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**TESTIMONY
OF
D.J. STADTLER, VICE PRESIDENT OF OPERATIONS
AMTRAK
BEFORE THE
SURFACE TRANSPORTATION BOARD
THURSDAY, APRIL 10, 2014
10:00 a.m.
395 E. Street SW, WASHINGTON, DC 20423-0001**

Good morning, and thanks very much for the invitation to testify today. It's an honor to appear here on behalf of Amtrak, and I appreciate the opportunity to discuss the issues pertaining to on-time performance (OTP). As you know, Amtrak is America's intercity passenger rail provider, and we operate the vast majority of the trains classified as "intercity passenger service" in America. Our services range from trips of 62 miles in duration on our New Haven to Springfield, Massachusetts service, all the way up to 2,438 miles on our *California Zephyr*, a long distance train that connects Chicago with the San Francisco Bay Area. About 70% of our train-miles are run on a host railroad, and there are very few Amtrak services that do not depend on effective host railroad handling for at least a portion of their trip. Even our New York to Boston Northeast Corridor services run over a 56 mile segment of Metro-North Commuter Railroad. Consequently, all of us who are here today have an interest in a fluid and well-run railroad system.

This matters because in addition to Amtrak's statutory right to preference established by Congress, the 2008 Passenger Rail Investment and Improvement Act, or "PRIIA", was intended to give Amtrak an effective set of tools to ensure a high level of host railroad performance, and it addressed the OTP issue specifically. Section 213 of PRIIA empowers the Surface Transportation Board to initiate an investigation any time the on-time performance of an intercity passenger train falls below 80 percent for any two consecutive calendar quarters; failure to meet the service quality standards set by Section 207 of the same Act is likewise a reason for the STB to take action. Other entities, including Amtrak, are also empowered to request an investigation.

While the process of determining the metrics and standards consumed quite a bit of time, we believe that the freight railroads took this act seriously, and immediately after PRIIA passed, there was a gratifying upturn in the way in which virtually all of our long distance trains were handled. This first slide will show you how performance has risen and fallen since 2006, when our long distance trains turned in the worst average endpoint on-time performance since 1973, an appalling 30%. Long distance on-time performance rose to 54% in FY 2008, and again to 75% in 2009. Although it dipped to 63% in FY 2011, it was generally at or above 70%, on an average annual basis, through the end of FY 2013.

This trend of performance was very high by historic standards, and it has contributed to the general pattern of revenue growth that has helped Amtrak improve its financial performance in recent years. There was, however, a legal question about the metrics and standards that were established by PRIIA Section 207. After judicial review, the US Court of Appeals for the District of Columbia held in July, 2013 that the statutory process used to determine those metrics and standards was unconstitutional. While I won't venture an opinion about that decision, I have a very definite opinion about the operational impact this decision has had on our services: we saw an immediate drop in on-time performance across the board that was directly attributable to train handling by the host carriers. This next slide, which shows minutes of delay due to freight train interference on a monthly basis for the entire Amtrak system, chronicles the increase that followed the Appeals Court decision; these are typically delays that are attributable not to weather or infrastructure condition, but simply to conflicting freight movements, although there

are obviously some circumstances in which those other conditions could contribute to this kind of interference.

This is not a problem that's confined to a single carrier. The next slide, which I will show you, compares the minutes of host-responsible delay per ten thousand train miles for each of the six Class I carriers; delay on each has grown substantially over the same period in the preceding year, and we have seen a corresponding fall in long distance train on-time performance. By the end of the first quarter of FY 2014, long distance train performance at all stations had fallen a total of 11.4 percentage points over the previous year, and by the end of March the decline had grown to a total of 16.2 percentage points, with a long distance system average of just 43.1% for the year to date. Individual service averages were for the most part banded by the high of 77.0% (*Auto Train*) to 30.7% (*Lake Shore Limited*), with an outlier on the low end of the bracket – the *Empire Builder*, which arrived on time at its stations a mere 19.6% of the time in FY 2014, through the end of March. This next slide will show you the different causes of delays to the *Empire Builder*; as you can see, on all of its hosts, freight train interference is the single largest cause by a very wide margin.

The *Empire Builder* is a particularly important service for the region it serves, since it reaches an area that does not have a paralleling interstate highway system or intercity bus service, and very limited essential air service. Passengers depend heavily on the service, but we are not providing them with the kind of service they deserve: in the first quarter of FY 2014, nearly 100,000 *Empire Builder* passengers arrived late at their destinations. The rates of delay,

measured in terms of minutes of delay per 10,000 train-miles, have risen dramatically in FY 2014. Freight train interference rates have nearly tripled, and this indicates not only that there are more delays, but that those delays are of longer duration. In response, ridership and ticket revenues have fallen by 15%, year over year to date. The chronic nature of these delays, as well as their growth in duration, has forced us to add an extra set of equipment to the pool used to provide the *Empire Builder* service and temporarily added up to three hours to the schedule, in coordination with BNSF to support its recovery efforts.

