

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

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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**

**REPLY TO DELTA TROY INTERESTS, LTD. PETITION REQUESTING
THAT THE BOARD REQUIRE THE FILING OF UPDATED INFORMATION**

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Dated: June 18, 2020

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Texas Central Railroad and Infrastructure, Inc. and Texas Central Railroad, LLC (“Texas Central”) hereby submit this Reply in opposition to the Petition Requesting That The Board Require The Filing Of Updated Information filed by Delta Troy Interests, Ltd. (“Delta Troy”) in the above-captioned proceeding on May 29, 2020 (the “Delta Troy Petition”).

Texas Central asked the Board to reopen this proceeding more than two years ago. At the Board’s request, Texas Central submitted ridership projections showing that the Texas Central line would carry at least 5,000 through-ticketed Amtrak passengers in 2026, its first year of operations, and as many as 20,000 Amtrak passengers in its tenth year. Realizing that these numbers clearly demonstrate that Texas Central’s line would be part of the interstate rail network, Delta Troy invokes the COVID-19 pandemic as reason to reevaluate.¹ But the premise underlying Delta Troy’s petition is flawed.

¹ Delta Troy’s insistence that Texas Central’s ridership projections need to be fine-tuned is ironic, given Delta Troy’s repeated assertion that a direct physical connection between the Texas Central and Amtrak lines is necessary, and that the

Delta Troy maintains that the recent COVID-19 crisis has so “dramatically altered the travel landscape” that “[t]he future of long distance Amtrak trains – including the exact trains on which [Texas Central] relies for its jurisdictional argument – is in serious doubt.”² Characterizing a recent Amtrak letter to Congressional leadership requesting a supplemental appropriation for Fiscal Year (“FY”) 2021 (the “Amtrak Letter”), Delta Troy asserts that Amtrak “[f]orecasts long-term negative impacts on train ridership due to the pandemic” and “[p]lans to reduce service to Dallas and Houston” even after the pandemic abates.³ According to Delta Troy, because Amtrak’s long-distance train service to Dallas and Houston is (supposedly) “at risk,” Texas Central should be required to submit revised ridership projections before the Board rules on Texas Central’s May 4, 2018 Petition to Reopen.⁴

The Amtrak Letter provides no support for the Delta Troy Petition. That letter asks Congress to provide \$1.475 billion in supplemental Amtrak funding for FY 2021 to offset an anticipated shortfall in revenue from passenger tickets and state and commuter payments resulting from the COVID-19 crisis. Amtrak bases this request on its projection that “a full year 50% reduction in system-wide revenue is a prudent estimate for FY 2021 compared to our original projections for the

Texas Central-Amtrak through ticketing arrangement is insufficient to confer Board jurisdiction over the Texas Central Line. *See, e.g.*, Letter dated November 8, 2019 from K. Booth to C. Brown at 2-3 (Delta Troy has “repeatedly emphasized” the absence of a physical connection); Reply of Delta Troy Interests, Ltd. to Petitioners’ Response and Additional Information (filed October 18, 2019) at 9-10 (Texas Central line is a “wholly insular system with no physical connection”), 13 (“there is no physical connection of traffic, no use of the same stations, no compatibility of technology, no interoperability, no interchange or through running. . . .”).

² Delta Troy Petition at 1.

³ *Id.* at 3.

⁴ *Id.* at 5-6.

year.”⁵ Amtrak states that, without supplemental funding, its ability to maintain various Long Distance train services during FY 2021 may be in jeopardy.⁶

Amtrak’s projected shortfall in FY 2021 has no relevance here. Texas Central passenger service will commence in 2026, six years after the COVID-19 crisis. Moreover, it will require a three-year ramp-up period (until 2029) to reach the long-term through-passenger volumes projected by Amtrak’s proprietary ridership model.⁷ The Amtrak Letter contains no indication that Amtrak expects the effects of COVID-19 to extend 5 years (or more) beyond FY 2021. To the contrary, Amtrak advised Congress that “[a]s demand returns to pre-COVID levels, we would expect to restore frequencies for both our Long Distance and NEC services. . . .”⁸ Noting that it carried more than 32 million passengers in FY 2019 and was “on track to have its first break-even year in the company’s history” in FY 2020 prior to the COVID pandemic, Amtrak expressed its intention to “work towards a full recovery one day.”⁹

Delta Troy’s assertion that a recent Amtrak survey “reveals ‘reluctance’ on the part of the traveling public to use trains in the future” is also inaccurate.¹⁰ As the Amtrak Letter indicates, that poll found that half of respondents expressed reluctance to ride a train in the next six months, while a third stated “it would be

⁵ *Id.* at 1-2 (emphasis added).

