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Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

ENTERED
Office of Proceedings
June 20, 2016
Part of
Public Record



Re: Texas Central Railroad and Infrastructure, Inc. & Texas Central Railroad, LLC
-Authority to Construct and Operate-Petition for Exemption From 49 U.S.C.
§ 10901 and Subtitle IV-Passenger Rail Line Between Dallas, TX and
Houston, TX, Finance Docket No. 36025

Dear Ms. Brown:

Enclosed for filing in the above-referenced matter are the following:

1. An original and ten copies of the Petitioners' Motion for Leave to File Response to Replies, and three CDs containing the Motion in pdf searchable format.
2. An original and ten copies of the highly confidential version of Petitioners' Response to Replies consisting of two volumes, for filing under seal subject to Petitioners' Motion for Protective Order filed June 9, 2016. Three CDs containing the Response and Appendix in pdf searchable format.
3. An original and ten copies of the public version of Petitioners' Response to Replies and three CDs containing the Response in pdf searchable format.

Please acknowledge receipt of the enclosed documents for filing by date-stamping the extra copy and returning it to our messenger. If you have any questions, please contact the undersigned counsel.

Sincerely,

Terence M. Hynes

TMH:aat
Enclosures

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 36025

**TEXAS CENTRAL RAILROAD AND INFRASTRUCTURE, INC. &
TEXAS CENTRAL RAILROAD, LLC
-AUTHORITY TO CONSTRUCT AND OPERATE-
PETITION FOR EXEMPTION FROM 49 U.S.C. § 10901 AND SUBTITLE IV -
PASSENGER RAIL LINE BETWEEN DALLAS, TX AND HOUSTON, TX**

**PETITIONERS' RESPONSE TO REPLIES
TO PETITION FOR EXEMPTION**

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Dated: June 20, 2016

Contains Color Images

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BEFORE THE
SURFACE TRANSPORTATION BOARD

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TEXAS CENTRAL RAILROAD AND INFRASTRUCTURE, INC. &
TEXAS CENTRAL RAILROAD, LLC
-AUTHORITY TO CONSTRUCT AND OPERATE-
PETITION FOR EXEMPTION FROM 49 U.S.C. § 10901 AND SUBTITLE IV -
PASSENGER RAIL LINE BETWEEN DALLAS, TX AND HOUSTON, TX

PETITIONERS' RESPONSE TO REPLIES
TO PETITION FOR EXEMPTION

Texas Central Railroad & Infrastructure, Inc. ("TCRI") and Texas Central Railroad, LLC ("TCRR") (collectively, "Petitioners" or "Texas Central"), hereby submit their Response to the Comments and Replies in Opposition to its Petition for Exemption.¹ Texans Against High Speed Rail, Inc. ("TAHSR") and Delta Troy Interests, Ltd. ("Delta Troy") each filed extensive replies in opposition to the Petition for Exemption filed by Texas Central on April 19, 2016. Other interested parties filed letters addressing their particular concerns regarding the project.

Texas Central files this Response in order to address the issues raised by parties opposing the Petition for Exemption. In **Part I**, Texas Central responds to the jurisdictional arguments asserted by opponents of the project, and demonstrates that those arguments lack merit. **Part II** of this Response addresses the exemption criteria set forth in 49 U.S.C. § 10502 and the National Transportation Policy, and shows that the

¹ Texas Central Railroad & Infrastructure, Inc. and Texas Central Railroad, LLC Petition for Exemption, STB Docket No. 36025, at 13-20 (filed Apr. 19, 2016) ("Petition for Exemption").

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proposed construction and operation of the Texas Central Line clearly qualifies for approval pursuant to the Board's streamlined exemption process. In **Part III**, Texas Central responds to opponents' claims regarding the financial viability of the project and Texas Central's ridership estimates. The Highly Confidential Appendix to this Response contains a number of independent analyses that refute opponents' inaccurate claims.

Texas Central requests that the Board confirm its jurisdiction over the proposed high-speed rail line, and proceed to a decision on the Petition for Exemption.

I. THE BOARD HAS JURISDICITON OVER THE TEXAS CENTRAL LINE.

TAHSR and Delta Troy ask the Board to dismiss the Petition for Exemption on the grounds that the Texas Central Line is not subject to the Board's jurisdiction. But Texas Central's project illustrates the need for "federal regulation of rail transportation" that will "avoid a patchwork of conflicting and parochial regulatory actions that impede the flow of people and goods throughout the nation."² As the Board explained in *DesertXpress*, Congress has created "regulatory flexibility" that encourages federal jurisdiction over new forms of passenger rail transportation "that might arise in the future as part of the nation's general system of rail transportation."³ Texas Central's project— which would introduce a new passenger rail technology to the United States – is exactly the kind of project over which the Board should exercise jurisdiction. "[R]elegating" lines like Texas Central's "to contrasting and inconsistent regulation by the various states . . . likely would impede both the construction of these lines and commerce among the states."⁴ Because a fundamental purpose of the ICC Termination

² *DesertXpress Enterprises, LLC – Petition for Declaratory Order*, STB Docket No. FD 34914, at 1 (served May 7, 2010) ("*DesertXpress*").

³ *Id.* at 14.

⁴ *Id.* at 16.

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Act (“ICCTA”) is to avoid such a result, the Board should exercise jurisdiction over Texas Central’s project.

A. The Texas Central Line Will Be Part Of The Interstate Rail Network.

TAHSR and Delta Troy claim that the proposed Texas Central Line is not subject to the Board’s jurisdiction because it would not be “part of the interstate rail network.”⁵ Their challenge to the Board’s jurisdiction on that basis is meritless. The Board should confirm that it has jurisdiction over Texas Central and the proposed passenger rail service.

The Board has jurisdiction over “transportation by rail carriers . . . between a place in a state and another place in the same state, as long as that intrastate transportation is carried out as ‘part of the interstate rail network.’” 49 U.S.C. § 10501(a)(2)(A).⁶ The phrase “as part of the interstate rail network” was added to the statute by ICCTA to codify a “new, explicit statutory grant to the agency over intrastate rail transportation.”⁷ By enacting that provision, “[Congress] expanded the agency’s jurisdiction to include certain wholly intrastate rail transportation based on its relationship to the interstate rail network, endorsing a shift away from the states.”⁸

⁵ See TASHR Reply to Petition for Clarification, STB Docket No. 36025, at 3-8 (filed May 19, 2016) (“TASHR Clarification Reply”); Delta Troy Reply In Opposition To Petition for Clarification, STB Docket No. 36025, at 2-4 (filed May 19, 2016) (“Delta Troy Clarification Reply”); Delta Troy Reply In Opposition To Petition For Exemption, STB Docket No. 36025, at 4-11 (filed May 31, 2016) (“Delta Troy Exemption Reply”).

⁶ See, e.g., *All Aboard Florida – Operations LLC and All Aboard Florida – Stations – Construction and Operation Exemption – In Miami, FLA. and Orlando, FLA.*, STB Docket No. FD 35680, at 3 (served Dec. 21, 2012) (“*All Aboard Florida*”) (citing 49 U.S.C. § 10501(a)(2)(A)); *California High-Speed Rail Authority – Construction Exemption – In Merced, Madera and Fresno Counties, CA*, STB Docket No. FD 35724, at 11 (served June 13, 2013) (“*CA High-Speed Rail*”).

⁷ *DesertXpress* at 9.

⁸ *CA High-Speed Rail* at 14 (emphasis added).

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The Board has interpreted the term “interstate rail network” in Section 10501(a)(2)(A) to “include (but not be limited to) facilities that are part of the general system of rail transportation and are related to the movement of passengers or freight in interstate commerce.”⁹ Under the Board’s interpretation of its governing statute, the Texas Central Line, and the passenger rail service that Petitioners propose to provide, are clearly subject to the Board’s jurisdiction.

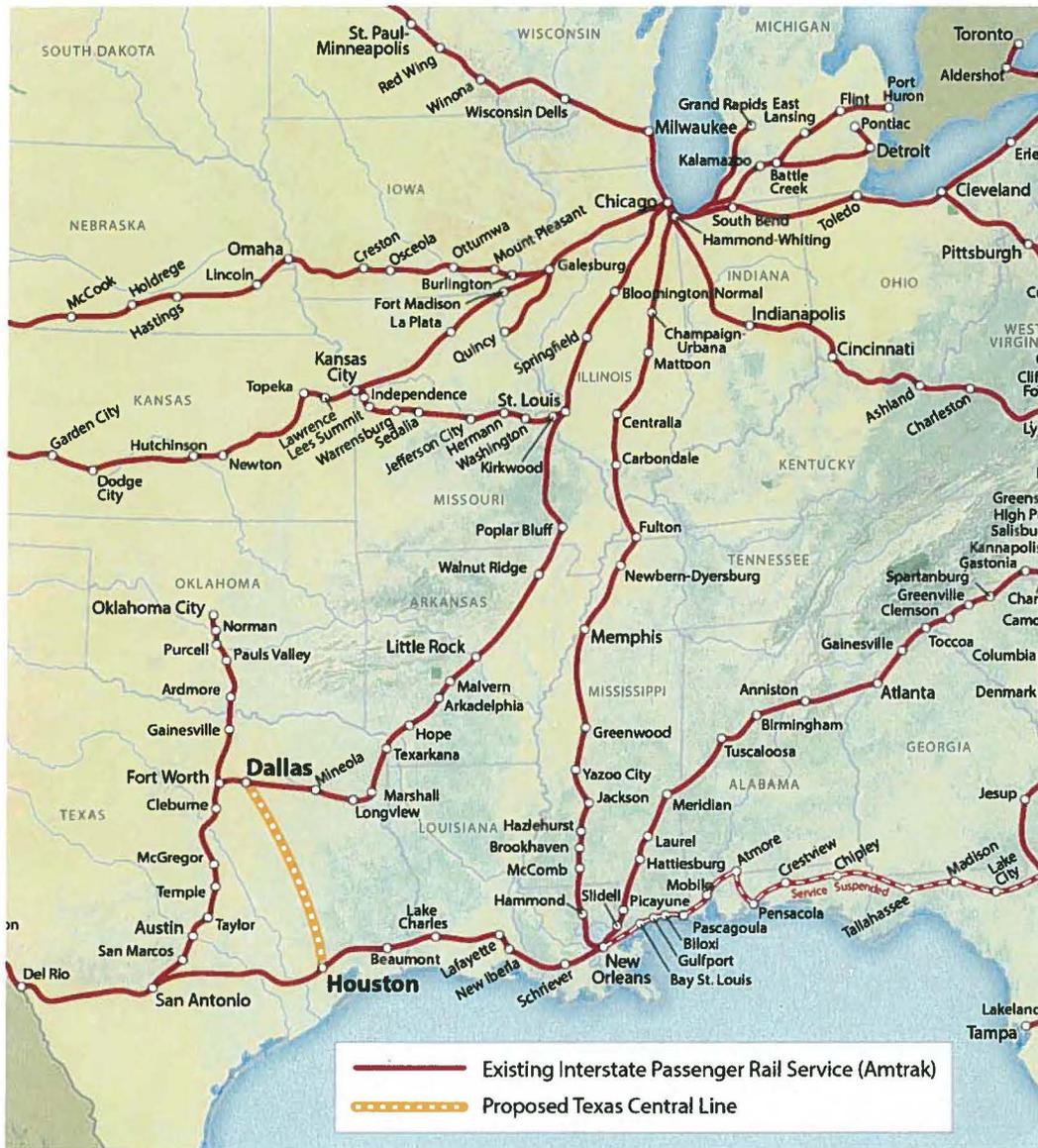
1. The Texas Central Line will be part of the interstate rail network.

As depicted in **Figure 1**, the Texas Central Line will close a significant “gap” in the interstate passenger rail network. Amtrak currently operates passenger trains that make stops in either Dallas or Houston. However, Amtrak does not provide direct service between those two metropolitan areas, which account for almost half of the state’s population. The Texas Central Line will create a new passenger rail connection between the Amtrak routes that serve Dallas and those serving Houston. Prospective Texas Central station sites have been evaluated with the goal (among others) of enabling passengers to transfer conveniently between Texas Central trains and those operated by Amtrak and other rail service providers.¹⁰

⁹ *DesertXpress* at 11.

¹⁰ Petition for Exemption at 15-20.

FIGURE 1: THE INTERSTATE PASSENGER RAIL NETWORK



Construction of the Texas Central Line will also create opportunities for connections with other future passenger rail systems, including a potential line serving the 850-mile interstate corridor between Oklahoma City and South Texas currently under evaluation by Texas DOT and Oklahoma DOT,¹¹ and potential high-speed rail services between Houston and New Orleans, and between Dallas/Ft. Worth and San

¹¹ FRA, in cooperation with Texas DOT, is preparing a service level (Tier 1) Environmental Impact Statement for a route between Oklahoma City and San Antonio, via Dallas/Fort Worth.

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Antonio (via Austin), TX for which the Federal Railroad Administration (“FRA”) recently issued a request for proposals.¹²

Moreover, Texas Central’s operations will be designed to serve both intrastate and interstate passengers. Texas Central plans to offer frequent departures from both Dallas and Houston, making it convenient for passengers to coordinate travel on the Texas Central Line with Amtrak’s daily departures from Dallas and Houston.¹³ Texas Central has expressed interest in exploring mutually beneficial cooperative arrangements with Amtrak¹⁴ and is working with local transportation planning authorities to ensure efficient connectivity among all passenger rail services in Dallas and Houston, including DART, Trinity Railway Express, Houston Metro, and commuter rail planned by the Gulf Coast Rail District.

The foregoing facts demonstrate that the Texas Central Line will be “part of the general system of rail transportation” and the rail service to be provided by Texas Central will be both “related to the movement of passengers or freight in interstate commerce”¹⁵ and “carried out as part of the interstate rail network.”¹⁶

2. No physical connection between The Texas Central Line and Amtrak is necessary.

TAHSR and Delta Troy assert a variety of reasons why the Board should find that the Texas Central Line will not be part of the “interstate rail network.” Those arguments are without merit.

¹² See *Notice of Request for Proposals for Implementing a High-Speed Rail Corridor*, 81 Fed. Reg. 14212, 14212-14217 (March 16, 2016).

¹³ See *Petition for Exemption, Keith V.S.* ¶ 20.

¹⁴ See *Petition for Exemption* at 20; *Keith V.S.* ¶ 20.

¹⁵ *DesertXpress* at 9.

¹⁶ *All Aboard Florida* at 3; *CA High-Speed Rail* at 11.