While I am cautiously optimistic about our ability to jointly address the issues that the *Empire Builder* confronts with our host railroads, BNSF Railway and Canadian Pacific, I want to close by returning to the larger issue of systemic delay growth. I think the data shown in this last slide are consistent with what we've seen elsewhere, and even when weather is taken into account, paint a picture of a larger trend. Amtrak services nationwide, and particularly the long distance trains shown on this slide, are experiencing growing levels of delay on host railroads. If this is not addressed, it will translate into significant impacts to our service, our passengers, and our bottom line. We want to avoid that, and we prefer to address and fix this system-wide problem by working cooperatively with our host railroad partners. We do, however, have an obligation to provide the traveling public with the level of service mandated by the statute, and we therefore believe that the STB could significantly assist us by monitoring the statistics Amtrak publishes and asking the freight carriers to report periodically to the STB on their handling of Amtrak trains. We believe this would help us to ensure that the public interest in a safe, efficient and reliable intercity passenger rail service is safeguarded in the years to come.

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AMTRAK

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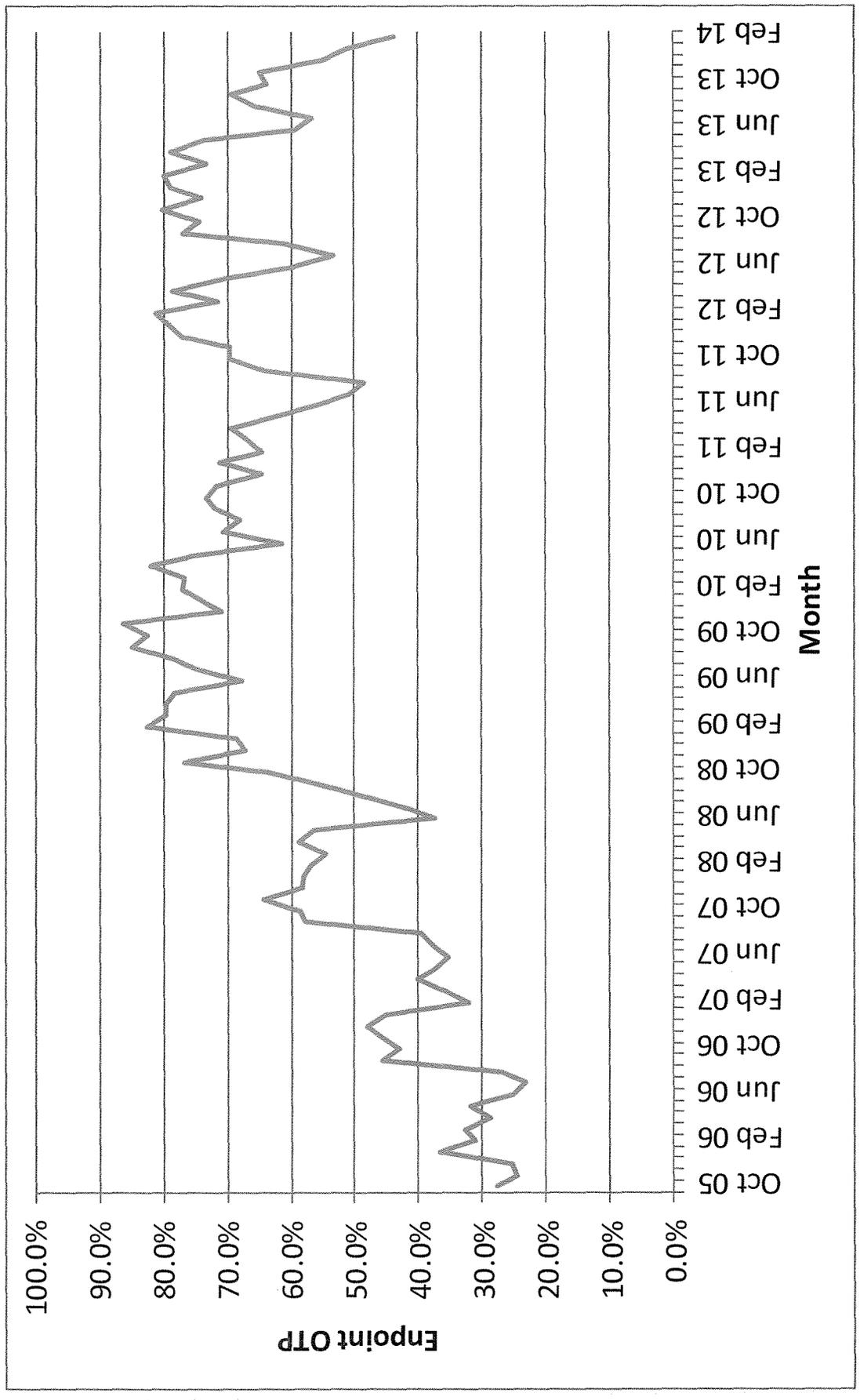
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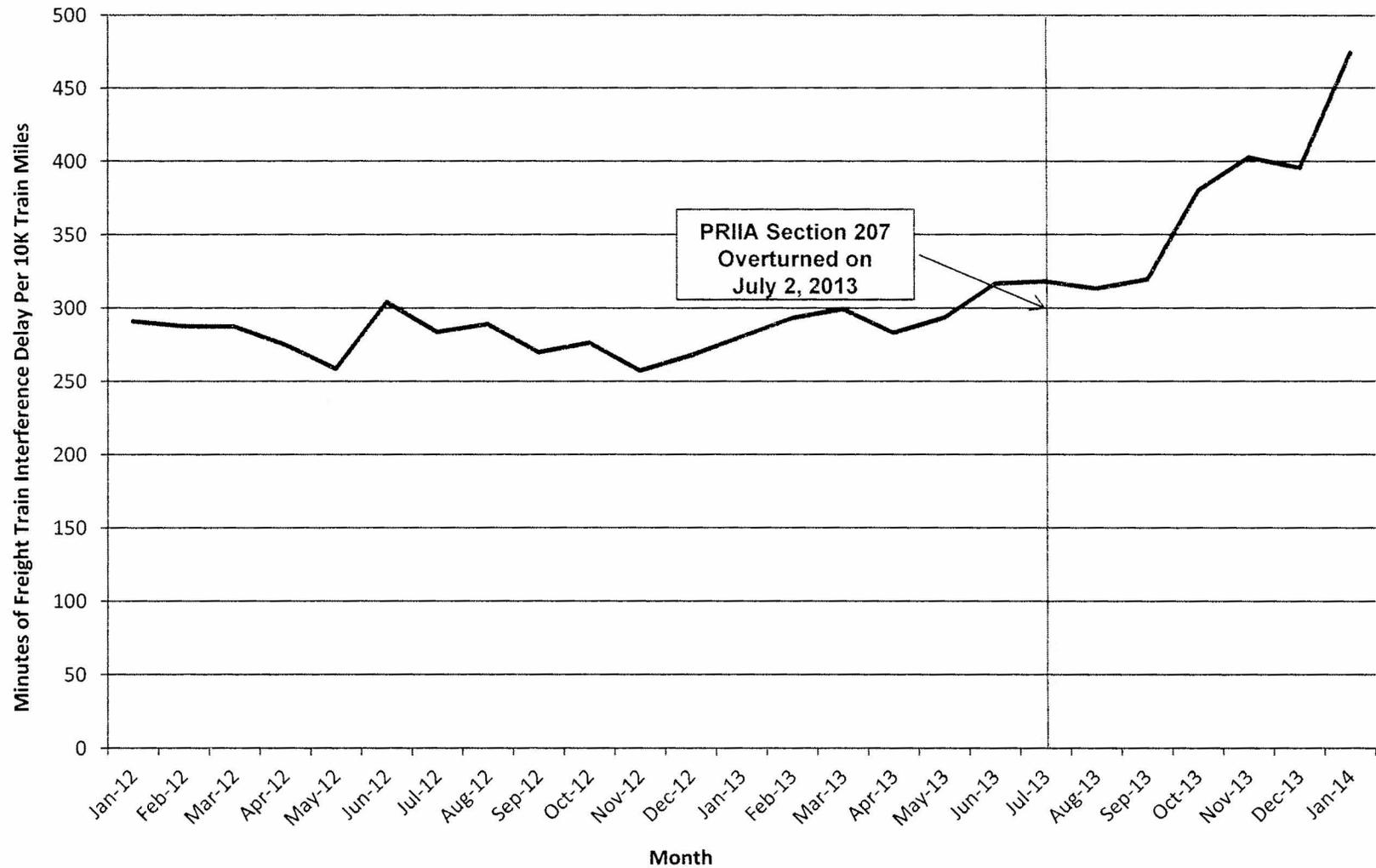
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Long Distance on-time performance, 2006-present



