with $100 million that the US DOT has projected for the construction of a third track between Chicago and Porter, Indiana, we could move people between Detroit and Chicago at twice highway speed for less than a billion dollars.

There are also several major projects that could help Amtrak deliver faster and more reliable service. The CREATE project is a plan designed to improve rail access to the city of Chicago, and Amtrak is interested in several portions of the larger project. Amtrak is contributing money to the Englewood flyover project, and there are other areas where Federal money could partner with private and state funds to obtain significant improvements for passenger service.

I would also observe that Amtrak's needs for compliance with the Americans with Disabilities Act are significant. Estimates for the total cost vary. Under current ADA standards, the estimated cost ranges from $250 to $500 million; if the DOT implements a proposed rule on full length platforms for level boarding, the total cost rises to the $1.2 to $1.6 billion range. If the money could be provided, we could probably get a fairly quick start on some of these projects, since much of the work would be done by outside contractors.

In closing, I would like to express my appreciation for the opportunity to testify. Our capital needs are significant, but we do have the ability to address some of them in the near term, given sufficient funding. Many of the projects I have discussed would quickly confer a range of benefits on the company, the nation, and the traveling public, reliability and safety foremost among them, and I would urge you to consider them as you deliberate in the coming days. This concludes my statement, and I would be happy to answer any questions you might have.