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TAHSR argues that the Texas Central Line will not be part of the interstate rail network because “there is no actual physical connection to any track over which Amtrak operates.”¹⁷ Likewise, Delta Troy contends that the Line is not subject to the Board’s jurisdiction because “it lacks physical connections to existing tracks used in interstate operations.”¹⁸

As an initial matter, Section 10501(a)(2)(A) does not contain any requirement that a new rail line have an “actual physical connection” to existing interstate rail lines in order to be part of the interstate rail network. For example, the Alaska Railroad conducts both passenger and freight operations over a 500-mile rail network located entirely within the State of Alaska. Alaska Railroad’s lines do not connect at any location with any interstate railroad – rather, it depends upon intermediate water carriage to “interchange” freight with other U.S. railroads. Yet no one can credibly contend that the Alaska Railroad is not part of the interstate rail network. Indeed, the Board has exercised jurisdiction over several rail line construction projects involving the Alaska Railroad.¹⁹

In this case, a physical connection between the Texas Central Line and tracks operated by other interstate carriers would serve no purpose. A connection with an interstate freight railroad makes no practical sense because Texas Central will not provide freight service. Nor is a physical connection with Amtrak practicable. The Texas Central Line will be designed, constructed and maintained specifically to accommodate high-speed train operations based on the state-of-the-art Shinkansen

¹⁷ TAHSR Clarification Reply at 4.

¹⁸ Delta Troy Exemption Reply at 7.

¹⁹ See, e.g., *Alaska R.R. Corp. – Construction and Operation Exemption – A Rail Line Extension To Port Mackenzie, Alaska*, STB Docket No. FD 35095 (served Nov. 21, 2011); *Alaska R.R. Corp. – Construction and Operation Exemption – Rail Line Between North Pole and Delta Junction, AK*, STB Docket No. FD 34658 (served Jan. 6, 2010) (“*Alaska 2010 Exemption*”).

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N700 Bullet train technology.²⁰ It would be neither technologically feasible nor prudent (from a safety standpoint) to introduce conflicting train movements by Amtrak or any other railroad over Texas Central's dedicated corridor or, conversely, for Texas Central to operate its trains over rail lines that have not been specifically designed to support the N700 Bullet train.

The emerging high-speed passenger rail projects across the United States are based upon a variety of different technologies that require the use of dedicated, grade-separated rail corridors. Like Texas Central, both DesertXpress and the California HST propose to construct and operate over such "closed" corridors.²¹ A requirement that high-speed passenger rail systems physically connect with conventional passenger or freight rail lines would categorically remove most such projects from the Board's jurisdiction, subjecting them to a patchwork of inconsistent state regulation that could hamper the development of this important 21st Century mode of travel in the United States.

3. The Texas Central Line is designed to facilitate the movement of passengers in interstate commerce.

Section 10501(a)(2)(A) makes clear that the Board's jurisdiction over a new rail line located in a single state depends not on whether that line physically connects with other tracks that are used to provide interstate transportation, but rather whether the "intrastate transportation [provided over the new line] is carried out as 'part of the

²⁰ See Petition for Exemption at 6.

²¹ See *CA High-Speed Rail* at 4 (the California HST "would operate at speeds up to 220 miles per hour over a fully grade-separated, dedicated passenger rail line"). Under the California High-Speed Rail Authority's proposal, Amtrak trains would operate over the Merced-Fresno segment only on an interim basis, while other segments of the California HST system were built. *Id.* at 5-6. See also *DesertXpress* at 2 (proposed line would not connect to any existing rail lines).

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interstate rail network.”²² The Board has held that this statutory requirement is satisfied as long as that transportation is “related to the movement of passengers or freight in interstate commerce.”²³

The service that Texas Central proposes to offer clearly relates to the movement of passengers in interstate commerce. While Texas Central’s tracks will not physically connect with Amtrak’s tracks serving Dallas and Houston, Texas Central will offer passengers the ability to connect with the interstate passenger routes operated by Amtrak in both metropolitan areas. In Dallas, Texas Central’s proposed station sites are located approximately a ½ mile from Dallas Union Station, where passengers can board Amtrak trains. To put this short distance into context, it is roughly the same distance it would take members of the Board to walk from STB headquarters to the L'Enfant Plaza metro station. In Houston, Texas Central proposes to build a station adjacent to or near the Northwest Transit Center, where interstate travelers would have access to scheduled bus transfer service to the Houston Amtrak station.²⁴

TAHSR and Delta Troy criticize these connections with Amtrak service as “too few” and “not good enough.” TAHSR attempts to distinguish Texas Central from CA *High-Speed Rail* based on the Board’s finding in that case that the California HST would have “extensive interconnectivity” with Amtrak at multiple locations.²⁵ This comparison is disingenuous. The proposed California HST is an 800-mile system that would serve many more locations (and points in common with Amtrak) than Texas Central’s 240-mile line. Texas Central would connect with Amtrak at the only two

²² *DesertXpress* at 9 (quoting 49 U.S.C. § 10501(a)(2)(A)).

²³ *Id.* (emphasis added). See also *CA High-Speed Rail* at 14 (Board jurisdiction over “wholly intrastate rail transportation [is] based upon its relationship to the interstate rail network”) (emphasis added).

²⁴ Petition for Exemption at 18.

²⁵ TAHSR Clarification Reply at 6. See *CA High-Speed Rail* at 12-13.

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locations (Dallas and Houston) where their networks meet. Thus, Texas Central's connectivity with Amtrak is as "extensive" as it can be based on the carriers' respective networks. In *Cape Cod & Hyannis R.R., Inc. - Exemption From 49 U.S.C. Subtitle IV*, ICC Docket No. FD 31229, 1988 ICC LEXIS 92, at *1 (served Mar. 21, 1988) ("*Cape Cod*"), the ICC held that it had jurisdiction over the wholly intrastate operations of a railroad providing seasonal train service on Cape Cod, based upon a connection with Amtrak at a single location (Attleboro, MA) and a proposed through ticket arrangement between the carriers. Here, passengers would have the ability to connect with Amtrak service at both end points of the Texas Central system, and (like the Cape Cod & Hyannis Railroad) Texas Central desires to explore ways to coordinate its services with Amtrak.

TAHSR and Delta Troy also claim that Texas Central's proposed station sites are too distant from Amtrak's stations to offer "connectivity" to interstate passengers. With respect to Dallas, Delta Troy argues that "no such connection would exist" simply because the stations would be approximately ½ mile apart.²⁶ TAHSR offers nothing more than an assertion (based on the erroneous premise that an actual physical connection is required) that "'[c]lose' does not confer jurisdiction."²⁷ However, it is not unusual for passengers to travel 2,000 feet or more in making connections between trains (or between a train and another mode of transportation). For example, passengers traveling on Amtrak from Washington, D.C. to points in Maine must disembark from Amtrak's Northeast Corridor trains at North Station in Boston and walk (or ride the Boston T train) approximately three miles to Back Bay Station to connect with Amtrak's Downeaster trains serving Maine.²⁸ Interstate passengers arriving on Amtrak at New York's Pennsylvania Station must transfer by subway or taxi to Grand Central Terminal

²⁶ Delta Troy Clarification Reply at 2-3.

²⁷ TAHSR Clarification Reply at 4.

²⁸ See Exhibit 1 at 1 (Amtrak timetable), *id.* at 2 (map displaying distance between North Station and Back Bay Station).

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to board trains operated by Metro North Railroad to points in Connecticut. Likewise, passengers moving from public transportation to gates (or between gates in different terminals) at major airports routinely travel several thousand feet to reach their connections.

Both TAHSR and Delta Troy contend that the distance between Texas Central's proposed station sites in Houston and Amtrak's Houston station (approximately seven miles) is too far for interstate travelers to transfer between trains.²⁹ However, the proposed locations were specifically chosen to facilitate such connectivity. All of the prospective station sites are adjacent to or near Houston's Northwest Transit Center, where travelers would have access to a short, scheduled bus ride to Amtrak's Houston station.³⁰ The use of intermediate bus service to connect legs of an interstate rail journey is not unprecedented. Indeed, Amtrak utilizes bus service to connect various parts of its route system. For example, passengers traveling on Amtrak's legendary California Zephyr train to San Francisco disembark the train at Emeryville, CA and take an Amtrak-operated bus service into the city.³¹ As the Board itself noted in *CA High-Speed Rail* (at 12), the Amtrak San Joaquin service relies on Amtrak's "Thruway Bus connecting service" to enable interstate passengers to complete their journey to points in Nevada. The points served via such substituted bus services are clearly part of Amtrak's interstate rail network.

Delta Troy complains that a finding of jurisdiction based on the ability of interstate passengers to transfer by bus between Texas Central and Amtrak trains in Houston "would open up a Pandora's box" and encourage future applicants to claim that "shuttle service" between rail lines up to 100 miles apart is sufficient to trigger

²⁹ See TASHR Reply to Petition for Exemption, STB Docket No. 36025, at 8 (filed May 31, 2016) ("TAHSR Exemption Reply"); Delta Troy Clarification Reply at 2-3.

³⁰ See Petition for Exemption at 18.

³¹ See Exhibit 2.

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Board jurisdiction. That is nonsense. As Delta Troy itself acknowledges, a determination of whether a particular intrastate rail line or service is part of the interstate rail network is a fact-specific inquiry.³² The use of a short transfer bus service to facilitate movement of interstate passengers between Houston's Northwest Transit Center and Amtrak's Houston station is in no way equivalent to linking distant rail stations via long-distance bus service.

4. Texas Central will hold itself out to offer service to interstate passengers.

It is well-settled that "[the Board has] jurisdiction over a railroad lying wholly within one State if it participates in the movement of passengers from one state to another under common arrangements with connecting carriers."³³ Nevertheless, TAHSR and Delta Troy argue that Texas Central's stated desire to "serve the transportation needs of interstate rail passengers and enhance the experience of interstate rail travelers" through potential cooperative arrangements with Amtrak is insufficient to support a finding of jurisdiction in this case.³⁴ TAHSR dismisses the statement as "self-serving."³⁵ Delta Troy argues that "such an ambiguous statement is woefully inadequate to establish the Board's jurisdiction over the Project."³⁶

Contrary to the assertions of these project opponents, the testimony of Texas Central's CEO, Timothy Keith, demonstrates that Texas Central will hold itself out to serve interstate passengers.³⁷ Texas Central's desire to explore cooperative efforts with

³² Delta Troy Exemption Reply at 4-5. See *CA High-Speed Rail* at 11-12; *All Aboard Florida* at 3.

³³ *Cape Cod* at 1 (citing *U.S. v. Capital Transit Co.*, 338 U.S. 289 (1974)).

³⁴ Petition for Exemption, Keith V.S. ¶ 20.

³⁵ TAHSR Clarification Reply at 5.

³⁶ Delta Troy Exemption Reply at 11.

³⁷ See Petition for Exemption, Keith V.S. ¶ 19.

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interstate passenger rail providers clearly distinguishes this case from *All Aboard Florida*. In that case, All Aboard Florida stated unequivocally that it had no plans to pursue through ticketing or other cooperative arrangements with Amtrak or any other interstate carrier.³⁸ Based on that statement, and the fact that the proposed line did not connect with Amtrak or any other interstate passenger service provider, the Board concluded that “the proposed Line is to be used solely as an intrastate passenger service.”³⁹ Here, by contrast, Texas Central passengers will have the ability to move between Texas Central and Amtrak trains, and Texas Central will hold itself out to serve both interstate and intrastate travelers.

Texas Central’s plan to serve interstate passengers is not (as Delta Troy suggests) “speculation” simply because Texas Central has not entered into definitive agreements with Amtrak.⁴⁰ As the Board has observed:

In construction cases, particularly of this size and complexity where a number of alternatives are considered, outstanding issues often remain unresolved at the time of the Board’s decision. As noted above, a party may seek, and the Board may grant, an exemption even though these issues have not yet been resolved.⁴¹

In *Cape Cod*, the Board asserted jurisdiction where a carrier operating a wholly intrastate rail line “[sought] to establish” a through ticketing arrangement with Amtrak. *Cape Cod* at 1 (emphasis added). The Board granted a petition for exemption to

³⁸ *All Aboard Florida* at 3.

³⁹ *Id.* at 4.

⁴⁰ Delta Troy Clarification Reply at 4.

⁴¹ See *California High-Speed Rail Authority – Construction Exemption – In Fresno, Kings, Tulare and Kern Counties, CA*, STB Docket No. FD 35724 (Sub-No. 1), at 15 (served Aug. 12, 2014) (“*CA High-Speed Rail (Fresno-Bakersfield)*”) (emphasis added). See also *id.* at 9 (“As the Board noted in its decision in *Merced-to-Fresno*, a party may seek an exemption before all outstanding issues have been resolved.”).

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construct the 114-mile Fresno-Bakersfield segment of the California HST where “the Authority ha[d] not yet finalized an agreement with Amtrak or another passenger rail service provider for interim use of the Line,” finding that “such an agreement could be reached at a later date.”⁴² In authorizing construction of the Merced-Fresno segment of the California HST, the Board noted that “[t]he [California High Speed Rail] Authority indicates that it foresees coordinating rail schedules so that passengers can seamlessly transfer between high-speed and other passenger rail, without requiring the purchase of a new fare.”⁴³ In none of those cases did the prospective carrier have definitive agreements in place prior to filing its petition for exemption with the agency. Likewise, it is too early in the project for Texas Central to enter into definitive agreements with Amtrak, or to define the precise nature and scope of prospective arrangements to coordinate the parties’ passenger rail services.⁴⁴ However, that does not deprive the Board of jurisdiction over the Texas Central Line.

B. Texas Central Is A Rail Carrier Under 49 U.S.C. § 10102(5).

TAHSR claims that the STB lacks jurisdiction over the Texas Central Line because Texas Central is not a “rail carrier” subject to the Board’s jurisdiction. Specifically, TAHSR argues that Texas Central is an “interurban electric railway company” whose operations are excluded from the definition of “rail carrier” under 49 U.S.C. § 10102(5).⁴⁵ The sole basis for this claim is that Texas Central has taken the position that it is an “electric railway” for purposes of Section 131.012 of the Texas Transportation Code.⁴⁶

⁴² *See id.* at 9.

⁴³ *CA High-Speed Rail* at 5 (emphasis added). *See also id.* at 11 (stating that the Authority “[did not] currently have any arrangements to permit through ticketing with Amtrak”).

⁴⁴ Petition for Exemption, Keith V.S. ¶ 20.

⁴⁵ *See* TASHR Clarification Reply at 2-3; TAHSR Exemption Reply at 5-6.

⁴⁶ TAHSR Exemption Reply at 6.

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Simply put, Texas Central meets both the definition of a “rail carrier” under 49 U.S.C. § 10102(5) and an “interurban electric railway company” under Section 131.012 of the Texas Transportation Code. Section 131.012 defines an “interurban electric railway company” to include “[any] corporation chartered under the laws of this state to conduct and operate an electric railway between two municipalities in this state.”⁴⁷ Because Texas Central proposes to operate electric-powered trains between the Texas municipalities of Dallas and Houston, it fits the Texas Transportation Code’s definition of an “interurban electric railway.” That is in no way dispositive of whether Texas Central is a “rail carrier” for purposes of federal law as set forth in Section 10102(5) of ICCTA.

