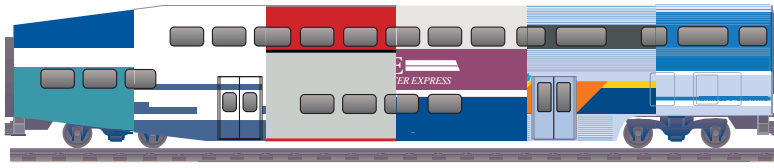


TRAC

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April 15, 2013

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The Honorable Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E Street SW, Room 100
Washington, DC 20043-0001

RE: Finance Docket FD_35724_0; Protest/Opposition Statement **Record**

California High-Speed Rail Authority

Dear Ms. Brown:

The Train Riders Association of California (TRAC) is the non-profit membership organization that advocates for improved intercity and commuter rail passenger service in the largest state in the nation. TRAC is concerned that, unless there are major changes in direction, California's High-Speed Rail Program is heading for inevitable failure.

We note that the California High-Speed Rail Authority (CHSRA) has recently petitioned STB asking for exemption from the STB's review and certification pursuant to 49 USC 10901, for its initial 130-mile segment of its proposed HSR network between a location south of Merced to a point north of Bakersfield. It also filed a parallel Motion for Dismissal of that petition, claiming the STB lacked jurisdiction.

We respectfully request that CHSRA's petition for a waiver be denied at this time, along with the parallel challenge to STB's jurisdiction. California's HSR plan involves several important issues and concerns subject to Federal jurisdiction and thus legitimately requires STB review.

The CHSRA's 2012 Business Plan says the 130 miles of new line that it plans to construct will not be used for high-speed trains until a full connection from Bakersfield to the San Fernando Valley can be completed. CHSRA proposes to divert six existing Amtrak San Joaquin daily round trip trains to the new line, thus creating an irrefutable connection to the interstate rail network. On this ground alone, denial of the Motion for Dismissal is justified.

Bypassing three stations—Hanford, Corcoran and Wasco—that collectively serve about 240,000 annual passengers would have a major negative impact on existing San Joaquin rail passengers. They account for approximately 20% of all San Joaquin rail patrons; losing this ridership would financially undermine the route's financial performance and threaten its continued operation. TRAC requests that STB consider this harm to existing passengers when evaluating CHSRA's petition.

Unlike the All Aboard Florida (AAF) case, CHSRA plans will have a significant

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impact on interstate commerce and transportation. While AAF proposed no interline ticketing or connections with Amtrak or airlines serving its northern terminal at Orlando International Airport, CHSRA's adopted 2012 Business Plan specifically states that through ticketing would be provided with current Amtrak routes serving California. Connections to Amtrak's interstate routes and airlines would be possible once HSR is built.

To obtain access to Los Angeles Union Station, connections and through ticketing would also be made with Amtrak. Ultimately, connections would also be made to regional rail operators such as Southern California's Metrolink system. Once HSR is extended to San Francisco, high-speed rail connections with airlines serving San Francisco International Airport would be possible, using the proposed Millbrae station. Similarly, connections with the private Express West HSR proposed to serve Las Vegas has been proposed in Palmdale, and possibly a HSR station located at the Burbank-Bob Hope Airport.

Congress intended STB to protect and assert the federal interest in assuring that intercity passenger and freight transportation "fit together" on a national basis. It is in the interest of shippers and rail passengers everywhere that CHSRA's plans not impede the freight rail system and that adequate mitigations be in place in cases where rail freight could be negatively impacted.

Similarly, STB serves the federal interest by ensuring that the various forms of intercity passenger service fit together, i.e., that through ticketing and connections are provided for. This is especially true because both Amtrak and the proposed California High-Speed Rail network depend on taxpayer money.

Finally, we believe STB is the proper agency to coordinate the connections between the airline hub network and the interstate rail network. We see the coordination between the two networks as a critical federal interest that doesn't fall neatly into any of the Departments.

CHSRA has indicated it would seek over \$25 billion in additional federal grants to complete the Initial Operating Segment to Los Angeles. We believe that the Passenger Rail Investment and Improvement Act of 2008 (H.R. 6003) offers useful guidance for federal agencies considering California's HSR project. That law directed that FRA solicit private sector proposals for HSR along the Northeast Corridor. While this provision doesn't specifically apply to California, as a matter of public policy when large amounts of federal money are involved, private sector participation should be strongly encouraged--particularly when there is potential for a route to be self-supporting and profitable.

CHSRA's Business Plan claims that there will not be private sector investment interest in California HSR until the Initial Operating Segment between Merced and the San Fernando Valley is completed, after \$38 billion of public investment. However, in 2009 SNCF America presented a proposal to CHSRA, offering to build HSR connecting Los Angeles and San Francisco. (Los Angeles Times article: <http://latimesblogs.latimes.com/california-politics/2012/07/california-bullet-train-costs.html>; http://www.transdef.org/Blog/Whats_hot_files/8682cfaeae7613d6785658a655b54e86-60.html) SNCF had decades of technical expertise with TGV operations, as well as investment banking support. They were convinced that California would be a profitable travel market. CHSRA kept the proposal secret and then adopted a Business Plan decrying the lack of

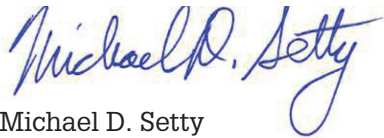
private sector interest in the project.

TRAC believes that the involvement of an HSR operator experienced in design, construction and operations is essential for a successful HSR launch in America. Rather than engaging a private sector partner, CHSRA would rather rely on its consultants. This is a political enterprise, not a business venture. It should not be allowed to risk vast amounts of public funds.

We urge STB to exert jurisdiction over the HSR project, as a means of ensuring an optimal network design, and protecting the Treasury from wasteful expenditures. We request that the full CHSRA plan be subjected to STB's application process. Should STB grant the extension of time requested by Objectors in this docket, TRAC reserves the right to supplement its objection with additional information and argument.

Thank you for this opportunity to comment on CHSRA's petition. STB should be not be pressured into short-circuiting its process by prematurely granting an exemption, given the scope of the federal interest in this case. Please contact me if you need more information.

Sincerely yours,



Michael D. Setty
Administrative Director, TRAC

cc: TRAC Board of Directors