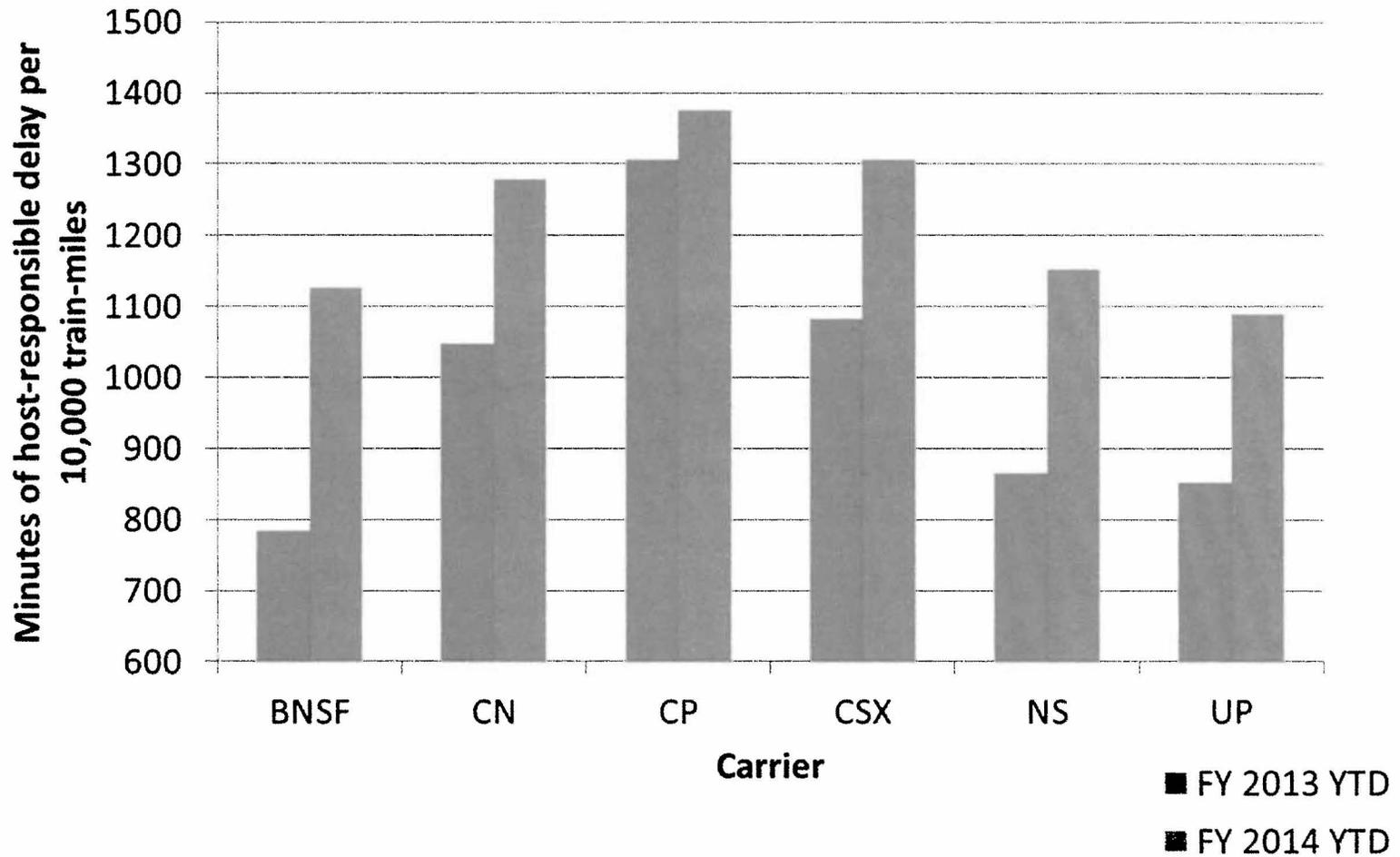
Freight Train Interference Delays on the Major Freight Host Railroads