As TAHSR itself acknowledges⁴⁸ Section 10102(5) excludes from the definition of “rail carrier” only those “street, suburban or interurban electric railways [that are] not operated as part of the general system of rail transportation.” 49 U.S.C. § 10102(5) (emphasis added). TAHSR has failed to demonstrate that Texas Central falls within that narrow exclusion—indeed, TAHSR does not even attempt to show that the Texas Central Line would not be “part of the general system of rail transportation.”

If the Board were to declare that this project is not part of the general system of rail transportation, it would call into doubt FRA’s undisputed jurisdiction over the project. FRA’s safety authority excludes only rapid transit systems that operate in urban areas and are not connected to the general railroad system of transportation. 49 U.S.C. § 20102(2)(B). The term “general railroad system of transportation” is defined at Appendix A to 49 C.F.R. Part 209 as: “the network of standard gage track over which goods may be transported throughout the nation and passengers may travel between cities and within metropolitan and suburban areas.” FRA has made it clear that portions

⁴⁷ See Texas Transportation Code, Title 5, Subtitle D, Section 131.012.

⁴⁸ TAHSR Exemption Reply at 5-6

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of the network that lack a physical connection may still be part of the general system by virtue of the nature of the operations that occur:

Moreover, portions of the network may lack a physical connection but still be part of the system by virtue of the nature of operations that take place there. For example, the Alaska Railroad is not physically connected to the rest of the general system but is part of it. The Alaska Railroad exchanges freight cars with other railroads by car float and exchanges passengers with interstate carriers as part of the general flow of interstate commerce. Similarly, an intercity high speed rail system with its own right of way would be part of the general system although not physically connected to it.⁴⁹

Prior decisions interpreting Section 10102(5) demonstrate that it was not intended to deprive the Board of jurisdiction over high-speed intercity passenger rail projects like the proposed Texas Central Line. The ICC described the evolution of “street” and “interurban” electric railways in *In the Matter of Rules and Instructions for the Inspection and Testing of Locomotives Propelled by Power Other than Steam Power, In Accordance with Act of February 17, 1911, As Amended March 4, 1915, June 26, 1918, and June 7, 1924*, 122 I.C.C. 414 (1927):

[E]lectric cars were at first confined to street service in cities and towns. Gradually the lines were extended to the suburbs. Next came the idea of extending the lines from city to city. These three steps gave rise to the terms street, suburban, and interurban railways. . . . They were built largely upon streets and public highways. The only material difference between street, suburban, and interurban lines was the extent of the lines. If the line extended from city to city it was termed an interurban although handling the same traffic and being operated in substantially the same manner as the street or suburban line. We think this is the usual conception of the interurban line to-day.

⁴⁹ 49 C.F.R. Pt. 209, App. A (emphasis added).

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122 I.C.C. at 424.

Thereafter, in *Piedmont & N. R. Co. v. Interstate Commerce Comm'n*, 286 U.S. 299, 306 (1932), the Supreme Court made clear that the phrase “interurban electric railway” in § 402(18) of the Transportation Act of 1920 (the predecessor to Section 10102(5)) should be read narrowly, to exclude only interurban operators that possessed “the characteristics of street or suburban railways” which, the Court observed, “were chiefly devoted to passenger traffic and operated single or series self-propelled cars.” *Id.* at 308. Based on its interpretation of the statute, and in light of the Act’s purpose “to develop and maintain an adequate railway system for the people of the United States,”⁵⁰ the Court held that a railway that was electrically powered and operated between two cities (and was thus interurban) but was not connected to any system of steam railroads, was nevertheless a “rail carrier” due to the nature of the services that it provided.⁵¹ The Board has affirmed this narrow interpretation in its more recent precedent, indicating that Section 10102(5) was intended to exclude only “street” railways:

The broad definition of ‘transportation,’ in turn, is incorporated within the definition of ‘rail carrier.’ With the exception of street railways, a rail carrier is ‘a person providing common carrier railroad transportation for compensation. 49 U.S.C. § 10102(5).”

DesertXpress at 12 (emphasis added).⁵²

⁵⁰ *Id.* at 311-312 (citing *Texas & P. R. Co. v. Gulf, C. & S. F. R. Co.*, 270 U.S. 266, 277-78 (1926)). See Also *Pub. Serv. Comm’n of New York v. United States*, D.C., 56 F. Supp. 351 (S.D.N.Y. 1944), *aff’d per curiam* 322 U.S. 675 (1944) (affirming the jurisdiction of the ICC).

⁵¹ The word “steam” was subsequently removed from the statute.

⁵² The Board likewise observed that the term “[c]ommon carrier,’ although not defined in the [Interstate Commerce Act], means ‘one who holds himself out to the public as engaged in the business of transportation of persons or property from place to place for compensation, offering his services to the public generally.’” *DesertXpress* at 12, n. 43 (citing *Kieronski v. Wyandotte Terminal R.R.*, 806 F.2d 107, 108 (6th Cir. 1986).

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The case law interpreting the term “street, suburban or interurban electric railways” in Section 10102(5) demonstrates that the provision was intended by Congress to exclude only “street” railways and similar forms of transportation from the definition of a “rail carrier.” The Texas Central Line does not share the characteristics of a “street or suburban railway” nor would it “operate[] single or series self-propelled cars.” Rather, Texas Central will hold itself out to provide common carrier intercity rail service with state-of-the-art trains, and those services will clearly be part of the “general system of rail transportation.”

Finally, it is worth noting that, under TAHSR’s expansive (and unsupported) interpretation of the term “interurban electric railway,” both the proposed California High-Speed Train System and the DesertXpress high-speed rail line would have been beyond the scope of the Board’s jurisdiction. Both the California HST and DesertXpress are electric-powered train systems that would provide interurban passenger service.⁵³ The Board’s decisions asserting jurisdiction over California HST and Desert Xpress, and exempting those projects from formal regulation pursuant to Section 10901, further refute TAHSR’s claim that Texas Central is not a “rail carrier” for purposes of Section 10102(5).

* * * * *

As the foregoing discussion demonstrates, the challenges to the Board’s jurisdiction in this proceeding asserted by TAHSR, Delta Troy and various other commenters are without merit. Texas Central is clearly a “rail carrier” within the meaning of 49 U.S.C. § 10102(5). The Texas Central Line will be operated as “part of the interstate rail network” as that term has been interpreted by the Board in other recent cases involving proposed high-speed passenger rail projects. The service that Texas

⁵³ See *CA High-Speed Rail* at 4; DesertXpress, <http://www.xpresswest.com>.

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Central will hold itself out to provide will create a new rail option for interstate passengers and is therefore “related to the movement of passengers or freight in interstate commerce.”⁵⁴ Accordingly, the Board should confirm that it has jurisdiction over the Petition for Exemption.

II. CONGRESS REQUIRES THE BOARD TO USE THE EXEMPTION PROCESS TO THE MAXIMUM EXTENT POSSIBLE TO STREAMLINE CONSTRUCTION APPROVALS.

Congress directed the STB to adopt a light-handed regulatory approach to rail construction projects to the maximum extent possible. Specifically, the Board “shall,” “to the maximum extent” possible, streamline its approval process by exempting a proposed rail line construction from federal regulations under Section 10901 if it finds that (1) such regulation is not necessary to carry out the rail transportation policy of 49 U.S.C. §10101; and (2) either (a) the transaction or service is of limited scope, or (b) regulation is not necessary to protect shippers from the abuse of market power.⁵⁵ “Congress has thus directed the Board to exempt a rail construction proposal from the requirements of the full application process – even if significant in scope – so long as the application of § 10901 is not necessary to carry out the [Rail Transportation Policy] and there is no danger of market power abuse.”⁵⁶

Not only has Congress directed the Board to exercise its exemption authority broadly to minimize regulation,⁵⁷ it has “established a presumption that, unless shown

⁵⁴ *DesertXpress* at 9.

⁵⁵ 49 U.S.C. § 10502(a); *CA High-Speed Rail (Fresno-Bakersfield)* at 10; *DesertXpress* at 3.

⁵⁶ *CA High-Speed Rail (Fresno-Bakersfield)* at 10 (emphasis added); *Alaska Survival v. STB*, 705 F.3d 1073, 1082-83 (9th Cir. 2013); *Vill. of Palestine v. ICC*, 936 F.2d 1335, 1337 (D.C. Cir. 1991) (noting that an exemption “streamlines” the regulatory process).

⁵⁷ See, e.g., *Am. Trucking Ass’ns v. ICC*, 656 F.2d 1115, 1119 (5th Cir. Unit A 1981) (explaining that the ICC was charged with the responsibility of actively pursuing exemptions for transportation and services that comply with the section’s standards); H.R. Rep. No. 96-1430, at 105 (1980) (House Report on Staggers Act explaining that the

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to be otherwise, rail construction projects are in the public interest and should be approved.”⁵⁸ Put differently, Congress has determined that “proposed rail construction projects are to be given the benefit of the doubt.”⁵⁹

The congressional directive to streamline the approval process and the strong statutory presumption in favor of new rail projects together provide clear justification for permitting Texas Central to use the Board’s streamlined exemption procedures.

A. The Texas Central High Speed Rail Project is Well-Suited to the Exemption Process.

Projects such as the one proposed by Texas Central are precisely the types of projects that the Board should be facilitating through the exemption process. Petitioners propose to develop a much-needed travel alternative connecting two of the largest, fastest growing metropolitan areas in the country: Houston and Dallas, Texas. The project will introduce new technology to the United States. The line’s design, construction, operation and maintenance will be based on the state-of-the-art fifth generation Shinkansen N700 Bullet train technology currently operated by the Central Japan Railway Company (“JRC”) on the Tokaido Shinkansen. JRC’s high-speed trains have operated safely in Japan for more than 50 years—indeed, the trains “have not experienced a single passenger fatality or injury due to a train accident such as a

ICC was charged with removing “as many as possible of the Commission’s restrictions”); *CA High-Speed Rail* at 23 (acknowledging the “overriding intent of the exemption statute: unless there is a good reason for full regulation, we should be looking toward exemption or relaxation of unneeded regulatory burdens”).

⁵⁸ *CA High-Speed Rail (Fresno-Bakersfield)* at 9 (citing *N. Plains Res. Council v. STB*, 668 F.3d 1067, 1091-92 (9th Cir. 2011)); *Mid States Coal. for Progress v. STB*, 345 F.3d 520, 552 (8th Cir. 2003); *Alaska 2010 Exemption* at 5.

⁵⁹ *Dakota, Minnesota & Eastern R.R. Cor. Construction into the Powder River Basin*, 3 S.T.B. 847, 864 (1998).

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derailment or collision.”⁶⁰ Introducing this technology in the United States would promote the Administration’s goal of connecting communities via high-speed rail.⁶¹

The Texas Central Line project is privately owned and developed, requiring no taxpayer grants or operating subsidies. This type of innovative project is precisely the sort of project that should be encouraged by the Board. Opponents argue that the Board should take a harder look at this project because it is privately developed, and permit only state-financed projects to use the Board’s streamlined procedures. This is entirely backwards. By allowing Texas Central to proceed with the streamlined exemption process, the Board would encourage private sector innovation in the area of high speed rail, and would further Congress’ policy favoring new rail construction projects. Indeed, it would not make sense to use the streamlined exemption process for the massive, publicly funded, piecemeal California HST project while refusing to employ those same streamlined procedures for this smaller, privately developed project.

B. Texas Central Has Satisfied The Exemption Criteria

The Petition for Exemption amply demonstrated that the Texas Central project promotes the Rail Transportation Policy (“RTP”) and does not create an abuse of market power. *See* Petition for Exemption at 20-28. Texas Central demonstrated that (1) scrutiny of the project is not necessary to carry out the RTP and (2) formal regulation of the project is not necessary to protect any party from an abuse of market power. Texas

⁶⁰ Petition for Exemption at 6. Opponents suggest that Texas Central’s claim is “misleading,” pointing to a suicide attack on the Japanese train that occurred in July 2015 and resulted in two deaths. TAHSR Exemption Reply at 27. There is nothing misleading about Texas Central’s truthful claim that no fatality or injury has occurred as a result of a train accident. While certainly tragic, the events that occurred in July 2015 had nothing to do with the safety of the bullet train technology.

⁶¹ *See* President Barack Obama, *A Vision for High-Speed Rail in America* (April 16, 2009), transcript available at <https://www.whitehouse.gov/the-press-office/remarks-president-and-vice-president-high-speed-rail> (“Obama HSR Vision”).

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Central expands upon its Petition below, and, together with this response, is providing the Board with additional documents to assure the Board that use of the streamlined exemption process is warranted.

1. Detailed scrutiny of this project is not necessary to carry out the Rail Transportation Policy.

In its Petition for Exemption, Texas Central identified the many ways in which this project is consistent with the RTP. *See* Petition for Exemption at 23-25. As the Board recently explained, it need not consider each and every provision in the RTP, but instead “it will look to those portions of the RTP that are relevant or pertinent to the underlying statutory provision from which exemption is sought— here, 49 U.S.C. § 10901—in considering petitions for exemption under section 10502. Otherwise, the Board would be ‘faced with the impossible task of reconciling a variety of different objectives’ in the RTP.”⁶² The Board has determined that “§§10101(2), (4), (5), (7) and (14) of the RTP are policy goals promoted by § 10901.”⁶³ In its Petition, Texas Central addressed each of the RTP policy objectives that the Board has identified are relevant to an exemption from Section 10901.⁶⁴

While Texas Central believes that it has provided a complete description of the many ways in which the project promotes the RTP (*cf.* Petition for Exemption of California High-Speed Rail Authority, STB Docket No. 35724 (Sub No. 1) (*Cal HSR Pet.* filed Mar. 27, 2013), the additional details below further explain the benefits of this project.

a. Section 10101(2): to minimize the need for Federal regulatory control over the rail transportation

⁶² *CA High-Speed Rail (Fresno-Bakersfield)* at 14 (quoting *Alaska Survival*, 705 F.3d at 1083).

⁶³ *Id.* at 14; *Alaska Survival*, 705 F.3d at 1084 (finding reasonable the Board’s decision to consider only RTP factors (2), (4), (5), and (7)).

⁶⁴ *See* Petition for Exemption at 23-25 (addressing §§ 10101 (2), (4), (5), (7), (14) and (15)).

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system and to require fair and expeditious regulatory decisions when regulation is required.

