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The Honorable Martin J. Oberman
Chairman, Surface Transportation Board
Surface Transportation Board
395 E St S.W.
Washington, DC 20423-0001

Re: Docket No. EP 774 (Sub-No. 1)

Dear Mr. Chairman,

I am hereby requesting consideration for an at-large position on the Passenger Rail Advisory Committee (PRAC).

Requested Information

Name: Louis S. Thompson

Position: I am a retiree from the World Bank and the U.S. Department of Transportation

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I am applying for an at-large seat.

I am willing to serve as a member of the PRAC.

I agree to serve in a capacity representing myself as an individual.

My website (www.tgaassoc.com) contains a curriculum vitae and full listing of my publications.

Summary of experience and qualifications.

In summary, I believe I am uniquely qualified to contribute to the work of the PRAC:

- I was a member of the staff team at the U.S. Department of Transportation that planned and created Amtrak in 1970/1971.
- At Richard J. Barber Associates, I prepared testimony for freight rate and railroad merger cases and am familiar with regulatory proceedings.
- I planned and managed the Northeast Corridor Improvement Project at the Federal Railroad Administration (FRA) and supervised the preparation and submission of the Amtrak budget. In the process I won awards from the Administrator, the Secretary, and the President for my

performance. I also served as the Department's representative on the Amtrak Board of Directors for a number of years. In addition, I supervised the FRA's financial assistance programs for regional and short line freight railroads.

- At the World Bank, I reviewed the Bank's policies and project planning for lending to railways in developing countries. While the railways of some developing countries are quite small, others – Russia, China and India as well as the Eastern European countries – have passenger and freight operations as large (or far larger) and complex as the U.S. system. This required intimate familiarity with policies, oversight, and financing of railways in the U.S., Canada, Japan and the E.U. because they provide models for developing economies. I received the World Bank President's Award for Excellence for leading the effort to support concessioning of freight and passenger rail operations in Latin America.
- Since retiring from the World Bank, I have served as an individual consultant to governments (U.S., Canada, European Union), public agencies (World Bank, Interamerican Development Bank, Transportation Research Board, International Transport Federation), and private clients on a very wide range of rail policy, planning, financing, regulatory and structural issues. I have also consulted for local California transit agencies, and I serve as the Chairman of the Peer Review Group reporting to the California legislature on planning and financing issues of the state's \$130 billion (and counting) high-speed rail project (see www.cahsrprg.com for reports and testimony submitted by the Group).
- I have testified many times before committees of the U.S. Congress and the California legislature and have prepared testimony and served as an expert witness in numerous rail freight and passenger regulatory and arbitration proceedings in the U.S. and abroad.
- As my website shows, I have written and published extensively on rail freight and rail commuter and intercity passenger issues, covering ownership and organization, funding, and regulation in the U.S., Canada, Mexico, the E.U., China, India, Russia, Brazil, Argentina, South Africa, and many developing countries in Asia and Africa.

Why I am applying.

I am applying for membership on the Committee because I have spent almost 60 years working on exactly the questions the STB faces in dealing with the passenger issues that come before it, and I care deeply about addressing them. I was present at the creation of Amtrak and have followed developments as it has evolved. I led the effort at the World Bank to concession freight and commuter rail services in Latin America, and I consulted with E.U. committees on the terms and charges to apply in the Commission's open access directives. These efforts had successes and failures that furnish useful lessons.

The Amtrak challenges, I believe, result from the fundamental and unresolved contradictions in its formation. Amtrak was created to strengthen the freight railroads that were near bankruptcy and, hopefully, to permit rail passenger services to stabilize by operating under new management focusing on passenger and not freight needs. For a number of reasons – shortage of time, labor union pressure, lack of experience and expertise with alternative approaches – Amtrak was created as a single, national, “as if for profit” entity with no clear identification of the different markets it served and the options for serving them. Equally important, because the Nixon administration adopted the posture that Amtrak would eventually be profitable, Congress avoided the issue of what part of Amtrak's services would be market-driven and what part would

be for social benefit and thus need sustained federal funding. The peculiar compromise under which the freight railroads were allowed to “join” Amtrak by (in practice) contributing old rolling stock and agreeing to allow Amtrak to pay avoidable cost for access meant that Amtrak’s initial product was for years as bad or worse than it had been under freight operator control. The inherent assumption that there was enough capacity on the freight lines for Amtrak to operate while paying only avoidable cost, arguably valid in the early 1970s, eventually became less and less tenable as the freight railroads experienced rapidly growing traffic, while at the same time concentrating traffic flows over fewer and fewer line miles. Unfortunately, this fraught relationship describes roughly 95 percent of Amtrak’s mileage and about one-third of its passengers and revenue, and Amtrak’s putative access priority is unenforceable in practice.