Major Freight Hosts are BNSF, CN, CP, CSX, NS, and UP.



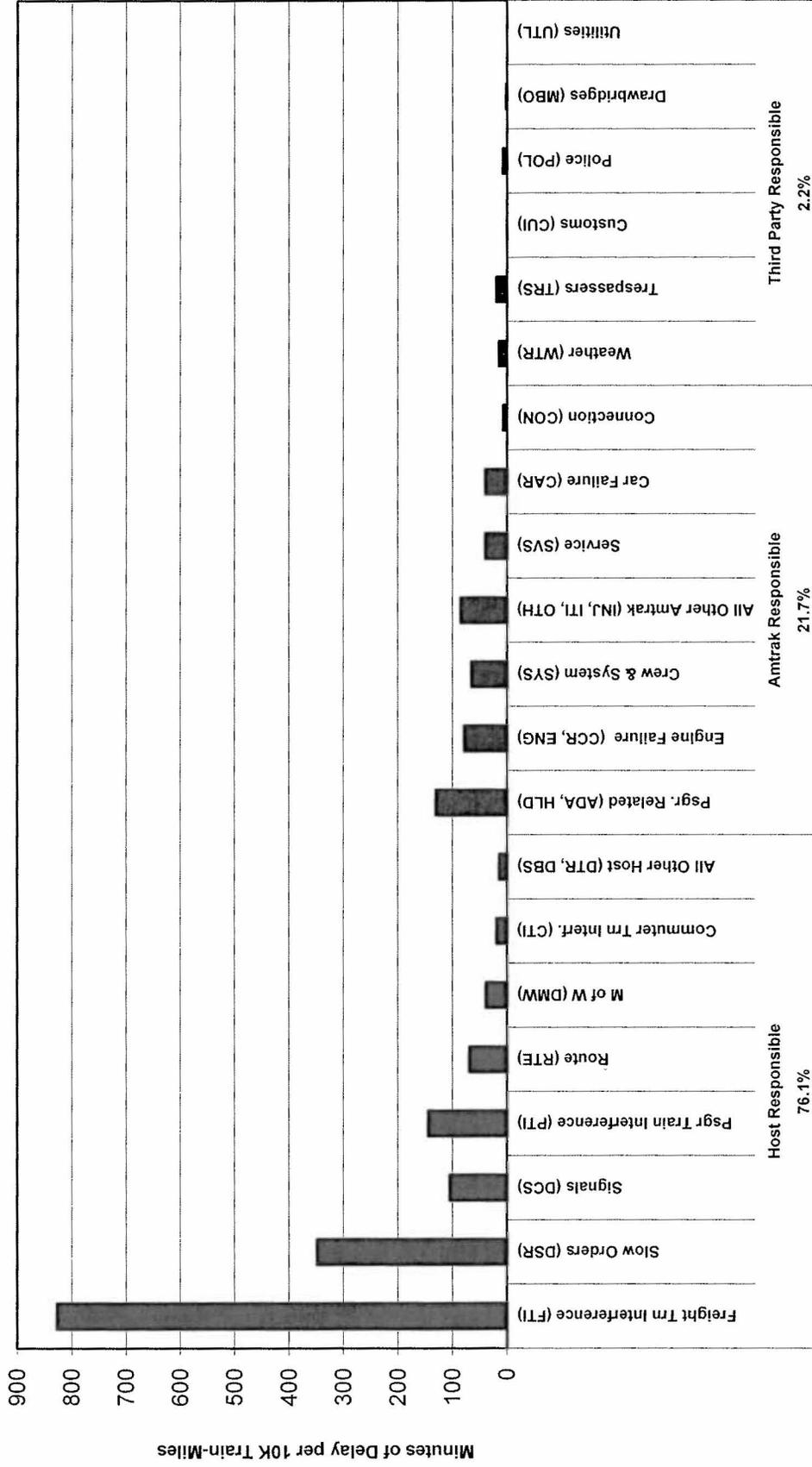
Minutes of Host-Responsible Delay per 10,000 train-miles