There is no doubt that employing the exemption process here will minimize Federal regulatory control over the rail transportation system. An exemption will minimize the time and administrative expense associated with the Board's review of the project. The Board has repeatedly found that federal regulatory control over rail line construction projects similar (and much larger) than the Texas Central Line is unnecessary. *See CA High-Speed Rail (Fresno-Bakersfield); CA High-Speed Rail; DesertXpress.*

- b. Section 10101(4): 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 with the California HST project, the line will "enhance intermodal competition and increase capacity" and will "promote the development of a sound rail transportation system to meet the needs of the traveling public." *CA High-Speed Rail (Fresno-Bakersfield)* at 13; 49 USC §§10101 (4), (5). Currently there is no direct rail service between the Dallas and Houston metropolitan areas. Therefore, the Texas Central Line will directly increase capacity along this route. The project will also enhance competition by creating an efficient new alternative to air and highway travel between the two cities. *See* Petition for Exemption at 23.

The development of high-speed rail service as part of a "sound rail transportation system" is a priority of the Administration. President Obama has emphasized the importance of high speed rail as a technology that will contribute to "build[ing] a foundation for our future growth."⁶⁵ As President Obama has said,

⁶⁵ Obama HSR Vision.

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[W]e need . . . a smart transportation system equal to the needs of the 21st century. A system that reduces travel times and increases mobility. A system that reduces congestion and boosts productivity. A system that reduces destructive emissions and creates jobs.⁶⁶

On a recent visit to Dallas, Vice President Biden touted the benefits of the Texas Central Line in particular, noting that this project is “going to lead this country into an entirely new era of transportation.”⁶⁷ Granting the Petition for Exemption will contribute to making these priorities a reality.

c. Section 10101(5): to foster sound economic conditions in transportation and to ensure effective competition and coordination between rail carriers and other modes.

The privately developed Texas Central Line will enhance competition by introducing a new transportation alternative in the Dallas-Houston corridor. The Texas Central Line will create a connection between the Amtrak routes serving Dallas and Houston, thereby facilitating interstate rail travel. Future rail projects would create additional opportunities to connect with the Texas Central Line. Petition for Exemption at 17-18.

The Texas Central Line will also foster sound economic conditions in transportation by creating approximately 1,000 permanent transportation-related jobs in the communities that the Line serves. Petition for Exemption at 11.⁶⁸ Development

⁶⁶ *Id.*

⁶⁷ Brandon Formby, *Biden calls Dallas-Houston bullet train beginning of new transportation era in America*, DALLAS NEWS (Nov. 18, 2015) available at <http://transportationblog.dallasnews.com/2015/11/as-biden-addresses-infrastructure-spending-in-dallas-lawmakers-grapple-with-funding-in-d-c.html/>

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around Texas Central stations is likely to create even more employment opportunities, and to generate increased state, county and municipal sales and *ad valorem* tax revenues. *Id.* The economic benefits of the system could reach \$36 billion by 2040.⁶⁹ Texas Central is providing the Board with a study commissioned during the ordinary course of business that supports the tremendous economic benefits to the public from this project. An Executive Summary of that report has been publicly available on Texas Central's website. *See* Appendix.

Nevertheless, opponents urge the Board to deny the Petition for Exemption because they believe this project is financially unsound. As discussed in more detail below, the Board and the federal courts have declared that such an inquiry is for the marketplace, not the federal agency, whose approval is merely permissive in nature.⁷⁰ Moreover, the highly confidential, independent reports in the Appendix show that this high-speed rail project is not a pie-in-the-sky dream, as opponents portray, but rather is a project that has been rigorously researched, planned, and tested by private market participants.

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⁷⁰ *See infra* at Section III-B; *see also* *Dakota, Minnesota & Eastern R.R. Cor. Construction into the Powder River Basin*, 3 S.T.B. 847 (1998) (finding that "the ultimate determination of the financial viability of the project will be made by the financial markets"), *aff'd by Mid States*, 345 F.3d at 552 ("[W]e believe that the nation's financial institutions possess the expertise and insight necessary to determine the financial viability of this project. Given the liberal nature of the licensing statute and the Board's analysis thus far, they should have that opportunity.").

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d. Section 10101(7): to reduce regulatory barriers to entry into and exit from the industry.

Permitting Texas Central to use the streamlined exemption procedures will plainly reduce barriers to entry and encourage the development of the Texas Central Line (and future high-speed rail projects). Section 10101(7) of the RTP is particularly well-served by permitting Texas Central to proceed under the exemption process. Texas Central proposes to introduce a privately developed, high-speed rail option between two of the largest and fastest growing metropolitan areas in the country. The Texas Central Line is consistent with the Administration's goal of promoting high-speed rail. Reducing regulatory barriers to entry would go a long way toward promoting that goal. Conversely, extended regulatory review via the formal application process would create a barrier to entry that would discourage private sector investment in these projects. Such a policy would hinder innovation and investment in this important field.

e. Section 10101(14): to encourage and promote energy conservation.

The energy-efficient Texas Central high-speed train service is patently consistent with 49 U.S.C. § 10101(14) in that it will "encourage and promote energy conservation by diverting automobile trips and commercial air flights to electrified train travel, a more energy efficient form of transportation."⁷¹ Despite this, opponents question whether this project will promote energy conservation because they claim that construction of the project will adversely affect the environment.⁷² But the Board has noted that "although many construction projects entail some degree of adverse environmental consequences, passenger rail operations, once construction is complete, are among the most environmentally friendly modes of transportation."⁷³ Like other

⁷¹ *CA High-Speed Rail (Fresno-Bakersfield)* at 13.

⁷² *See* TAHSR Exemption Reply at 45.

⁷³ *CA High-Speed Rail (Fresno-Bakersfield)* at 14.

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high-speed rail projects before it, the Texas Central Line will promote energy conservation in the industry.

2. The Texas Central Project Does Not Threaten Any Market Power Abuse.

Opponents have not even suggested (much less demonstrated) that the project creates any potential threat of market power abuse.⁷⁴ The Board has often recognized that new rail construction, by definition, serves to enhance competitive options. *See, e.g., Illinois Cent. R.R. Co. – Construction & Operation Exemption – in East Baton Rouge Parish, LA*, STB Docket No. 33877 (served Oct. 25, 2001), (“Even where another carrier opposes the construction, the ICC, and now the Board, have permitted it, stating ‘new construction provides . . . the kind of additional competition that the rail transportation policy seeks to promote’”) (citing *Gateway West. Ry. Co. – Construction Exemption – St. Clair Cty., IL*, ICC Docket No. 32158, at 5 (served May 11, 1993)).

3. Petitioners Provided the Board with all of the Information Required in the Exemption Process.

Delta Troy claims that the Board should dismiss the Petition for Exemption because Petitioners failed to provide sufficient information required under the exemption procedures.⁷⁵ This allegation is incorrect – Texas Central complied fully with the Board’s exemption procedures. Indeed, the content of Texas Central’s Petition for

⁷⁴ TAHSR claims that the Board “only has authority to exempt a transaction or service when it finds that ‘the transaction or service is of limited scope.’” TAHSR Exemption Reply at 7. TAHSR misreads the statute. Section 10502 states clearly that the Board shall exempt a transaction or service that is either of limited scope or which threatens no competitive harm. Here, because no competitive harm exists, it is immaterial whether or not the project is of “limited scope.”

⁷⁵ Delta Troy Exemption Reply at 18.

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Exemption is similar to – if not more detailed than – the petitions recently approved by the Board regarding the California HST project.⁷⁶

Nevertheless, to provide the Board with a more complete record and assurances that use of the streamlined exemption procedures is appropriate here, Texas Central is providing additional documentation regarding the project along with this Response.

Included in the Appendix to this Response are the following:

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⁷⁶ See, TAHSR Exemption Reply; Petition for Exemption of California High-Speed Rail Authority, STB Docket No. 35724 (Sub-No. 1) (filed Sept. 26, 2013).

⁷⁷ In its Petition, Texas Central advised the Board that “the civil construction and the core system is estimated to be over \$10 billion, which is being privately developed by Texas Central.” Petition for Exemption at 4; see also Keith V.S. ¶ 10. Texas Central was careful to provide the Board with a cost range for just the civil construction of the core system, as the construction costs will remain in flux until the final route is established. While opponents take issue with the “over \$10 billion” forecast, there is nothing misleading or improper about providing the Board with a general range, particularly when the construction costs of the project are not relevant to the approval criteria.

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III. OPPONENTS OF THE PROJECT HAVE NOT IDENTIFIED ANY ISSUES THAT WARRANT SUBMISSION OF A FULL APPLICATION.

Opponents of the project seek to muddy the waters by raising a multitude of questions that they claim must be answered before the Board grants construction authority. For example, opponents question Texas Central's statements regarding the costs of construction and operation of the railroad. They question Texas Central's business plan; its ridership projections; fares, parking and security plans; and the economic benefits that the railroad will bring to the region.⁷⁸ Based on their (unsupported) statements concerning such issues, opponents claim that the Board should require a full application in this proceeding. But as the Board itself has noted, "a party may seek an exemption before all outstanding issues have been resolved."⁷⁹ Not all agreements, studies, or plans must be set in stone for the Board to authorize an exemption—indeed, it would be impossible to finalize such matters prior to Board approval of the project.

Texas Central maintains that a full application is unnecessary in this instance. As described above, Texas Central's proposal clearly satisfies the exemption criteria set forth in Section 10502. Regardless, Texas Central is providing the Board with significant additional information—not otherwise required in an exemption proceeding—which addresses many of the concerns raised by opponents of the project. Texas Central notes, furthermore, that most of the opponents' concerns are either not relevant to the exemption criteria or will be addressed in a different forum. For example, opponents' environmental concerns will be fully addressed during the Environmental Impact

⁷⁸ See TAHSR Exemption Reply at 18-28.

⁷⁹ See *CA High-Speed Rail (Fresno-Bakersfield)* at 9

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Statement (“EIS”) process, which is being led by FRA. Questions about the financial viability of the project are best answered by the marketplace, not the STB. The purely local concerns identified by opponents can be addressed in state proceedings and should not present a bar to this project of national importance. And Texas Central is providing highly confidential ridership data that refutes TAHSR’s critique of its ridership analysis and the public demand for this high-speed passenger rail project.

A. The Environmental Concerns Identified by Opponents Will Be Addressed In FRA’s EIS Process.

Opponents claim that the Board should reject the Petition for Exemption in part because “the project will adversely affect the environment”⁸⁰ and because of concerns that the project will “result in substantial adverse impacts to landowners, citizens, roads, the environment, and the overall rural lifestyle.”⁸¹ Delta Troy questions whether the project will “reduce carbon emissions.”⁸² None of those concerns provide a legitimate basis for denying Petitioners the use of the exemption process. Rather these concerns are more appropriately addressed as part of the EIS review process.⁸³

FRA has asserted jurisdiction over this project and is actively engaged as the lead federal agency in the preparation of the project’s EIS.⁸⁴ The agency has completed an

⁸⁰ TAHSR Exemption Reply at 45.

⁸¹ Cty. Commissioner Carl Cannon Reply In Opposition to Petition for Exemption, STB Docket No. 36025, at 6 (served May 31, 2016).

⁸² Delta Troy Exemption Reply at 27.

⁸³ The Board has recently confirmed that the environmental review process remains the same, regardless of whether a proposal is examined under Section 10901 or Section 10502. *See CA High-Speed Rail* at 21 (noting that the Board participated in the FRA’s EIS process, “the highest level of NEPA review and the level of review that the Board usually undertakes in rail construction projects, regardless of whether the applicant files an application under § 10901 or a petition for exemption under § 10502”).

⁸⁴ *See Environmental Impact Statement for Dallas-Houston High Speed Passenger Rail Corridor*, 79 Fed. Reg. 36123, 36123-24 (June 25, 2014).

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independent evaluation of potential corridor alternatives for the Texas Central Line and determined that the Utility Corridor is the only feasible end-to-end corridor.⁸⁵ FRA is currently in the process of preparing a Draft EIS. And pursuant to 49 C.F.R. § 1508.5, the Board can become a cooperating agency and participate in FRA's EIS process.⁸⁶ The Board has taken such action in previous high-speed rail proceedings. *See Cal. High-Speed Rail* at 1.

Members of the public with concerns about the environmental impact of this project will have a full opportunity to raise their concerns during the EIS process. The Draft EIS will be made available to the public and stakeholders for public input. Texas Central anticipates that the Draft EIS will be ready for publication and public review in late 2016. Based on that input, the Final EIS will address as appropriate the environmental and safety concerns raised by opponents. As the Board has explained, an EIS addresses a variety of issues including "transportation; air quality and climate change; noise and vibration; biological resources; water resources and wetlands; agricultural lands; socio-economics; residential, business and other displacements; safety and security; parks and recreation; and aesthetics and visual resources." *CA High-Speed Rail (Fresno-Bakersfield)* at 6. FRA has posted thousands of pages of data regarding the status of the project on its website.⁸⁷ Those materials include documentation of alignment alternatives, maps, a scoping summary report, as well as updates from FRA regarding the NEPA process. Texas Central has also posted a number of reports on its website, including the corridor alternatives reports and last mile analysis that it

⁸⁵ *See* FRA, Dallas to Houston High-Speed Rail Project Corridor Alternatives Analysis Technical Report (Aug. 12, 2015), <https://www.fra.dot.gov/eLib/Details/L16978>.

⁸⁶ FRA, as the lead agency, is also responsible for initiating the Historic Review Process under Section 106 of the National Historic Preservation Act. The Board may participate in this process in order to satisfy its obligations under § 106. *Cal. High-Speed Rail* at 20.

⁸⁷ *See* FRA, Dallas to Houston High-Speed Rail, Documents, Maps & Images: <https://www.fra.dot.gov/Page/P0780>.

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prepared for the EIS process.⁸⁸ As a result, the environmental concerns expressed by TAHSR and others provide no justification for requiring Texas Central to submit a formal application pursuant to 49 U.S.C. § 10901.

B. Precedent Requires the Board to Let the Market Determine the Financial Viability of the Project.

Opponents make much of the fact that the financing for the project has not been finalized.⁸⁹ However, financing for a project of this size is often not completed until it becomes evident that the project will not be halted by regulatory obstacles or otherwise terminated before the regulatory approvals are completed. The financial markets depend upon regulatory certainty in making investment decisions and are unlikely to commit large amounts of money to projects in their early stages.

The Board has recently made clear that “there is nothing in the language of § 10502 to suggest that an exemption proceeding is necessarily improper when the viability of the proposed rail line is questioned.” *CA High-Speed Rail (Fresno-Bakersfield)* at 10. Furthermore, the Board has stated:

the Board’s grant of authority to construct a line (whether under § 10901 or by exemption under § 10502) is permissive, not mandatory – that is, the Board does not require that an approved line be built. As a result, the Board has repeatedly recognized that the decision to go forward with an approved project ultimately is in the hands of the applicant and its potential investors (whether public or private) and not this agency. Accordingly, the Board may grant authority to construct a line even if all outstanding issues related to the proposed construction have not yet been resolved or if factors beyond the Board’s control (such as the outcome of

⁸⁸ See Texas Central High-Speed Rail, LLC, Environmental Impact Statement: <http://www.texascentralhighspeedrail.com/page4/index.html>.

