

TESTIMONY

OF

**ALEX KUMMANT
PRESIDENT AND CHIEF EXECUTIVE OFFICER
AMTRAK**

BEFORE THE

**SUBCOMMITTEE ON SURFACE
TRANSPORTATION AND MERCHANT MARINE
INFRASTRUCTURE, SAFETY AND SECURITY**

OF THE

**SENATE COMMITTEE ON COMMERCE,
SCIENCE,
AND TRANSPORTATION**

TUESDAY, FEBRUARY 27, 2007

10:00 A.M.

253 RUSSELL SENATE OFFICE BUILDING

Good morning, I am Alex Kummant, and I have been Amtrak's President and Chief Executive Officer since September 2006. I appreciate being here with you today as you consider S. 294, the Passenger Rail Investment and Improvement Act of 2007. It is against the backdrop of this legislation that I believe we are truly at a crossroads in terms of the future for passenger rail service in this country. I look forward to our discussion and thank you for the opportunity to testify.

Before I begin, I would like to offer my appreciation to this Committee, but particularly Senator Lautenberg and Senator Lott for your tireless efforts to advance this legislation and for your leadership on Amtrak and passenger rail issues. Let me speak to you briefly about my vision for a national intercity passenger rail system for the 21st century and why the passage of S. 294 is so integral to its future.

In short, my vision for Amtrak is one of growth, of product excellence, and sound management. Some of the approaches we are taking to advance the key elements of this vision include:

- Positioning Amtrak to support demand growth for state corridor service.
- Aligning our organization to meet the needs of state partners as their role continues to expand.
- Ensuring that our service quality continues to improve.
- Driving continuous improvement both by improving the state of good repair of our physical assets and by continuing to reduce our operating costs.

These objectives – growth, product excellence, sound management – are attainable and let me tell you why I believe that.

First and most important, passenger rail service is becoming more and more relevant in more and more parts of the country each day.

- Highway and airport congestion continues to grow apace.
- Communities and regions are looking for transportation alternatives.
- Passenger rail serves as a catalyst for economic development.

Second, history can be a guide to the future – Amtrak’s existing corridor trains are carrying record numbers of passengers. In the last year we have seen the expansion of corridor services in many parts of the country. There are many reasons for this including higher fuel prices and other societal trends. Moreover, many of these services connect communities that are growing rapidly. The growth of corridor service is one response to addressing society’s changing transportation needs. Let me cite a few examples:

- In California, on the Capitol Corridor between Oakland and Sacramento, we now operate 16 daily round trip trains; that’s 32 train movements a day, or more than one passenger train every hour.
- Last October in Illinois, in partnership with the state, we more than doubled our service on three different corridors out of Chicago.

- In Pennsylvania, we added frequencies and dramatically reduced travel times on the Keystone Corridor between Harrisburg and Philadelphia.
- There was also an additional frequency added on the very successful *Cascades* service in the Pacific Northwest, and we hope to add another frequency on that corridor shortly.
- In addition to what was done last year, we anticipate frequency additions on existing corridors in Maine, Wisconsin and perhaps even Michigan and North Carolina in the near future.

The third reason why I am optimistic is because of what is occurring today. Congress is moving quickly on a reauthorization bill. You have taken a very comprehensive approach through this legislation and I commend you for that.

- The creation of a federal capital matching program for states as envisioned in S. 294, the Lautenberg/Lott bill, is absolutely essential for the future of corridor development. The Administration in its FY08 budget request to Congress also has indicated its support for the establishment of such a matching program.
- In addition to the emphasis on corridor development, S. 294 includes numerous operational improvement requirements that align with the progress already underway at Amtrak, first started in our 2005 Strategic Reform Initiatives, and that will encourage us to continue to make even more improvements operationally.
- The bill authorizes full funding to bring the Northeast Corridor to a state-of-good repair.

- S. 294 directs Amtrak to work with states to develop a uniform cost allocation methodology for our state-supported services. As more and more states look into starting corridor service, it will be increasingly important for the states and Amtrak to work cooperatively to ensure that all states are on the same footing with regard to costs, both capital and operating, for services.
- Similarly, the bill directs Amtrak and the Northeast Corridor states to work together to forge agreement on the costing methodology for access for commuters and ongoing capital projects. In fact, Amtrak is already reaching out to the NEC states and recently we invited the NEC governors to attend a March 23 meeting of a new NEC Infrastructure Advisory Committee.
- Under the legislation, FRA and Amtrak are to develop new system-wide performance metrics and standards on all of its long distance services.
- With regard to security, S. 294 authorizes additional funds for both passenger and freight rail security. As Amtrak coordinates and integrates security enhancements into capital investments and the protection of critical assets, additional federal funding for these and other security measures will assist us in our efforts to better protect our passengers and secure our assets.

The bill addresses a host of other issues that are important to Amtrak and its many stakeholders. It is also encouraging that there is such strong bipartisan support for this legislation and that so many of the states have taken such a strong interest in S. 294.

Congressional passage of the reauthorization bill will provide the foundation for future growth in passenger rail in the country. To add service on new corridors is going to take capital funding – I cannot stress enough the importance of establishing a capital matching program for corridor development. We also need to continue to seek avenues to bring private capital into the mix of funding to solve these challenges.

There's no doubt that our partners, America's freight railroads, need new capacity. We would be doing a disservice to our customers and all of you, if we tried to start new trains without building new capacity, particularly in our urban areas. No place is this more evident than in Chicago, where the city, the State of Illinois, and the Federal government have partnered with the railroads to aggressively pursue funding for the CREATE project.

Finally, we will also need an equipment strategy. Amtrak's fleet is both aging and stretched to the limit. The lack of additional available equipment is going to have to be dealt with in order to see Amtrak grow. Again, this will take capital.

Obviously, the focus of today's hearing is S. 294. But because there are so many positive developments underway at Amtrak, what I've tried to do is provide you with a quick broad brush picture of the last 12 months at Amtrak and how we see the next 12 to 18 months shaping up. I also hope I've laid out for you my vision of Amtrak's future. There are many other initiatives going on to improve the product which include a better way to provide food service on our long-distance trains and e-ticketing, and I would

be happy to go into more detail of those initiatives during the Q and A period.

In conclusion, let me leave you with a couple of positive messages:

- Total system wide ridership is up slightly and revenue is up 10% relative to last year.
- Because of improvements to the Acela product and significant investment in the NEC infrastructure, Acela on time performance is averaging 90% and ridership was up by double digits in the first quarter.
- Long-distance travel is up slightly.
- Ridership is up on corridor services, system wide, about 5% and in some cases there is double digit growth.
- Our safety numbers are very good and injuries have been trending down and we finished January of this year at 1.9.
- From FY 2004-2007, a significant amount of investment in NEC track, switches, signals and catenary has gone a long way toward rebuilding the Northeast Corridor and we are now moving on to some of the larger projects such as bridge replacement.
- We've reduced our outstanding debt by nearly \$500 million over the last four years.
- In other words, most of the key indicators that the Amtrak Board and I watch closely are headed in the right direction.

You can see why I am very hopeful about where Amtrak is headed. We look forward to working with you as you move forward on S. 294 and what I believe will lead to a very exciting period of passenger rail development in this country.