Freight train interference is the single largest cause of delay

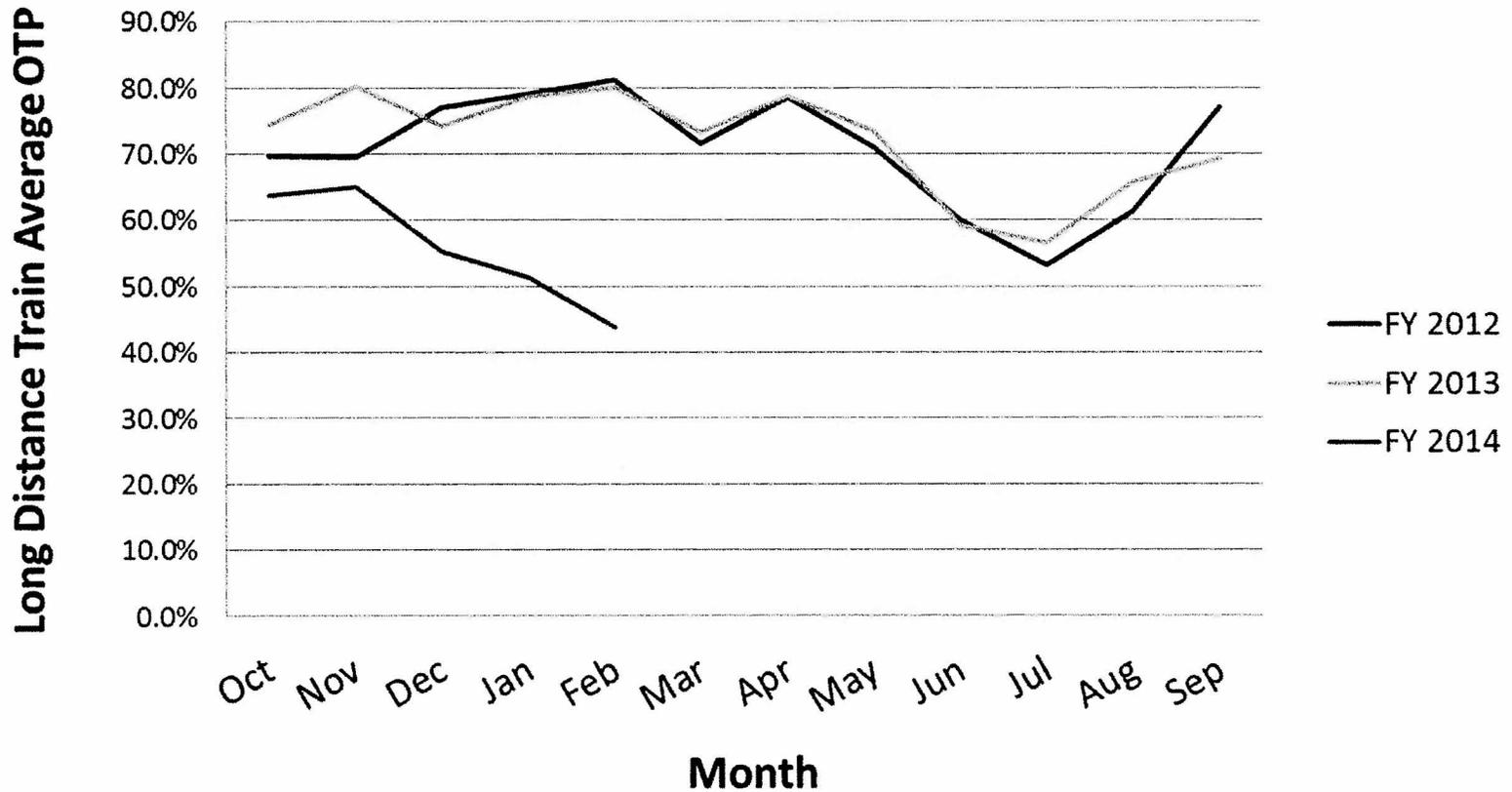
Delay to the Empire Builder by Type and Responsible Party