⁸⁹ See Delta Troy Exemption Reply at 13-15; TAHSR Exemption Reply at 20-21.

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pending litigation . . .) might ultimately prevent consummation of the proposed construction.

Id. at 11.

The Board has properly rejected objections to prior rail construction projects based upon the lack of finalized financing arrangements.⁹⁰ The Eighth Circuit has upheld that determination.⁹¹ The Board should do so again here.

Leaving the ultimate financial decision to the markets is particularly appropriate public policy here. As explained in the Petition for Exemption, funding for the project is being privately developed by Texas Central. Petition for Exemption at 4. Contrary to Opponents' concerns, tax payer dollars will not be at risk. Even Robert Poole—a co-founder of the libertarian-leaning Reason Foundation and whose arguments are often cited by TAHSR—agrees that taxpayers would not be at risk, even if federal credit instruments are pursued.⁹² This sort of privately-developed project is precisely the sort of project the Board should leave to the markets to evaluate and determine whether it ultimately should be funded.

1. This Proceeding is Unlike *Ozark Mountain*

Opponents rely heavily on the unusual *Ozark Mountain* proceeding, where the Commission revoked a conditional exemption initially granted to Ozark Mountain to run a passenger excursion train in Branson, Missouri and northern Arkansas.⁹³ In that proceeding, the ICC revoked the exemption because it found that Ozark Mountain was

⁹⁰ See *DM&E Powder River Basin*, 3 S.T.B. 847, 892 (1998) (finding that “the ultimate determination of the financial viability of the project will be made by the financial markets”).

⁹¹ See *Mid States*, 345 F.3d at 552.

⁹² See <http://reason.org/news/show/privately-financed-high-speed-rail>).

⁹³ *Ozark Mountain R.R. – Construction Exemption*, ICC Docket No. 32204, 1994 WL 498676 (served Dec. 15, 1994).

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not forthcoming with the Commission and refused to provide all of the financial information that the agency requested.⁹⁴ Ozark Mountain also failed to provide the Section of Environmental Analysis with requested environmental data.⁹⁵

In contrast, Texas Central has complied with the Board's exemption procedures, and has demonstrated that this project is an ideal candidate for use of those procedures. Nevertheless, Texas Central recognizes that the Board may want more information before making a final decision on the Petition. Accordingly, Texas Central is providing along with this Response five independent studies, conducted in the ordinary course of business, relating to the construction costs, strong ridership demand, and tremendous public benefits of this project.

It is understandable that when faced with an applicant who refused to provide information requested by the ICC, the agency exercised its authority to revoke the exemption and force that applicant to use the more elaborate approval procedures. That is not the case here. Unlike Ozark Mountain, Texas Central is a willing participant in the Board's exemption process. Texas Central has been forthcoming in providing the Board with additional information – even before the Board has requested it. And it bears repeating that the Board has more recently made clear that “there is nothing in the language of § 10502 to suggest that an exemption proceeding is necessarily improper when the viability of the proposed rail line is questioned.” *CA High-Speed Rail (Fresno-Bakersfield)* at 10. To the extent the *Ozark Mountain* case reflected a different view of the Board's gate-keeping role, it has been properly modified by later agency precedent and

⁹⁴ *Id.* at 2-3.

⁹⁵ Voting Conference, *Ozark Mountain R.R. – Constr. Exemption*, ICC Docket No. 32204, at 5 (Aug. 9, 1994) (noting that “Ozark has not provided the Commission with any information which the Section of Environmental Analysis could use to begin an environmental review” and that “SEA followed up the visit by sending Ozark a letter asking for specific information but Ozark has not yet provided SEA with the information requested”).

PUBLIC VERSION

by the Eighth Circuit. *Mid States*, 345 F.3d at 552 (“we believe that the nation’s financial institutions possess the expertise and insight necessary to determine the financial viability of this project. Given the liberal nature of the licensing statute and the Board’s analysis thus far, they should have that opportunity.”).

C. Local Issues Present No Bar to the Use of the Exemption Process.

Opponents of the Texas Central Line raise a number of local concerns they claim warrant rejection of Texas Central’s Petition.⁹⁶ None of those concerns present a bar to the use of the exemption process. For one, the Board will not interfere with local or state laws or regulations pertaining to land acquisition or the Texas eminent domain process.⁹⁷ Any concerns about condemnation will be resolved in Texas state court. Indeed, as TAHSR itself admits in its Petition, local land owners already are resorting to the Texas state courts to adjudicate land disputes.⁹⁸

Similarly, many of the local concerns raised by commenters are environmental in nature and will be resolved during the EIS process. To the extent that there is, for example, wildlife⁹⁹ that may be impacted by the Line, those concerns will be fully vetted by FRA (and the Board) in the environmental analysis. Similarly, concerns about noise pollution and coal consumption,¹⁰⁰ will be addressed in this same process. Concerns about road access can also be addressed in the EIS.

⁹⁶ See, e.g., TAHSR Exemption Reply at 43-47.

⁹⁷*Tongue River R.R. Co., Inc. – Rail Construction & Operation – In Custer, Powder River & Rosebud Counties, Mont.*, STB Docket No. 30186, at 13 (served Mar. 22, 2013) (“The Board plays no role in any eminent domain proceedings and does not approve or disapprove any condemnation of private property under state law.”)

⁹⁸ TAHSR Exemption Reply at 44-45 (discussing proceeding in Grimes County).

⁹⁹ *Id.* at 46.

¹⁰⁰ *Id.* at 45-46.

PUBLIC VERSION

Finally, concerns about the final route of the project do not warrant rejection of the Petition. The Board has acknowledged that in matters such as this large construction project, “outstanding issues . . . often remain unresolved at the time of the Board’s decision. . . . [A] party may seek, and the Board may grant, an exemption even though these issues have not yet been resolved.” *CA High-Speed Rail (Fresno-Bakersfield)* at 15. This is true of the final route of the project. *See DM&E Powder River Basin*, 3 S.T.B. at 897 (The Board “will not create an artificial barrier to entry by requiring applicants to risk the expenditure of large sums to design a project of broad scope such as this down to its final details . . . before we determine whether it satisfies the transportation aspects of section 10901.”). In fact, the Board approved the first section of the California HST project before all station locations—and therefore the final route—were selected.¹⁰¹ The fact that Texas Central’s final route has not been established should not pose a bar to the use of the exemption proceeding. The final route will be identified during the EIS process.

D. Texas Central’s Ridership Studies Demonstrate the Public Demand for the Line.

Finally, Opponents claim that there is no public need for this project, challenging Texas Central’s forecasts about the number of passengers that may use the Line once it is constructed. Again, financial institutions possess superior expertise and insight necessary to determine the viability of this project, including careful vetting of ridership studies. But Texas Central appreciates that the Board may want tangible evidence of the public demand for this project, even when using the streamlined exemption procedures.

Included in the documents provided in the Appendix to this Response are two highly confidential ridership analyses completed by independent consultants. Those

¹⁰¹ *Cal. HSR (Fresno)* at 13 (recognizing “preferred station sites”); *id.* at 15 (recognizing “prospective station sites”).

PUBLIC VERSION

analyses illustrate the feasibility of and demand for a high-speed rail line connecting the Houston and Dallas metropolitan areas and thoroughly discredit the claims asserted by TAHSR.

The first feasibility study was completed by {{

105}}

The second study, {{

102 {{

}}

103 {{ }}

104 {{ }}

105 {{ }}

106 {{

}}

107 {{ }}

108 See TAHSR Reply at 33-38; TAHSR Reply Exhibit 3.

PUBLIC VERSION

anticipates that it will obtain the financing necessary to complete this important project and that forecasts of ridership studies reflect a growing demand for high-speed passenger rail service between two of the fast growing metropolitan areas in the United States. Texas Central has provided the Board with cost projections and forecasts. As the Board has recognized, however, “[b]y their nature, forecasts (including forecasts of future traffic and revenues) cannot promise absolute accuracy.”¹¹⁶ This inherent feature of forecasts should not be used as an excuse to reject Texas Central’s Petition for Exemption or to subject the project to a costly, time-consuming and burdensome federal regulatory review process. Texas Central urges the Board to take its customary hard look at the environmental impact of this project, in conjunction with FRA and other cooperating agencies, but otherwise the agency “should not stand in the way of [new construction] going forward.”¹¹⁷

¹¹⁶ *Id.* at 67 n. 106.

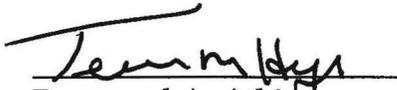
¹¹⁷ *Id.* at 67.

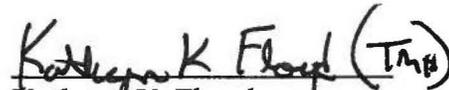
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CONCLUSION

For the foregoing reasons, Petitioners respectfully request that the Board grant its Petition for Exemption.

Respectfully submitted,


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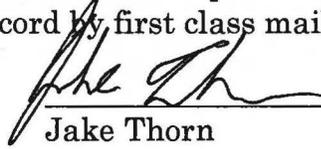
Counsel to Texas Central Railroad and Infrastructure, Inc.
& Texas Central Railroad, LLC

Dated: June 20, 2016

PUBLIC VERSION

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 20th day of June 2016, I caused a copy of the foregoing Petitioners' Response to Comments and Replies to Petition for Exemption to be served on all parties of record by first class mail, postage prepaid.



Jake Thorn

REDACTED

APPENDIX

to

**PETITIONERS' RESPONSE TO REPLIES
TO PETITION FOR EXEMPTION**

Finance Docket No. 36025

EXHIBIT 1

to

**Petitioners' Response To Replies
To Petition For Exemption**

Finance Docket No. 36025

ONE-WAY / SELECT DEPARTURE

Wednesday, June 22, 2016

Washington, DC - Union Station (WAS) to
Brunswick, ME (BRK)



i Station Advisory 1 Adult

SORT **Departure Time** Price Duration **All Trains**

DOLLARS POINTS SAVER VALUE FLEXIBLE PREMIUM

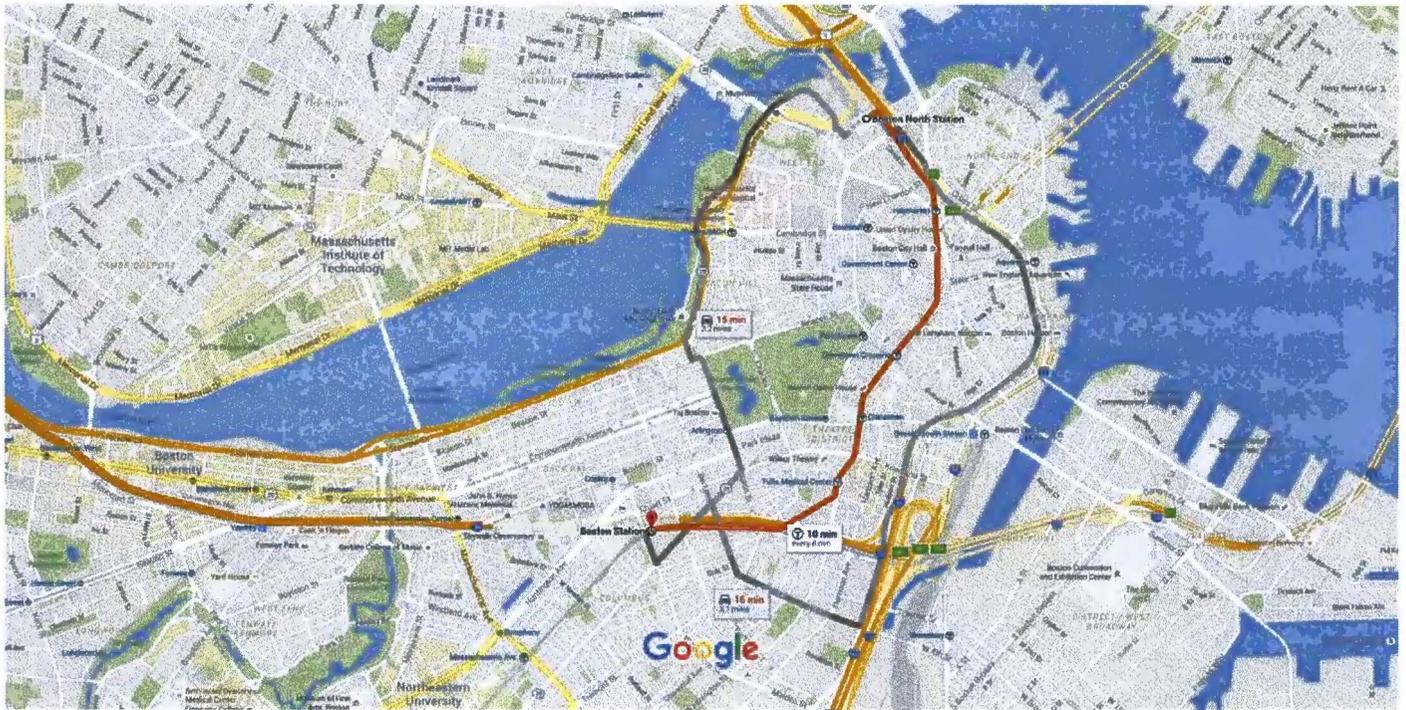
	SAVER	VALUE	FLEXIBLE	PREMIUM
ADD TO CART		\$164.50	\$237.50	\$218.50
7:23am - 3:15pm 7 hr, 52 min 172 Northeast Regional No Checked Baggage	—	<u>1 Reserved Coach Seat</u>	<u>1 Reserved Coach Seat</u>	<u>1 Business Class Seat</u> ← CHANGE →
TRANSFER - <u>BOS</u> (2 hr, 0 min)				
5:15pm - 7:50pm 2 hr, 35 min 8683 Thruway Bus No Checked Baggage	—	<u>1 Reserved Thruway Seat</u>	<u>1 Reserved Thruway Seat</u>	<u>1 Reserved Thruway Seat</u>

	SAVER	VALUE	FLEXIBLE	PREMIUM
ADD TO CART		\$165.00	\$238.00	\$228.00
7:23am - 3:09pm 7 hr, 46 min 172 Northeast Regional No Checked Baggage	—	<u>1 Reserved Coach Seat</u>	<u>1 Reserved Coach Seat</u>	<u>1 Business Class Seat</u> ← CHANGE →
TRANSFER - <u>BBY</u> (0 hr, 40 min)				
Self Transfer Boston, MA (<u>BBY</u>) to Boston, MA (<u>BON</u>)	Important Self Transfer Information This trip requires a transfer between Boston, MA - Back Bay and Boston, MA - North Station. However, Amtrak does not offer connecting transfer service between these stations. You will be responsible for arranging your own transportation between these stations in order to continue to your final destination.			
TRANSFER - <u>BON</u> (1 hr, 3 min)				
5:00pm - 8:20pm 3 hr, 20 min 685 Downeaster	—	<u>1 Reserved Coach Seat</u>	<u>1 Reserved Coach Seat</u>	<u>1 Business Class Seat</u> ← CHANGE →



Boston North Station to Boston Station

11:29 AM - 11:39 AM (10 min)



Map data ©2016 Google 1000 ft



11:29 AM–11:39 AM

10 min



Orange Line

11:29 AM from Boston North Station every 8 min



via MA-28 S

9 min without traffic

15 min

2.2 miles



via E Berkeley St

11 min without traffic

16 min

3.1 miles

EXHIBIT 2

to

**Petitioners' Response To Replies
To Petition For Exemption**

Finance Docket No. 36025

CALIFORNIA ZEPHYR® ROUTE GUIDE

CHICAGO • DENVER • SALT LAKE CITY • SAN FRANCISCO

We hope you enjoy reading this guide and learning about points of interest along our route. It is written starting from the eastern terminus of the train in Chicago and proceeds to points west, ending in San Francisco. If you boarded in San Francisco, just read the guide in reverse, remembering to look in the opposite direction referenced.