The net result is an organization that has an expansive but poorly defined mission. There is a geographic mismatch between its national role (The National System), poorly and erratically funded by Congress, and its Northeast Corridor and short-haul roles that are not effectively planned or managed at the national level but lack effective local input. Although Amtrak has cost over \$118 billion to date (2023 \$), it is still not stably managed or funded and, as a result, offers a service quality that would get the management of every significant rail passenger entity in Europe or Asia fired in short order.

There are no simple solutions to Amtrak’s problems, especially the enduring tension between the system Congress demands and the one it is willing to fund reliably, and the challenge of attaining the service quality (trip times and on-time performance) Amtrak needs versus the capacity and operational management policies of the private freight railroads. Over the years I have argued that there are several areas that need attention if rail passenger service is to be improved.

First, Congress and the public need a better understanding of the differing transportation roles Amtrak plays and the costs and benefits of each. The long-haul trains (National System) with sleepers and diners are inherently “unprofitable,” and support must be justified on the rural access they provide, along with national connectivity and satisfying the wishes of those who love train travel for its own sake. The short-haul trains occupy an intermediate role between the long-haul services and the urban transport role supported by the FTA. They do help in improving urban access and reducing emissions and improving safety, but the frequencies are generally so low as to offer only minimal benefits. In any event, there is very little interaction between long-haul and short-haul traffic, and the benefits of the short-haul trains are almost entirely limited to the local markets they serve. The Northeast Corridor is a vital intercity asset, but it only serves one region of the country. While NEC trains clearly cover their above-the-rail operating costs, the costs of the infrastructure owned and operated by Amtrak are also large. In addition, commuter and freight traffic that is often greater than Amtrak’s traffic complicates the allocation of costs and capacity among Amtrak and the commuter and freight services.

Experience in the E.U. has shown that the single, national entity model that Amtrak’s founders adopted out of necessity and time pressure is not the only way to go. Recognition of Amtrak’s roles and benefits should be accompanied by further attention to the ways Amtrak (or successors) can be structured to get a better match between the benefits it can offer and the various markets (commercial and geographic) that it serves. This should also include discussion of an

appropriate shift of funding responsibility among passengers, the federal government and the various state and local governments who demand the service.

Second, there should be an effort to reduce the expensive litigation games played by Amtrak and the freight railroads. This should start with the recognition that many of the concerns of the freight railroads are legitimate. The access charges paid by Amtrak are far less than the income generated by freight traffic, so freight companies will always have a strong incentive to prioritize freight over passenger service when passenger services interfere. Also, the 1970s assumption that the avoidable cost of passenger access could be limited to marginal track maintenance and coverage of a few other minor cost items is simply no longer valid in many cases because of increases in traffic density and changes in track standards. Amtrak's needs for added or improved service can impose significant added capital and operating costs, and Amtrak should be willing to pay – but Amtrak should get what it pays for.

Unfortunately hostility and suspicion over the years, and no small amount of political posturing, have made it very difficult for the parties to reach reasonable agreements on the cost impacts of requests for added or improved service. Fortunately, North Carolina's and California's state-supported trains (among others) provide examples of services where local involvement and funding have made it possible for Amtrak and freight railroads to live together. There is also increasing experience by local authorities in contracting-out short-haul passenger services to private operators, often on the lines of freight companies. It will be important to see if these successes can be replicated and improved through a combination of better communication among the parties of roles and responsibilities, and use of modern tools (capacity simulators, for example) to measure the costs of added passenger service.

I apologize for answering at length a question that wasn't asked. I think there needs to be an overall vision within which the country's rail passenger problems are considered. Some of the issues are appropriate for the STB to deal with directly, while some will take executive and congressional action along with state involvement. If selected, this is the vision I would use in guiding my role in the PRAC. If this reasonably corresponds with the STB's expectations for the PRAC, then I very much hope to receive your favorable consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "Louis S. Thompson", with a long horizontal flourish extending to the right.

Louis S. Thompson