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BEFORE THE SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36496

IN THE MATTER OF:

APPLICATION OF THE NATIONAL RAILROAD PASSENGER CORPORATION UNDER 49 U.S.C. § 24308(e) –
CSX TRANSPORTATION, INC. AND NORFOLK SOUTHERN CORPORATION

COMMENTS OF THE COMPETITIVE ENTERPRISE INSTITUTE

On behalf of the Competitive Enterprise Institute (CEI), I respectfully submit this comment letter for the Board's consideration in the FD 36496 proceeding. Founded in 1984, the Competitive Enterprise Institute is a non-profit research and advocacy organization that focuses on regulatory policy from a pro-market perspective. I worked at the British Department of Transport between 1989 and 1996, where part of my duties was evaluating the case for expanded passenger rail in London, most notably the Crossrail project (now named the Elizabeth Line, which is currently under construction). I am not requesting time to speak at the rescheduled hearing.

We are concerned that the National Railroad Passenger Corporation (hereafter Amtrak) is pushing for a decision based on outdated justifications. Two particular environmental changes that have occurred since Amtrak's analysis suggest that a comprehensive reanalysis of the case for the application is not only prudent, but essential.

The first change is the significant reduction in rail passenger usage since the COVID-19 pandemic began. While the pandemic appears to be winding down, there is not yet sufficient indication that ridership will return to pre-pandemic levels. Amtrak's own expectations are that its ridership will only reach 80% of pre-COVID traffic by the end of fiscal year 2022.¹ This suggests that ridership will likely be lower than that suggested in Amtrak's pre-pandemic estimate. The Board would be wise to postpone any decision until the post-pandemic ridership situation is clearer, and then require reanalysis under the changed circumstances.

The second change is the increased pressure on supply chains, which freight rail plays a vital role in alleviating. Any passenger rail project that reduces freight rail capacity will increase pressure on supply chains, leading to higher costs for consumers and shippers. Displacing needed freight rail capacity for uncertain passenger ridership will lead to delays, diversion of shipping to roads, or both. I endorse the comments of my Reason Foundation colleague Marc Scribner (submitted to the Surface Transportation

¹ Amtrak, "Amtrak Fiscal Year 2021: Amidst continuing coronavirus pandemic, grew ridership and revenue and introduced new projects and initiatives for the future," December 13, 2021, <https://media.amtrak.com/2021/12/amtrak-fiscal-year-2021-amidst-continuing-coronavirus-pandemic-grew-ridership-and-revenue-and-introduced-new-projects-and-initiatives-for-the-future/>.

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Board on February 7, 2022) that such diversion would significantly increase environmental pollution and lead to other second order effects.

Taken together, these two changes suggest that a rigorous and comprehensive cost-benefit reanalysis of Amtrak's application should be essential to the Board's decision-making process. That analysis should include a proper audit of the costs that Amtrak will impose on the nation's freight railroads. Such an analysis is common practice in European passenger rail expansions and should be regarded as best practice for future applications from Amtrak.

Thank you for the opportunity to provide comments to the Board on this important matter.

Respectfully submitted,

/s/

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cc: All Parties of Record