AMTRAK® STATIONS are shown in all capital letters, as opposed to upper and lower case for towns and geographical areas through which the train travels but does not stop. The Amtrak® System Timetable or the California Zephyr® timetable folder should be consulted for actual station times. While all service presented in this guide was accurate at the time of publication, routes and services are subject to change. Please contact Amtrak at 1-800-USA-RAIL, visit Amtrak.com, or call your travel agent for the most current information.

Between Chicago and the great cities of the west lie narrow canyons, towering peaks and breathtakingly beautiful mountain wilderness areas as you cross two great mountain ranges, the Rockies and the Sierra Nevadas. Traveling across this great swath of American West was a challenging journey until 1869 when the first transcontinental railroad was completed at Promontory Summit, Utah. Then, thousands of pioneers were able to easily go west in search of their fortunes, many to San Francisco after the discovery of gold nearby. Modern-day travelers know that same trip as one of the most beautiful train journeys in North America – and the most comfortable way to travel between these two great cities.

Blowing away the alternatives is what Zephyrus, ancient Greek god of the west wind, and his namesake, the California Zephyr, do best. So sit back and be "blown away" by the otherwise unattainable views of the spectacular scenery and changing vistas along the route.

[Amtrak's California Zephyr carries the same name as the original "most talked about train in America" that went into service on March 20, 1949, between Chicago and Oakland over much of the same route as the train you are riding today. The original California Zephyr, operated jointly by the Chicago, Burlington and Quincy Railroad, Denver and Rio Grande Western Railroad and Western Pacific Railroad, featured five "vista dome" cars and four sleeping cars. Today, Amtrak uses modern Superliner double-decker cars that give nearly everybody on the train a bird's-eye view of the spectacular scenery on the route.]



Enjoy the journey.

WELCOME ABOARD



Glenwood Springs

The *California Zephyr* takes you from the Midwest's Windy City across the American heartland through Denver, over the front range of the Rockies, through the Continental Divide, Glenwood Canyon, the Utah Desert and the High Sierras to the City by the Bay. On board, you will experience the comfort and relaxation of train travel while witnessing some of the very best American cultural and geographic icons. We are happy to have you aboard today and want to ensure your trip is everything you want it to be. If there is anything that can be done to make your trip more enjoyable, please do not hesitate to ask any Amtrak employee.

THE TRAIN STAFF

The staff of the *California Zephyr* is here to make your trip a special and enjoyable experience.

The **Conductor** is responsible for the entire On-Board Services staff including ticket collection, passenger safety and the safe operation of the train.

The **Lead Service Attendant** is responsible for the operation of the Dining car and Dining car staff.

The **Lounge Car Attendant** is responsible for the operation of the Lounge/Café car.

The **Sleeping Car Attendant** is responsible for providing all service for passengers ticketed in Sleeping car accommodations, including room preparation, luggage service and any assistance necessary to ensure a comfortable journey. He or she can also assist with meal reservations or arrange for your meal to be served in the privacy and comfort of your accommodation.

The **Coach Attendant** is responsible for providing service for passengers ticketed in Coach. This includes seat assignment, luggage assistance, and assistance to ensure a comfortable journey.

ACCOMMODATIONS

Sleeping car accommodations provide a range of private rooms with amenities for day and night use. From Superliner Roomettes to Superliner Bedrooms featuring a private lavatory and shower, Sleeping car accommodations will suit any need and can be described in more detail by any member of the crew. Please ask to speak to the Conductor regarding the availability of rooms. Sleeping car passengers can enjoy the Amtrak Metropolitan LoungeSM available in Chicago.

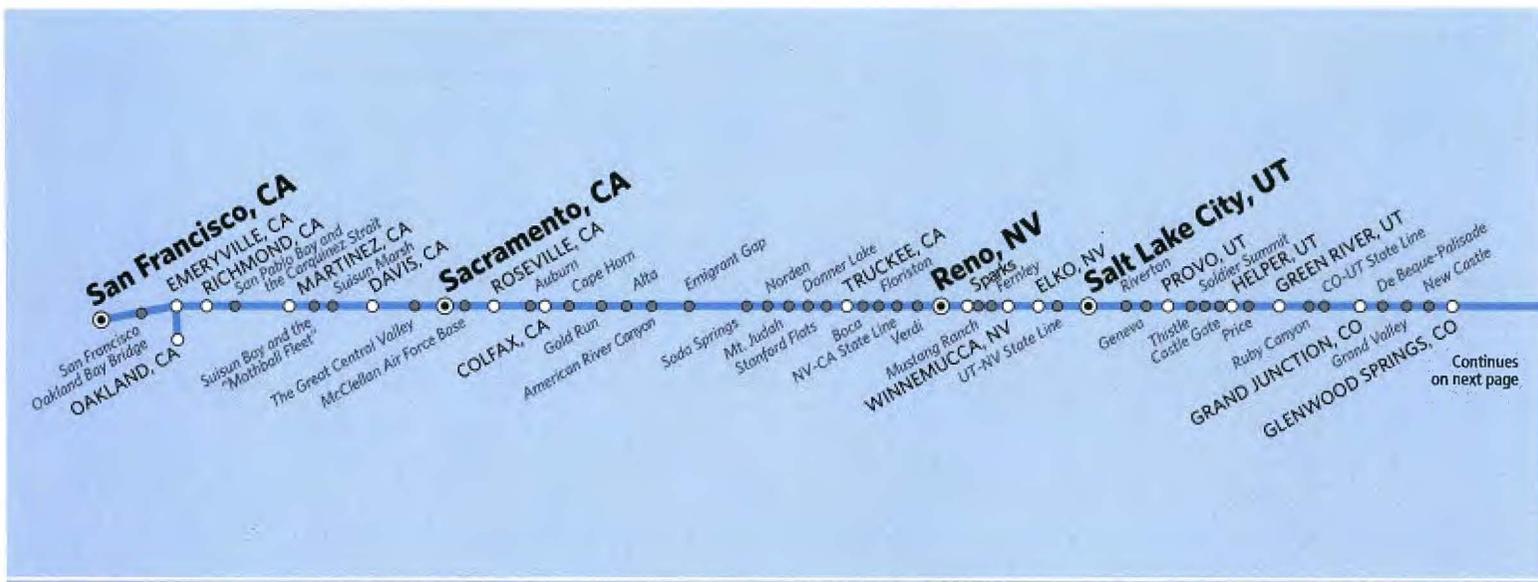
Coach seating provides a wide reclining seat with leg rest, folding tray table and overhead light.

The **Dining car** features full-service hot meals prepared by Amtrak chefs. Here you will also have the chance to meet your fellow passengers for conversation and food while the scenery glides by your window. Sleeping car accommodation charges include meals in the Dining car while passengers ticketed in Coach may purchase Dining car meals at reasonable prices.

The **Sightseer Lounge/Café** is the perfect car for viewing the spectacular scenery along the *California Zephyr*. Large panoramic windows provide the perfect atmosphere for sightseeing and making new friends. The Café is located on the lower level of this car offering sandwiches, snacks and beverages. On-board guides from the California State Railroad Museum provide historical and sightseeing commentary between Reno and Sacramento seasonally.

HOST RAILROADS are the freight and commuter railroads that Amtrak contracts with to operate Amtrak passenger trains. The *California Zephyr* is hosted by the Burlington Northern Santa Fe (BNSF) between Chicago and Denver, and the Union Pacific between Denver and Emeryville, CA.

Information contained in this route guide as well as described amenities and features are subject to change without notice. While gratuities are not required for services provided, it is an appreciated way to convey to an employee that he or she has made your trip more enjoyable.



Continues on next page

CHICAGO (0 mi.) Vibrant and energetic, Chicago is the commercial, industrial and cultural core of the Midwest and has always been a major national transportation hub. At Union Station, eight Amtrak® long-distance routes and seven regional corridors connect passengers to and from cities and towns across the country. In the heart of America, Chicago is a leading distribution center for manufactured goods flowing in all directions. Its importance as a commercial center is underscored by the Merchandise Mart, the world's largest commercial office building with over 4 million square feet of floor space.

The many regional food specialties (in addition to Chicago Deep Dish Pizza!) reflect the city's ethnic and working class roots. Chicago's spirit is also exemplified in its unique architecture; it is here that the word "skyscraper" originated with the first one built in 1885. The arts and sciences are alive with an abundance of world-renowned theaters and museums. And Chicago is clearly a sports town with baseball's Cubs and White Sox, hockey's 2013 Stanley Cup champion Blackhawks, basketball's Bulls, and football's Chicago Bears (known around here as "Da Bears"). The city is home to historic Wrigley Field, one of baseball's oldest parks, and one of the tallest buildings in the U.S., the Willis Tower (formerly the Sears Tower) is next to Union Station.

Leaving Chicago Union Station, the South Branch of the Chicago River is on the left. In the late 1890s the flow of the river was changed to go from Lake Michigan toward the Mississippi River in order to improve the water quality in the Lake, rather than the other way around, through construction of a series of locks and sluice gates. This was considered to be a major engineering triumph of its time, although not without controversy from Mississippi River communities.

NAPERVILLE (28 mi.) serves Chicago's western suburbs. Founded in 1831, this is an affluent, family-oriented community, with a restored historic village and modern suburban homes, reflecting both the city's past and present. Today, Naperville is known for its high-tech companies and highly regarded school system. The nearly two mile Riverwalk along the DuPage River features walking paths, fountains, meeting and event places, outdoor sculpture and recreational facilities.

Aurora (38 mi.), west of Naperville, is the second largest city in Illinois, and was the birthplace of the Chicago, Burlington and Quincy Railroad, predecessor to the Burlington Northern Santa Fe over which the *California Zephyr*® runs between Chicago and Denver. Aurora has been dubbed the "City of Lights" after being one of the first cities in the nation to adopt all-electric street lighting in 1881. We cross the Fox River which bisects Aurora into three regions: The West Side, The East Side, and The Far East Side/Fox Valley.

PRINCETON (104 mi.) was settled in the 1830s by families from New England and the Mid-Atlantic states. Legend has it that when the three town trustees couldn't agree on a name, each put a name in the hat and Princeton was selected. Owen Lovejoy was an outspoken abolitionist in the mid-1800s, and his home on the east side of town became a major stop on the Underground Railroad for freed slaves on their way to Canada. Today the home is open as a museum and is a National Historic Landmark.

Kewanee (131 mi.) is a small industrial town along the Spoon River. It was best known for the manufacturing of steam boilers. The Kewanee Boiler Corporation closed down in 2002. One thing still going strong is the annual Hog Days Festival that has been held Labor Day weekend every year since 1954 following an earlier resolution by the Illinois Legislature declaring Kewanee and Henry County the "Hog Capital of the World." The Amtrak station here is served by the *Illinois Zephyr*® and *Carl Sandburg*® trains.

Galva (139 mi.) was settled by a mix of settlers from Vermont, the Isle of Man, and colonists in nearby Bishop Hill who had arrived from Sweden and came to the aid of the new settlers. The name Galva is from the Swedish port of Gefle, from which many of the Swedish colonists had sailed.

GALESBURG (162 mi.) has always been an important railroad town served by both the Burlington and Santa Fe Railroads (now both part of the BNSF). It celebrates this heritage with the permanent display of a Burlington 4-6-4 Hudson steam engine that can be seen on the right as we enter the station, its annual Railroad Days Festival in June, its Galesburg Railroad Museum, and as host city of the National Railroad Hall of Fame that is being developed. It's not all railroads in Galesburg, however. It was also the home of writer and historian Carl Sandburg and the site of the fifth Lincoln-Douglas debate in 1858 at Knox College, which we pass on the right shortly after leaving the station. George Ferris, inventor of the ferris wheel, was born here. And Galesburg annually hosts the Black Earth Film Festival which attracts entries from around the world, a kite festival, the Great Cardboard Boat Regatta and the Annual Rubber Duck Race! According to legend, the Marx Brothers received their nicknames here during a poker game in 1914.

Monmouth (179 mi.) is another town which supposedly had its name drawn from a hat--except that the name drawn, Kosciusko, was too hard to spell so the second drawing selected Monmouth. Monmouth is the home of Monmouth College and birthplace of western hero Marshall Wyatt Earp.



Illinois/Iowa State Line – The Mississippi River

The *Mississippi River*, the second longest in the country at 2,320 miles, forms the border here, as well as for several of the other eight states that it flows through. Note the marshy bottomlands beneath the bridge.

BURLINGTON (205 mi.) Following the Mississippi River as part of his expedition to explore the Louisiana Purchase, Zebulon Pike in 1805 landed at the bluffs below town and constructed a fort. The first American to purchase a lot, John Gray, bought the right to choose the town name and named it for his hometown in Vermont. Prior to 1868 passengers crossed the Mississippi by ferry here, or in the winter walked across the ice. Reflect on that as you ride in Superliner® comfort today across the river on the *California Zephyr*.

MOUNT PLEASANT (233 mi.) is home to Iowa Wesleyan College which can be seen one block away on the right as we leave the station. The college has had a couple of out-of-this world graduates—namely James Van Allen who discovered the earth’s radiation belts that bear his name and astronaut Peggy Whitson, who spent over a year in space on two missions to the International Space Station and is the only woman to command the space station. The Midwest Old Threshers has several museums in town featuring tractors, trains, farm homes and even a carousel to celebrate the way it used to be in the Midwest agriculture belt. They hold a major festival each year on Labor Day weekend to pay tribute to the Midwest’s agricultural heritage.

