

NATIONAL RAILROAD PASSENGER CORPORATION

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Richard H. Anderson
President and Chief Executive Officer

May 29, 2018

Mr. Robert G. Donnelley
President
American Association of Private Railroad
Car Owners
333 North Michigan Avenue, Suite 2200
Chicago, Illinois 60601-4104

Mr. W. Roger Fuehring
President
Rail Passenger Car Alliance
P.O. Box 296
Scottsburg, Indiana 47170

Dear Mr. Donnelley and Mr. Fuehring:

Thank you for your letter of April 30 regarding Amtrak's mission, recent changes in our policies, and our commitment to a national passenger rail network. Your letter raises many complicated issues, and I have responded to them in order below for the sake of clarity.

Analyzing the National Network

My remarks at the April 19 California Rail Summit reflect the fact that since joining Amtrak, I have concluded that there are important service questions that have gone unquestioned and unchanged for far too long. Some parts of Amtrak's business have operated in the same manner for 47 years, and the world is changing around us. Passengers today have different expectations, desires, and alternatives than they did in the past. For Amtrak to respond to these changes and remain relevant, we need to review carefully how we allocate our resources, deploy our assets, and position our products. To fail to do so would be a disservice to the American taxpayers, to our customers, and to the heritage of American passenger railroading.

The percentage of end-to-end ridership on our long-distance trains is not meaningless. It points directly to the fact that the markets and customers that those trains attract should be better served by Amtrak. I see no reason not to be open to looking at our network and products from a fresh perspective. While change can be difficult and solutions to some of the objections you raise may not be immediately apparent, we have a responsibility to consider how best to serve our current customers and the future of the national railroad system. We must dedicate the time and thought needed to work through these issues to determine if there are not ways we can offer more compelling markets that offer value to a greater number of passengers in a manner consistent with the mission we have been given by Congress.

We agree that passenger rail can be an important engine for economic growth and development throughout the nation. We agree that there are challenges with asking the states to fund long-distance trains in their current form. And we agree that to terminate the long-distance trains with nothing to take



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their place would result in a crippled transportation network that would greatly diminish the value our trains offered to our customers and the communities they serve.

However, viable transportation businesses are not static and must evolve with the needs of our growing and changing markets. We are thinking carefully about how to attract the largest number of customers with an approach that is relevant, fresh, and financially sustainable.

Improving Dining Options

While you are clearly disappointed with the changes we will soon implement to dining service on the *Capitol Limited* and the *Lake Shore Limited*, I must point out that we have feedback from many customers that our current offering isn't successful on these routes, and we felt the time was right to increase the quality of the food we offer our passengers and make our dining choices fresher and more contemporary. While some may enjoy the traditional diner service—and such customers will still be able to eat their meals in the dining car—many people do not care to sit with strangers in the dining car or to eat within the prescribed reservation windows, and are looking for menu items better suited to our new approach than to our traditional dining car fare. You cite an important point from the 2005 testimony about the role food and beverage plays. But this does not relieve us from the responsibilities of offering new choices to our customers that are better aligned with today's attitudes and expectations, or of searching for ways to make the delivery of quality food options to our customers more efficient. Additionally, let me assure you that we will be adding hot meals in the coming months to this new approach.

A Comprehensive Plan for the *Southwest Chief*

Your letter raises the issue of the *Southwest Chief*, and I will repeat here what Amtrak has previously said about this route. The *Southwest Chief* is unique among the routes that make up Amtrak's National Network, in that it has a significant portion of its route that is owned by a host and is only used by Amtrak. Thus, all of the maintenance costs of the right of way between Jansen, Colorado, and Madrid, New Mexico, are borne by Amtrak. They amount to approximately \$3 million annually. In addition, the line may require as much as \$50 million in critical capital updates, not including the cost of installing PTC or technology and operating procedures to reach an equivalent level of safety. With this in mind, in October 2017, Amtrak qualified its financial commitment to the latest TIGER application with this statement: "Amtrak will offer a \$3 million match towards the project costs if the grant application for the requested amount is successful. Before Amtrak will fulfill this contribution, a comprehensive financial



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plan and accompanying commitments by relevant states and BNSF for the remainder of the infrastructure investments and associated additional maintenance costs for this route in New Mexico must be completed. Amtrak is prepared to assist the states and BNSF in developing and completing such an agreement.”