Most Recent Quarter - October through December 2013



Long Distance on-time performance, 2006-present

Long Distance On-Time Performance by month, FY12-14



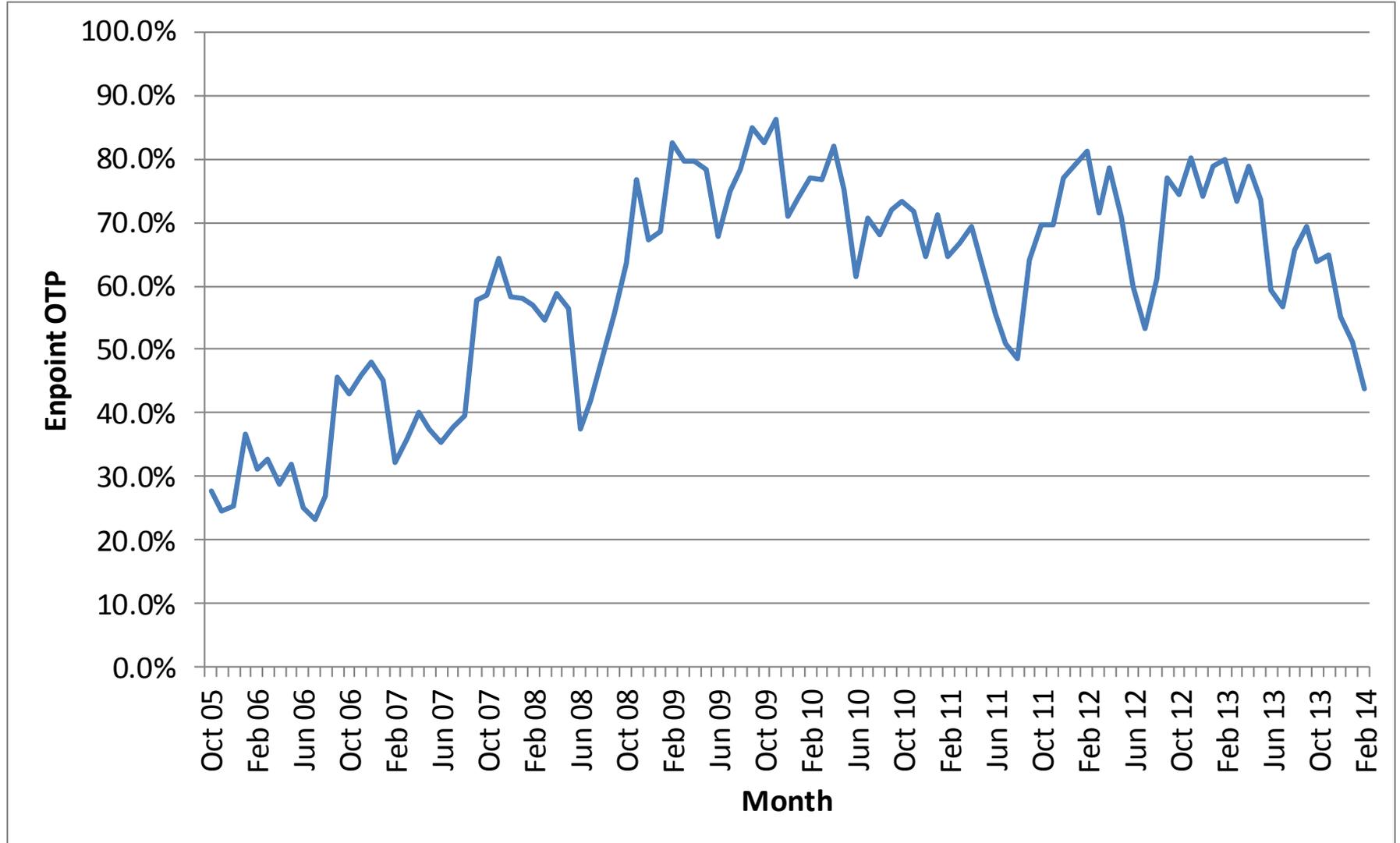
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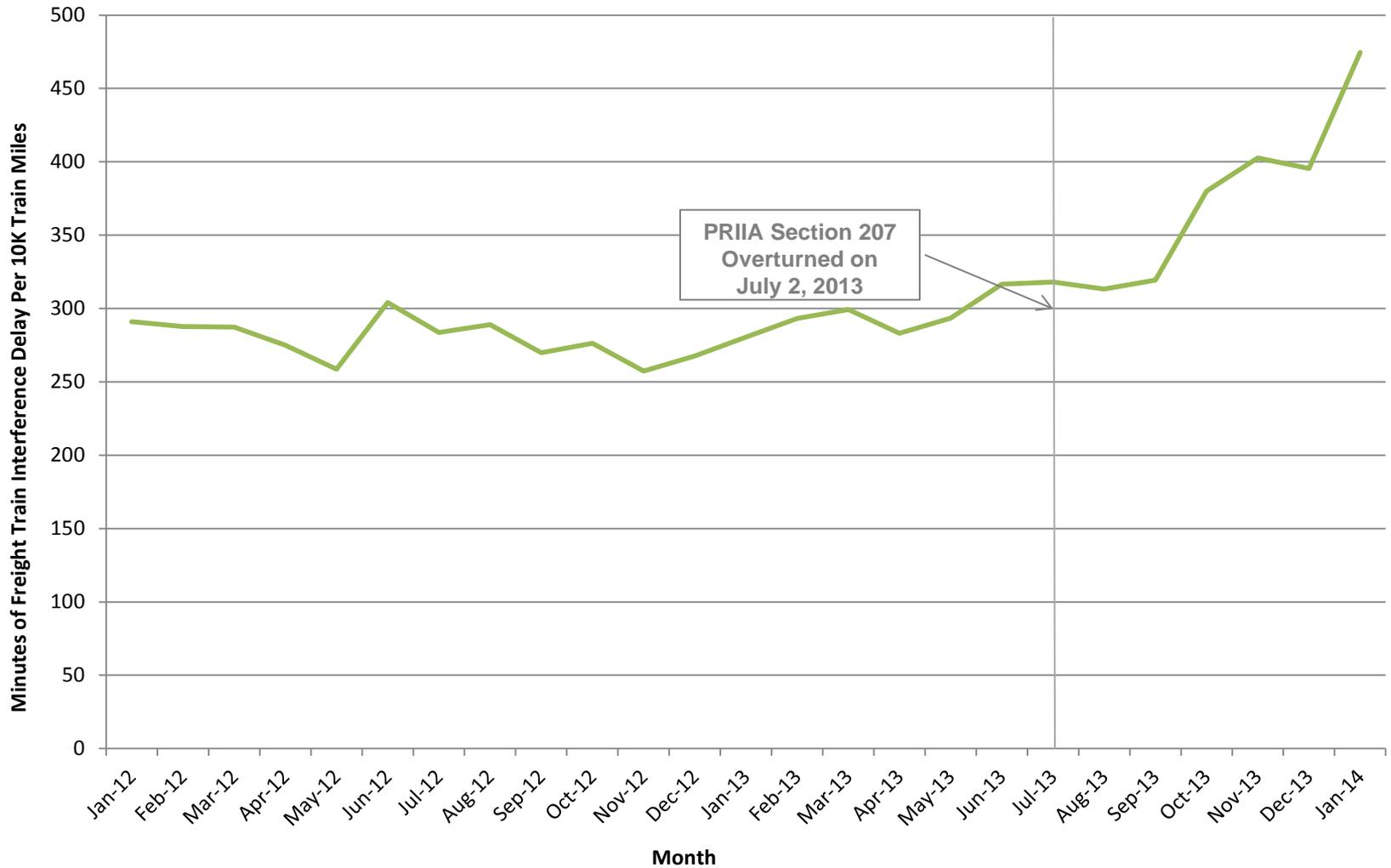
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Long Distance on-time performance, 2006-present