OTTUMWA (279 mi.) is best known to most Americans as the home of fictional character “Radar O’Reilly” from the TV show *M*A*S*H*. Five sitting Presidents have visited Ottumwa, generally while campaigning. The Des Moines River flows through the center of the city and will be on the left side of the train until we cross it after leaving the station.

OSCEOLA (359 mi.) is the nearest Amtrak station to Iowa’s capital, Des Moines, 50 miles to the north. Osceola was named to honor a Seminole chief from Florida who in the 1830s was captured and imprisoned after accepting an invitation to meet for negotiations with the U.S. government on the removal of his tribe from Florida. The chief received support from many people around the country, although it didn’t keep him from dying in prison. Watch for a 15 foot high carved wooden bust of the chief on the left where our train begins to parallel the highway shortly after leaving Osceola.

CRESTON (392 mi.) was established nearly 150 years ago by the Chicago, Burlington and Quincy Railroad, and got its name because it sits at the crest of the split between the Mississippi and Missouri River

basins. Southwestern Community College and Buena Vista University are located here, and Creston is the county seat of Union County. The annual Creston/Southwest Iowa Hot Air Balloon Race is held here during September.

Stanton (435 mi.) first settled by Swedish immigrants, is best known for its two water towers, one painted and shaped like a giant coffee pot and the other like a giant coffee cup. These unique water towers, which are off to the right as we pass through town, pay homage to hometown actress Virginia Christine, better known to TV viewers as “Mrs. Olson” in the classic Folgers coffee commercials.

Council Bluffs (491 mi.), originally known as Kanesville, was transformed by the California Gold Rush and renamed Council Bluffs, remaining a major outfitting point on the Missouri River for the Emigrant Trail, with a lively steamboat trade. President Lincoln chose Council Bluffs as the eastern location of the transcontinental railroad in 1862. The town has one of only three remaining examples of a rotary jail, with pie-shaped cells on a turntable. It remained in operation until 1969, after the rotary function was disabled nine years earlier. Today, Casino Row is located on and near the river. In 1972, Council Bluffs native Ron “The Bluffs Butcher” Stander fought Joe Frazier for the heavyweight title in the Omaha Civic Auditorium, losing on cuts in the fourth round. It was the most talked about sporting event ever to occur in this city.

Iowa/Nebraska State Line – Missouri River

Missouri River is the state line between Iowa and Nebraska. Lewis and Clark set out in 1804 to explore the river, obtained as part of the Louisiana Purchase. They hoped to find that the Missouri would be the “Northwest Passage” to the Pacific. It wasn’t, but at 2,341 miles in length, it drains about one-sixth of the North American continent – and is slightly longer than the Mississippi River that it flows in to north of St. Louis. The river is nicknamed “Big Muddy” for its high silt content.

OMAHA (500 mi.) has always been a major transportation center earning it the nickname “Gateway to the West.” The eastern portion of the first transcontinental railroad headed west from here in the 1850s, and this town has been home to the Union Pacific Railroad since the company began. Every May, Omaha becomes “Woodstock for Capitalists” as about 40,000 people flock to this city to hear one of the richest men in the world, Warren Buffet, the “Oracle of Omaha,” at the annual meeting of his Berkshire Hathaway Corporation. Then for nearly two weeks in June the town is taken over by NCAA baseball as it hosts the College World Series. Besides business, Omaha also has been the



launching pad for many actors who were either born or grew up here, including Fred Astaire, Marlon Brando, Nick Nolte and Henry Fonda.

Offutt Air Force Base (504 mi.) to our left was once home to the Glenn L. Martin aircraft plant where the propeller driven B-29s used to drop the atomic bombs on Japan to end World War II were built. From 1961-1990 it was the site of the country's 24-hour airborne command center called Operation Looking Glass. On September 11, 2001, President George W. Bush conducted one of the first major strategy sessions in the base bunker after the Twin Tower attacks.

We cross the **Platte River (507 mi.)** which is over 300 miles long and has served as part of the Oregon, California and Mormon Trails that carried emigrants west in the mid-1800s. The Platte River road was also the route of the Pony Express, the Union Pacific portion of the first transcontinental railroad and cross-country Interstate Route 80.

LINCOLN (555 mi.) became capital of Nebraska upon its admission to the Union in 1867. The golden-domed state capitol building dominates the skyline on the left side as the train curves through town. The Nebraska State government is unique as it is the only "unicameral" legislature (a single chamber rather than two as in the other states). Besides the state government and a mix of service industries, the University of Nebraska is the other large contributor to the local economy. The Cornhuskers play at 91,000-seat Memorial Stadium, visible on the left before arriving at the station.

HASTINGS (652 mi.) Even though the *California Zephyr* stops in the middle of the night it might be appropriate to raise a glass in honor of the drink invented here by Edwin Perkins in 1927--Kool-Aid! Kool-Aid Days are celebrated here the second week of each August.

HOLDREGE (706 mi.) is named for George Holdrege who was the general manager of the Chicago, Burlington and Quincy Railroad when the first trains reached town in 1883.

MCCOOK (783 mi.) Another town created with the arrival of the Chicago, Burlington and Quincy. It was the home of George W. Norris who served in both the House and U.S. Senate for a total of 40 years, and is known as the "Father of the Rural Electrification Administration" that brought electricity to rural parts of the U.S.

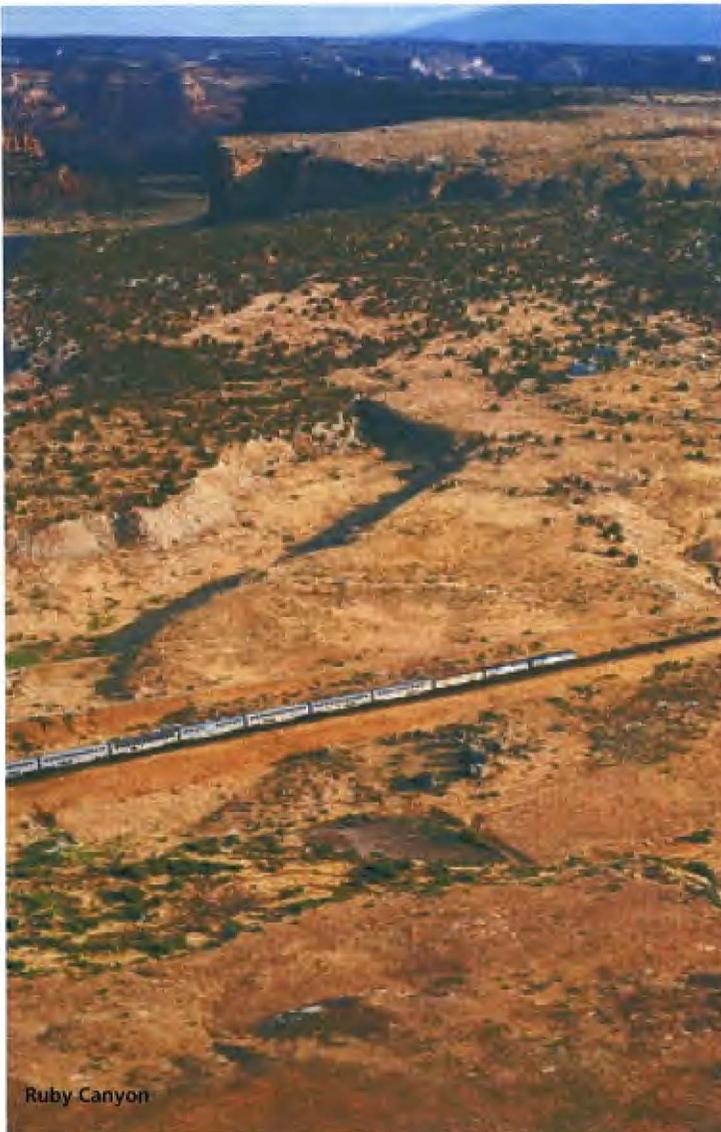
Nebraska/Colorado State Line (864 mi.)

The state line is the time zone boundary between Central and Mountain Time. Set your watch back one hour going west and ahead one hour going east.

FORT MORGAN (960 mi.) Famous Big Band Era musician Glen Miller lived here as a teenager and honed his musical skills in the high school band before beginning a career that revolutionized popular music in the 1940s.

Commerce City (1033 mi.) Prior to entering this northeast Denver suburb, the *Zephyr* passes the Rocky Mountain Arsenal National Wildlife Refuge on the left. The Arsenal was where World War II chemical weapons were manufactured, but beginning in the early 1980s an environmental cleanup converted the area into a 15,000-acre refuge for, among other species, the bald eagle--our national symbol. After passing the oil refinery on both sides of the tracks, we'll see the cattle pens on the right remaining from when cattle were shipped by rail to market.

DENVER (1038 mi.) is also known as the Mile-High City because its official elevation, measured on the steps of the state capitol building, is 5,280 feet above sea level. Denver was first settled because gold was discovered nearby. There didn't prove to be much of the yellow metal, so the prospectors soon left, but eventually they returned and mined



Ruby Canyon

the long term “commercial gold” as Denver became a thriving business center. Located midway between the large cities of the Midwest and West Coast, Denver has become a major transportation and distribution center, and also has more federal workers than any area other than Washington, DC. The city has eight professional sports teams, and Coors Field, home of baseball’s Colorado Rockies, is adjacent to the train station. This is a refueling and service stop for our train. When we leave we begin the 300-mile stretch that makes passengers “oooh and ahhhh” and made the *California Zephyr* famous thanks to its signature passage over the Rockies and along the Colorado River.

Rocky (1051 mi.) We leave the Denver suburbs at Arvada and here we begin the climb up the Front Range of the Rockies toward the Moffat Tunnel. We’ll pass through 31 tunnels between Denver and Winter Park.

Clay (1054 mi.) Winds in the mountains here can be so strong that hopper cars are welded to the rails on an adjacent track to the right of our train and sit there filled with sand to act as a windbreak.

Plainview (1057 mi.) offers a view of Denver and the Great Plains beyond that is anything but plain. The view is even more spectacular at night.

South Boulder Canyon (1069 mi.) is home to the Roosevelt National Forest, re-named in 1932 to honor former President Theodore Roosevelt, and Gross Reservoir, which supplies Denver with water.

Pine Cliff (1074 mi.) South Boulder Creek is just off to our left as we pass through here.

Moffat Tunnel--East Portal (1088 mi.) carries the *California Zephyr* for 6.2 miles through the Rockies and across the Continental Divide. When the tunnel was opened in 1928 after four years of construction, it cut the distance between Denver and the Pacific Coast by 176 miles, eliminating a series of switchback loops and steep grades that previously carried the railroad through Rollins Pass.

Moffat Tunnel--West Portal (1095 mi.) The Winter Park Ski Resort, built as part of Denver’s mountain parks system, comes right up alongside the railroad at the west portal of the Moffat Tunnel.

FRASER-WINTER PARK (1100 mi.) station is located in Fraser and also serves the nearby Winter Park Ski Resort. Fraser and International Falls, Minnesota have sparred over the years over who can claim the nickname “Icebox of America.” Regardless, Fraser does not have a frost-free season, thus can claim to be the town with the shortest growing season. However, winter sports aficionados could care least--in addition to the nearby ski resort, the area also has abundant cross-country skiing opportunities.

Fraser Canyon (1103 mi.) We follow the Fraser River through this remote canyon. Some of the best fishing for wild rainbows, browns and cutthroats is in the canyon downstream from Tabernash.

GRANBY (1113 mi.) is the gateway city to the Rocky Mountain National Park. Leaving Granby we begin paralleling the Colorado River for the next 235 miles, off the left side of the train. Many call the trip along the river the most scenic stretch of track in America that can be seen from a scheduled passenger train.

Gore Canyon (1115 mi.) on the upper Colorado River has no roads and is accessible only by rail or kayak. The walls ascend some 1,000 feet on each side over the river, and the Class V whitewater is the wildest commercially available rafting in the state -- some say the entire country.

Dotsero (1204 mi.) is the approximate midpoint of the train’s journey. Glenwood Canyon, the largest of several on the upper Colorado River, begins a few miles beyond Dotsero. The spectacular high cliffs of this 12.5-mile gorge are dotted with aspen and evergreen trees. In 1906, the canyon served as the route of the Taylor State Road, the first gravel path for automobiles through the Colorado Rockies.

GLENWOOD SPRINGS (1223 mi.) at the confluence of the Roaring Fork and Colorado Rivers, has six world-class ski resorts within a 60-mile radius, quite a few noted mountain bike trails, whitewater rafting, numerous backpacking trails and Glenwood Caverns, a geological marvel. Doc Holliday, the Wild West legend of the Gunfight at the O.K. Corral, spent the final months of his life here.

New Castle (1235 mi.) was founded in 1888 and like its namesake town in England had an economy based on coal mining. However, high levels of methane gas resulted in several mine explosions that eventually led to the end of active mining after the 1918 explosion. The underground explosions have left a fire that still smolders and is marked by the annual Burning Mountain Festival early in September.

De Beque (1279 mi.) is a town where wild horses were rounded up and sold. It pays tribute to that heritage every August with its Wild Horse Days’ celebration. Today it is one of only three Certified Wild Horse Sanctuary Cities in the United States, and the town undertakes projects to protect the remaining wild horses and burros. Here we begin a 20-mile trip through the winding De Beque Canyon, emerging in the town of Palisade (1300 mi.).

GRAND JUNCTION (1311 mi.) is located where the Gunnison and Colorado Rivers join. Prior to 1921, this part of the Colorado River was known as the Grand River—thus Grand Junction. The city is surrounded by the mountains of the Colorado National Monument. Powderhorn Ski Resort sits on the east side of the Grand Mesa, the blue mountain to the east, which is one of the world's largest flat top mountains. The nearby Country Jam Ranch is a permanent music festival site that hosts Country Jam that draws thousands of country music fans to the area each year.

Mack (1330 mi.) After the *California Zephyr* passes through the last town in Colorado, it turns southward, passes under I-70 and makes its way back toward the Colorado River and Ruby Canyon, a popular destination for rafting, which takes its name from the red sandstone cliffs lining the Canyon walls. Erosion via wind and water has hewn smooth textures and fascinating shapes in the striking red stone over eons of time. The canyon runs for 25 miles through Colorado and Utah.

Colorado/Utah State Line

A sign marking the state line was painted by railroaders on the canyon wall on the right.

About five miles after passing through Ruby Canyon we get our final glimpse of the Colorado River on the left.

Thompson Springs (1390 mi.) In 1985 Thompson went back to the future and re-adopted the town's original name, Thompson Springs. The area south of town is rich in uranium deposits.

GREEN RIVER (1417 mi.) sits at 4,078 ft. elevation, the lowest point between Salt Lake City and Denver. It is a popular spot for "freeride" mountain biking. On the left are Marvine and Thousand Lake Mountains. Remain on the alert for herds of the apocryphal jackalope, hare-like antlered creatures said to appear without warning in these parts.