⁶ *Id.* at 2, Appendix 1.

⁷ See Petitioners’ Response to the Surface Transportation Board’s Request for Additional Information (filed August 21, 2019) (“Texas Central Supplemental Response”) at 8.

⁸ Amtrak Letter at 4.

⁹ *Id.* at 1.

¹⁰ Delta Troy Petition at 3 (emphasis added).

more than a year before they would do so.”¹¹ The Amtrak poll thus provides no support for Delta Troy’s claim that the long-term future of train travel is in doubt.

Indeed, history suggests that the current COVID-19 crisis is not likely to have a severe long-term impact on passenger travel. Both the SARS pandemic in 2002-2003 and the more recent MERS outbreak resulted in short-term declines in air travel. However, in each case, ridership returned to normal levels within 6-9 months.¹² The events of 9/11/01 likewise precipitated a sharp reduction in air passenger travel, but passenger volumes substantially recovered within 2-3 years.¹³ Further, Exhibit 1 to the Amtrak Letter indicates that Amtrak’s trains into Houston and Dallas—the *Sunset Limited* and the *Texas Eagle*—saw “minimal change” in operations through April 2020. For all these reasons, the Board should reject Delta Troy’s invitation to speculate about how today’s pandemic might change train travel patterns five years from now.

In short, Delta Troy’s claim that Amtrak has forecasted “long-term negative impacts on train ridership” as a result of today’s COVID crisis¹⁴ is not consistent with the Amtrak Letter. Neither the Amtrak Letter, nor the Delta Troy Petition, presents any facts that would support revisiting the ridership data previously submitted by Texas Central.

Finally, Delta Troy asks the Board to require Texas Central to indicate whether it would agree to “put examination of the Petition to Reopen ‘on hold’ until Congress responds to Amtrak’s emergency funding request and the future of

¹¹ Amtrak Letter at 2.

¹² International Air Transport Association, *IATA Economics Chart of the Week, 24 January 2020* (www.iata.org/economics).

¹³ USDOT, Research and Innovative Technology Administration, Bureau of Transportation Statistics, *US Airline Passengers January 1999 – January 2005* (November 21, 2005, updated May 21, 2017).

¹⁴ Delta Troy Petition at 3.

Amtrak service to Dallas and Houston is no longer ‘at risk.’”¹⁵ Such further delay in this proceeding is unwarranted. As explained above (and in the Amtrak Letter), Amtrak’s request for a supplemental appropriation is intended to support its efforts to provide service during FY 2021. The final amount of Congress’ FY 2021 appropriation is not likely to have a material impact on Amtrak service by the time Texas Central starts operating in 2026.

CONCLUSION

Texas Central’s Petition To Reopen has been pending before the Board for more than two years. Delta Troy’s latest Petition would further delay a decision by requiring the parties to submit revised ridership data based entirely on speculation regarding the long-term effects of COVID-19. Because Amtrak’s projections remain the best estimate of Texas Central’s interstate passenger ridership in 2026, Texas Central respectfully requests that the Board deny the Delta Troy Petition, and issue its decision on Texas Central’s Petition to Reopen.

Respectfully submitted,

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Dated: June 18, 2018

¹⁵ Id. at 5, 6.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 18th day of June 2020, I caused a copy of the foregoing Reply To Delta Troy Petition Requesting That The Board Require The Filing Of Updated Information to be served on all parties of record electronically, by courier, or by first class mail, postage prepaid.

/kathryn k. floyd/
Kathryn Kusske Floyd