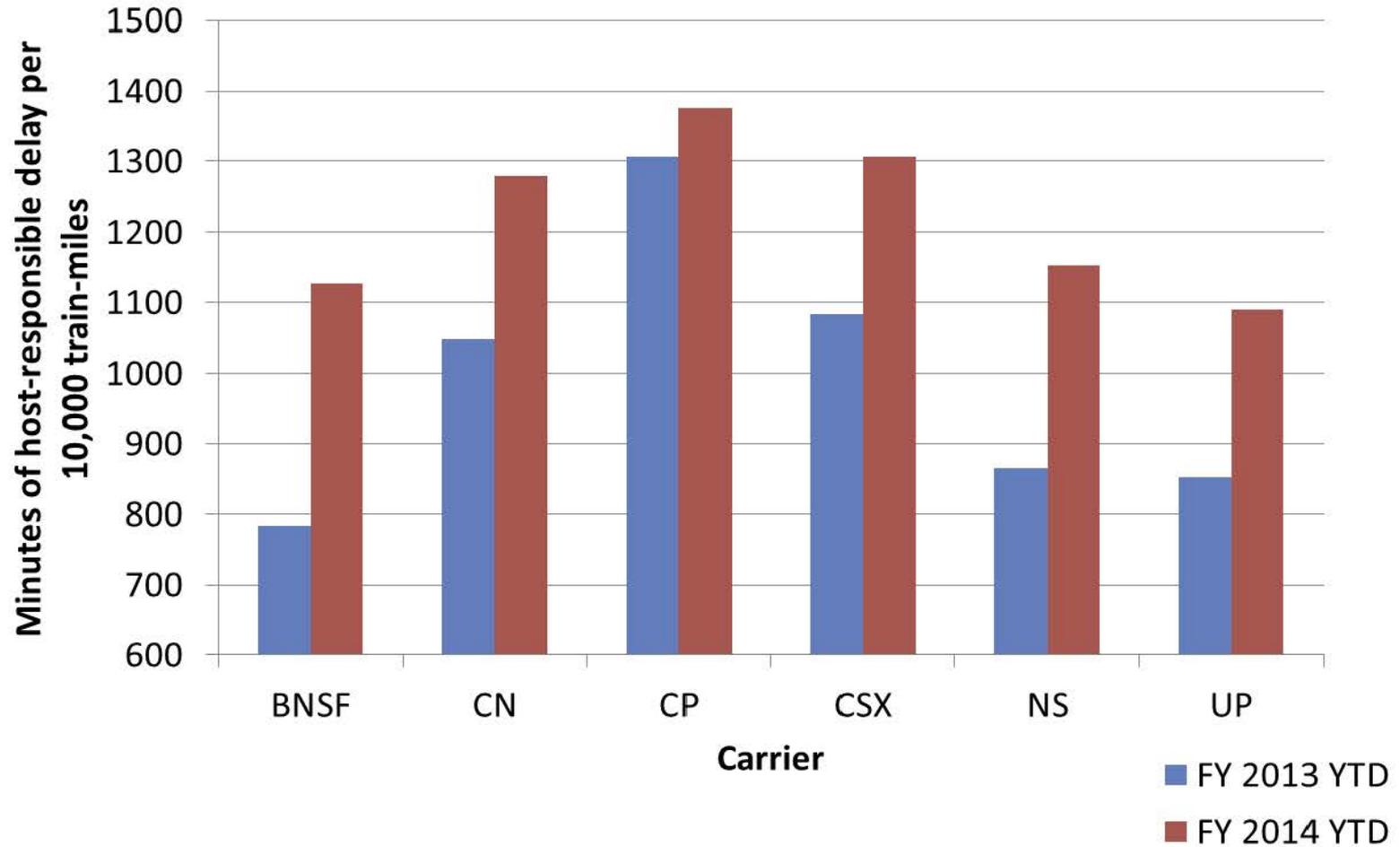


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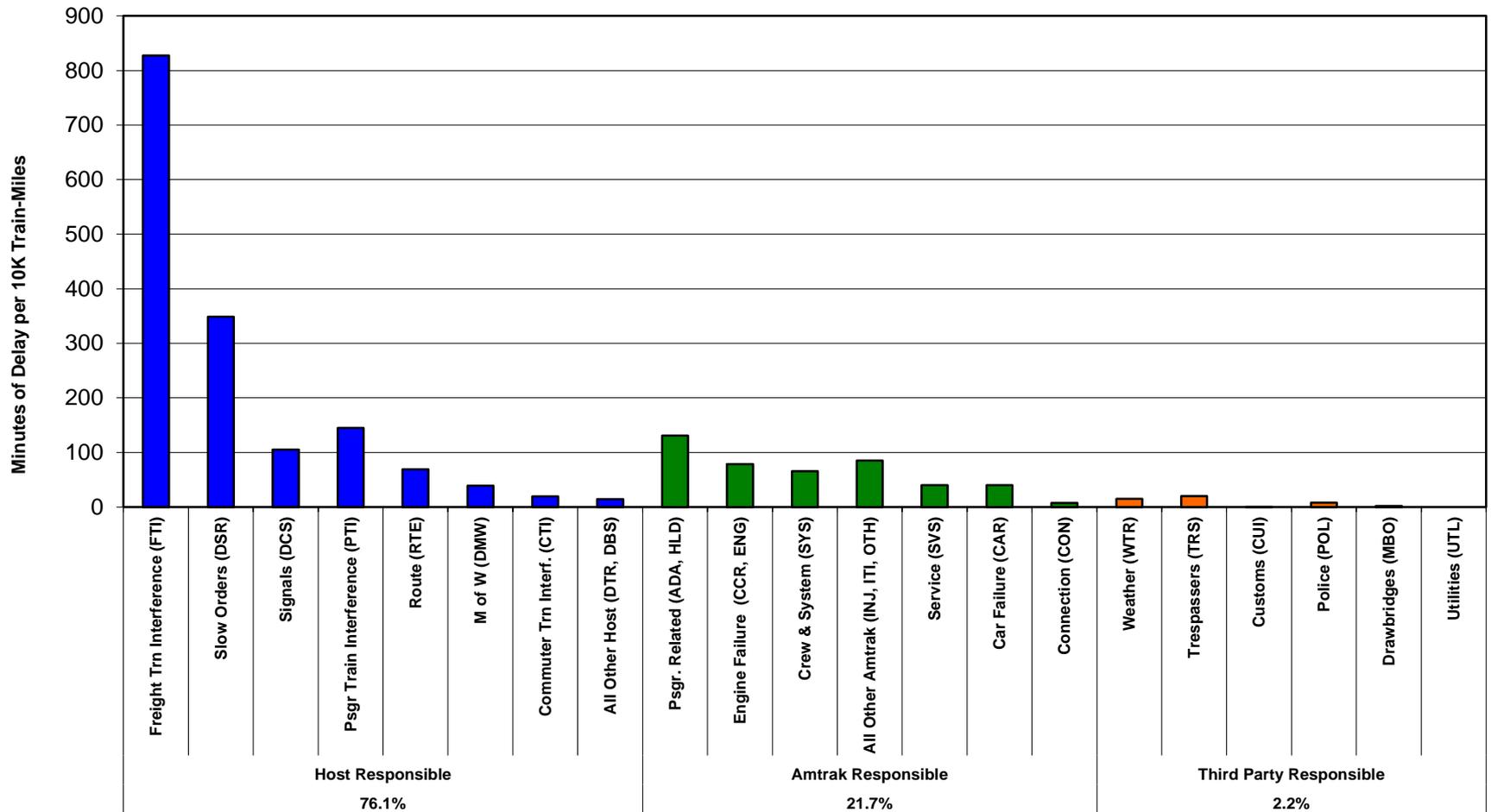
Minutes of Host-Responsible Delay per 10,000 train-miles



Freight train interference is the single largest cause of delay

Delay to the *Empire Builder* by Type and Responsible Party

Most Recent Quarter - October through December 2013



Long Distance on-time performance, 2006-present

Long Distance On-Time Performance by month, FY12-14