Price (1481 mi.) may have a population of only 8,400, but it's the largest town since leaving Grand Junction. It is home to the Utah State University-College of Eastern Utah and a large prehistoric museum. The Book Cliffs on the right extend back into Colorado and offer evidence that everything to the south of here was once under water.

HELPER (1488 mi.) The town name comes from the railroading activity that took place here for years—adding "helper" engines to westbound freight trains so they can get up the Wasatch Plateau to Soldier Summit. Mining has always been the other key economic activity here, and there is said to be enough local coal to meet the country's needs for almost three centuries. It's not surprising then that the city hosts the Western Mining and Railroad Museum.

Castle Gate (1492 mi.) is a former mining town dismantled in 1974. Its rock formation seems to open like a giant castle gate as the train approaches and closes as it leaves. Butch Cassidy is said to have held up the Pleasant Valley Coal Company here for \$7,000 in gold in 1897. From here to Soldier Summit the *California Zephyr* will follow the Price River up the Wasatch Range.

Soldier Summit (1513 mi.) at 7,000 feet elevation is named for the civil war soldiers buried here in 1860. This area is a favorite train watching spot for railfans, so don't be surprised if you see them with cameras ready to photograph the *California Zephyr* as we reach the top of the Wasatch Plateau. After we pass the summit, we'll start heading down thru Spanish Fork Canyon and negotiate a series of switchbacks called the Gillyuly Loops.

Thistle (1542 mi.) is a recent ghost town, caused by a 1983 mudslide that moved part of a mountain, blocked two creeks and formed an earthen dam. Water from the creeks backed up and flooded the town. The landslide also closed the railroad for months. Thistle's remains, a

few rooftops, can be seen on the left side of the train after emerging from the tunnel which was part of the relocation of the railroad following the disaster. The incident was the first ever federal disaster area declared in the state of Utah.

PROVO (1563 mi.), the third largest city in Utah, hosts Brigham Young University and the largest missionary training center for the Mormon Church. The Wasatch Range "Y Mountain" towers over the city; the letter was built to commemorate the university. Provo is home to software company Novell, Inc., which has helped make technology and software an important industry in the Utah Valley area. Provo is also home to the Osmond family of entertainers. Stephen Covey, the famous author of *The 7 Habits of Highly Effective People*, also resides in Provo. Just outside of Provo is the entrance to the Uinta and Manti-La Sal National Forests.

SALT LAKE CITY (1608 mi.) is the world headquarters of the Church of Jesus Christ of Latter Day Saints, founded in 1847 by a group of Mormon pioneers led by Brigham Young. Temple Square in the heart of downtown houses the six-towered Mormon Temple. The church's world renowned genealogical research facility brings people from all over the world researching their family tree. Mining and the first transcontinental railroad brought initial economic growth. Today's economy is primarily service oriented around government, transportation, technology, utilities and professional and business services. In recent years the area has developed both a light rail system (TRAX) for the immediate Salt Lake City area, and a commuter rail system (Front Runner) that links the city to Ogden on the north and Provo on the south. The valley in which the city lies is considered one of the safest and most attractive natural settings in North America.

Utah/Nevada State Line

Change your watch from Mountain to Pacific Time: one hour back if westbound, one hour ahead if eastbound.

ELKO (1871 mi.) was founded in 1869 as a town along the just completed transcontinental railroad. Once dubbed "the last real cow town in the American West," the city still is a ranching center with western roots, but now also relies on tourism since the opening of the Red Lion Casino. The town hosts the National Cowboy Poetry Gathering festival each January and the National Basque Festival every July. A stuffed 10-foot tall polar bear graces the Commercial Casino.

WINNEMUCCA (2013 mi.) You know you're in a western town when October brings the National Senior Pro Rodeo Finals, the Ranch Hand Rodeo Weekend is held in February, the Winnemucca Mule show in June, and barrel races in August. And if western events are not what you're looking for, try the Run-A-Mucca Motorcycle Rally in May. Indeed, the town's motto may hit the nail on the head: "Winnemucca, NV. There's more than meets the eye."

Lovelock (2086 mi.) The area around this town was considered the most difficult of the entire journey by the Pony Express riders and by those who traveled west by covered wagon in the days before the transcontinental railroad. The Humboldt River which meanders across the desert between the Trinity Mountains on the right and the Humboldt Range on the left, would disappear into the sand leaving water that was full of minerals and barely drinkable. Lovelock's economy today is largely agricultural, producing bananas and alfalfa.

Fernley (2154 mi.) The first sign that you've left the open spaces of the west and are nearing the Reno/Sparks metro area is this suburb of new homes on the left. This town is best known as the home of a 750,000 square foot distribution center for Amazon.com. From here the *California Zephyr* begins following the Truckee River.

Sparks (2199 mi.) is, for all practical purposes, a twin city with Reno. The Southern Pacific built a switching yard here in 1904 which spurred population growth. A number of casinos also contributed to Sparks' growth and then in the 1970s favorable taxation resulted in an expansion of warehousing and distribution industry. The most significant Sparks casino, the Nugget, is on the right side.

RENO (2202 mi.) "The Biggest Little City in the World" began as a modest gold mining service settlement which grew after the discovery of silver in 1859. Tailor Jacob Davis came to Reno in 1868 and began to use rivets to secure the pockets of his men's trousers. Worried that the idea would be copied, he contacted Levi Strauss to apply and pay for a patent, which was granted in 1873. As mining waned in the 1900s, Nevada legalized casino gambling in 1931 and passed liberal divorce laws, both boons for Reno. An antique car collection and major entertainers entice gamblers to Reno today, along with special events all year.

Verdi (2213 mi.) The site of the first train robbery in the West in 1870. There is now a hydroelectric generator powered by a water flume – a wooden trough that collects water at four sites in the mountains.

Nevada/California State Line (2217 mi.)

The state line is indicated by a small marker on your right.

Floriston (2223 mi.) Here rainbow trout, brook trout and German browns travel up and down the Truckee River to and from Verdi by means of a fish ladder.

Boca (2229 mi.) in its heyday produced lumber, but the town was dismantled in the 1920s after the sawmill closed. All that remains are a bridge and a dam on the right. The oddly shaped rock formations resembling castle spires that you now see were developed through erosion by wind and water and are known as "Hoodoo Pillars."

TRUCKEE (2237 mi.) was named after a Paiute chief, Trukizo, father of Chief Winnemucca. The first settlers encountered his tribe with the friendly chief yelling "Tro-kay" at them, the Paiute word for "hello." Note the renovated former Bank of America on the left side of the train, now "The Bar of America," a popular downtown restaurant.

Stanford Flats (2243 mi.) We now cross back and forth across a series of ascending plateaus as we begin the climb over Donner Pass to the peak of the Sierras. Below is a panoramic view of the Truckee Basin.

Donner Lake (2245 mi.) on the right side of the train is where the famed Donner Party, traveling west from Illinois, was stranded during the winter of 1846-47. Some of the party of 87 resorted to cannibalism; only 48 survived. After passing the lake, the *California Zephyr* passes through a series of snow sheds that protect the track from being blocked by the more than 30 feet of snow that falls in the typical winter.

Mt. Judah (2248 mi.) We enter a tunnel through Mt. Judah some 7,000 feet above sea level, the peak point of our climb across the Sierras. When we emerge, a ski lift from the adjacent Sugar Bowl Ski Resort carries skiers over the track. The resort closed during World War II for fear the Germans might blow up the tunnel and block this key transcontinental rail route.

Norden (2252 mi.) was once the site of a Southern Pacific turntable and maintenance point. It is marked by another snow shed.

Soda Springs (2255 mi.) As we reach Lake Van Norden on the left, watch for Castle Peak on the right, a mountain with a rock formation that looks like a castle on top. After Lake Van Norden is the Soda Springs Ski Resort on the left. About 12 miles west of here is where

the Southern Pacific's City of San Francisco streamliner, with 226 passengers aboard, got stuck for three days in a raging blizzard in 1952.

Emigrant Gap (2273 mi.) As we cross Interstate 80, look for a gap in the ridge on the California Trail as it crosses the Sierra Nevada, west of Donner Pass. The cliffs here are so steep that 1840's pioneers crossing to California were said to have lowered their wagons on ropes in order to continue.

American River Canyon (2279 mi.) on the left side of the train is the valley of the North Fork of the American River, located 1,500 to 2,000 feet below track level.

Cape Horn (2298 mi.) is a rocky bluff on the left side of the train some 1,500 feet above the American River. The slope from here down to Colfax is the steepest on the Zephyr's route. In this direction we're going the easy way--downhill as we complete our crossing of the Sierras.

COLFAX (2301 mi.) was named for Schuyler Colfax, seventeenth Vice President of the United States under the Ulysses S. Grant administration between 1869 and 1873. A statue at the station showing a prospector panning for gold during the Gold Rush days of the 1850s is featured immediately off Main Street, a charming section of town that can be seen on the right.

Auburn (2319 mi.) This is the heart of "Gold Rush" country. Just south of town is Sutter's Mill, where gold was discovered setting off an influx of fortune seeking "49ers" (not the football variety) in the mid-1800s. Claude Chana, a young Frenchman who had come by wagon train to California, is said to have panned for gold and made his discovery on May 16, 1848, in what became known as the Auburn Ravine. A 45-ton statue commemorating the event stands downtown. (James Wilson Marshall's discovery five months earlier on the American River had set the stage for the gold rush. Forced off of his own land, he sadly never profited from his discovery.) Several museums including the Gold Country Museum, Bernhard Museum and the Placer County (Courthouse) Museum will tell you everything you ever wanted to know about the Gold Rush, except where to find your own gold! The Amtrak Auburn station is the easternmost terminus for the *Capitol Corridor*® trains.

ROSEVILLE (2336 mi.) Settled by prospectors who had come to California looking for gold, the town was originally a stagecoach station but soon became a stop on the transcontinental railroad. In the 1900s the Southern Pacific opened a major switchyard here which turned Roseville into a rail town. Now part of the Union Pacific, we'll pass those yards after we leave the station. Today the city features a diverse array of businesses, including one of the largest auto malls in the U.S. Like many California cities it actively encourages transportation alternatives to the automobile and now offers residents over 100 miles of bicycle routes to get around.

SACRAMENTO (2353 mi.) was first settled in 1839. The city grew significantly during the California Gold Rush, and in 1854 became California's capital. Sacramento was the western terminus for the Pony Express, and was the starting point for eastbound construction to meet the westbound track of the first transcontinental railroad at Promontory Summit, Utah, in 1869. Sacramento State University is located here. The city is home to the Sacramento Kings of the National Basketball Association, and the Sacramento River Cats, a farm club of the American League's Oakland Athletics and one of the most successful minor league baseball franchises.

Sacramento is at the confluence of the American River that we cross prior to arrival, and the Sacramento River that we cross after departing. We pass "Old Town" and the California State Railroad Museum on the left after departing.

The station stop in Sacramento also serves the routes of the Amtrak *Capitol Corridor* and *Coast Starlight*®.

DAVIS (2367 mi.) The long, low trestle we cross marks the "Yolo Bypass", a flood plain meant to divert flood waters away from Sacramento. The 1913 adobe-style Davis station is an historic landmark. This city is home to UC Davis, the largest campus in the University of California system that in 2012 was ranked as the "greenest" college campus in the U.S. by the *Sierra Club* magazine. Rather than cars, 20,000 bicycles are the primary transportation mode to, from and around campus. Indeed the motto of the City of Davis is "Most Bicycle-Friendly Town in the World."

Suisun Bay (2408 mi.) (Pronounced "soo-soon") The "Mothball Fleet," consisting of World War II ships that have been stored for years, can be seen off to the left as our train crosses the Carquinez Strait Bridge. The large peak to the left is **Mount Diablo** (3,849 feet).

MARTINEZ (2411 mi.) From a trading post in 1849 to a flourishing town in 1876, Martinez became a hub for the gold and shipping industries. Although there are many competing claims, the town likes to claim the invention of the martini; a plaque commemorating the event is on a downtown corner. The most prominent Martinez native was Joe DiMaggio, a local legend with the Pacific Coast League San Francisco Seals before going on to baseball stardom with the New York Yankees™. (Younger readers of this route guide may recognize him better as pitcher for "Mr. Coffee®.") Martinez is the transfer point to the Amtrak *San Joaquin*®.

The train skirts the shore of San Pablo Bay and then the San Francisco Bay as we cover the final miles of our journey. The Bay Area Rapid Transit (BART) trains can be seen on the left as we approach the next to last station, **RICHMOND (2430 mi.)**. Passing through **Berkeley (2436 mi.)**, the San Francisco skyline and Golden Gate Bridge can be seen to the right across the bay.

EMERYVILLE (2438 mi.) is a small city of less than one square mile located just north of the San Francisco-Oakland Bay Bridge, and the end of the rail trip across the west. Major redevelopment in the 1980s and 1990s transformed this former industrial city into a mixed use urban center with retail, entertainment and business centers, as well as condominiums, parks and recreation trails. It's home to Pixar® Animation Studios and several biotech and software companies.

At Emeryville, passengers en route to San Francisco will board Amtrak Thruway buses that operate to several stops in San Francisco. The bus crosses the San Francisco bay on the San Francisco/Oakland Bay Bridge which spans 8.4 miles some 200 feet above the water. Opened in 1936, it carries approximately 280,000 vehicles per day. Watch for spectacular views of San Francisco, Alcatraz Island and the Golden Gate Bridge. Connecting the two halves of the bridge is the 539-ft. long Yerba Buena Tunnel, the largest diameter tunnel in the world in 1936. The bridge underwent major repairs and retrofitting after it was damaged in the Loma Prieta (World Series) Earthquake in 1989.

SAN FRANCISCO (2447 mi.) Almost everybody who visits San Francisco, the City by the Bay, is captured by its charms. The city grew 25-fold in 1849 after the discovery of gold at Sutter's Mill the year before, and has just kept growing and becoming more attractive. Today, this popular international tourist destination is renowned for its steep hills, famous landmarks, Alcatraz Island, Coit Tower, cable cars and Chinatown as well as for its diverse cosmopolitan population lending unmatched charm and character to the city. While early entrepreneurs capitalized on gold wealth to benefit banking, railroads and trade, the modern era saw the rise of the "Beat" and "Hippie" generations that crystallized the progressive political nature of the population unlike elsewhere in the U.S. Its world famous galleries, restaurants and shops share top billing with Fisherman's Wharf and the financial district to lure vacation travelers from all over the globe. In the city where Tony Bennett left his heart, small businesses with fewer than ten employees make up 85 percent of city establishments. And in a city where the 49ers won five consecutive Super Bowls, its residents have been judged the fittest in the U.S.

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APPENDIX

to

**PETITIONERS' RESPONSE TO REPLIES
TO PETITION FOR EXEMPTION**

Finance Docket No. 36025