Amtrak is all too familiar with stopgap, piecemeal funding efforts, and how they diminish the impact and reach of that funding. No party has made any commitment to install PTC, which is a safety necessity for Amtrak. Our goal with the *Southwest Chief* is to ensure the creation of a coherent, long-term funding plan that involves commitments from all the relevant stakeholders that addresses the viability of the route, and to see the performance of this route improve. However, we must also be mindful of this particular route’s unique costs and it is our obligation to find the appropriate balance between preservation of any one route versus the needs of the entire National Network.

Positive Train Control (PTC)

Amtrak and passenger rail in the US has a safety record in need of dramatic improvement. Amtrak accidents since May of 2015 (188, 501, 89, 91, and 506) clearly demonstrate that PTC and SMS are mandatory. Amtrak’s Board of Directors and I are of the firm belief that Congress and the public demand the protections provided by positive train control or equivalent technologies and practices be available to all Amtrak customers no matter where they are across our network. With this goal in mind, we are coordinating closely with our host railroads to ensure these protections are available as soon as possible. Amtrak long has been an industry leader in PTC deployment and operations, and we are familiar with the difficulties and timelines involved. This is indeed a complicated matter, and we are hard at work to make sure all relevant stakeholders have a clear, coherent understanding of the remaining challenges and the potential responses to them. Amtrak is determined to become the safest railroad in America, and positive train control is too important a part of that goal to compromise on it in any way.

Charter Trains and Private Cars on Amtrak Trains

You raise several concerns and criticisms around the issues of private cars and Amtrak’s operation of charter trains. I understand how important these topics are to your organizations’ members.

To be clear, Amtrak has not terminated the operation of charter trains or the movement of private cars on regularly scheduled Amtrak trains. Amtrak instead has focused these activities to be consistent with our mandate to provide efficient, effective, intercity, passenger-rail mobility and to minimize federal government subsidies. Some charter train and private car movements had caused operational distraction,



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failed to capture revenue commensurate with the Amtrak resources and risk involved and delayed our customers on our scheduled trains. Amtrak's primary objective must be to operate its core train service as safely, punctually, and efficiently as possible. We are seeking to keep the Amtrak team focused on this objective, while still operating charter trains and moving private cars. Our new guidelines achieve all these objectives.

Consistent with these objectives under Amtrak's new guidelines, charter trains must operate on existing Amtrak routes and, to justify the management resources required to organize them, they must not be one-time trips. Charter trains proposing to use Amtrak resources such as equipment and crews are subject to the availability of those Amtrak resources without impact on regularly scheduled operations, and charter trains must generate sufficient financial benefit for Amtrak to justify the Amtrak resources and assets used.

Also, consistent with these objectives, Amtrak supports the movement of private cars in regularly scheduled Amtrak trains, provided that we have the capacity to provide reliable private car services and that no scheduled passenger trains ever suffer any delays due to this service. Private cars will be added or removed from Amtrak trains only in circumstances consistent with this approach. Additionally, Amtrak will continue to perform mechanical services as necessary to repair a private car in an Amtrak consist and provide yard storage as space is available in Amtrak facilities.

As part of developing the new guidelines, Amtrak solicited stakeholder approval from the private car community. On April 2, senior representatives of Amtrak's Commercial, Operations, and Mechanical functions conducted a listening session with the leaders of your two groups. This call provided useful input to Amtrak in formulating our guidelines on charter trains and private cars. We recognize that some of our private car customers have cars that are located in places where those cars will no longer be eligible to be added or removed from Amtrak trains. To ease the transition to the new guidelines for these customers, Amtrak's guidelines offer to review requests for one-time, one-way moves to locations eligible for Amtrak to add or remove private cars under the new guidelines.

Thank you again for your letter and interest in Amtrak and our service to our customers. The Board and I are focused on doing all we can to make Amtrak successful in fulfilling its mission and goals.



Sincerely,

Richard

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bcc: Stephen Gardner
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