

# NEW HANDS ON THE AMTRAK THROTTLE

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(109-101)

HEARING  
BEFORE THE  
SUBCOMMITTEE ON  
RAILROADS  
OF THE  
COMMITTEE ON  
TRANSPORTATION AND  
INFRASTRUCTURE  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED NINTH CONGRESS  
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## NEW HANDS ON THE AMTRAK THROTTLE

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Thursday, September 28, 2006,

HOUSE OF REPRESENTATIVES, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, SUBCOMMITTEE ON RAILROADS, WASHINGTON, D.C.

The subcommittee met, pursuant to call, at 10:00 a.m., in room 2167, Rayburn House Office Building, the Honorable Steven C. LaTourette [Chairman of the subcommittee] presiding.

Mr. LATOURETTE. The Subcommittee on Rail will come to order this morning. Good morning. I want to welcome you all to this morning's hearing entitled New Hands on the Amtrak Throttle. Our one and only witness today is Mr. Alexander Kummant, who is the new president of Amtrak.

Mr. Kummant, I want to welcome you to your first hearing before our Subcommittee, where I can assure you that we all have a keen interest in Amtrak and passenger rail. I understand that you have had quite a career in the private sector before accepting the top job at Amtrak. I hope that you can tell us a little bit more about yourself and how you came to be interested in running our Nation's passenger railroads.

I would note for the record, as I looked over your resume, two things jumped out at me that perhaps your first rail job was in Lorraine, Ohio, and secondly, that you are a graduate of Case Western Reserve University. So in my part of the world at least, I am happy to see you in your new job.

Amtrak has had its share of critics over the years and stacks of reports have been written on how to improve the company's operations. Meanwhile, both the Northeast Corridor and Amtrak's aging long distance fleet have continued to deteriorate due to lack of capital funding. There are also some labor issues needing attention, some of Amtrak's unions have not had a contract in many years. In certain locations like New York City and the west coast, Amtrak is having trouble attracting skilled labor because wages are so low.

Around the Country, passengers are complaining because Amtrak's long distance trains often arrive hours late. I realize that much of this problem is due to heavy congestion on the freight railroads, but we are hoping that you have some new ideas to help improve the situation.

Mr. Kummant, I know that you have only been on the job for a couple of weeks, so I truly appreciate your taking the time to visit with us this morning. I know that it is probably too early to ask for a ton of specifics, but I hope that you can share your vision for

Amtrak, as well as your strategy for achieving that vision. I am looking forward to a most informative hearing this morning.

Before yielding to Mr. DeFazio, who is subbing for Ms. Brown this morning, I want to do two things. One, I want to ask unanimous consent to allow 30 days for Members to revise and extend their remarks and to permit the submission of additional statements and materials by the witnesses. Without objection, so ordered.

Secondly, subject to what may or may not happen in the lame duck session, I think this will be the last hearing of the Railroad Subcommittee for the 109th Congress. I want to take this moment to express my appreciation to all of the Members on both sides of the aisle for working with us in a very bipartisan manner. I want to thank both the Majority staff and the Minority staff for the hard work and dedication they put into not only our hearings, but also all of the other work before the Subcommittee.

While Mr. DeFazio is the acting Ranking Member, I specifically want to commend the regular Ranking Member of our Subcommittee, Corrine Brown of Florida, and indicate that it has been my great pleasure to work with her over these past two years. I think that unlike some of the other committees around here, we have achieved a great deal and we have done it in a bipartisan fashion. I have appreciated her cooperation.

With that, it is my pleasure to yield to Mr. DeFazio for any opening remarks he would choose to make.

Mr. DEFazio. Thank you, Mr. Chairman. Thank you for being here today and thanks for volunteering to take on a challenging job.

I am particularly intrigued in looking at your testimony on page two where you say, "at a time of high oil prices, growing highway and airport congestion and record rail freight volumes, problems which beset and constrain our transportation system, we should be embracing rail and developing it quickly and responsibly," and you go on from there. I am really pleased to hear and see that kind of vision. In a recent hearing we had, and I can't remember which of the transportation subcommittees it was in, but I was talking about the idea to have essentially an integrated plan with a least coast approach to all transportation needs in this Country. And particularly bringing sort of a western perspective to this issue, rail can often be the provider of that, not just in a freight sense but also in a passenger sense. If we can get high speed rail to live up to its potential, we could be providing that sort of alternative for folks, more fuel efficient and competitive in terms of time.

The other thing to think of, I think, as the administrator of Amtrak, is we are also seeing an aging society and I note that you say you support long distance travel. I think you may see some change in passenger preferences and other potential with a retired generation that has some resources that wants to travel to say, well, actually I don't have to be across the Country in six hours very uncomfortably, I would be happy to do it in a few days, I have the time now, I am retired. So I am thinking there may be a whole sort of new customer and growing customer group to look at and some real changes in the economics and demographics of the long distance travel in addition to that in the congested corridors.



So I look forward to your testimony. Thank you.

Mr. LATOURETTE. I thank the gentleman very much.

Mr. Kummant, you are our one and only witness this morning. I want to thank you for coming, and we offer our congratulations on your new post and wish you well.

Oh, Mr. Mica is here. I am sorry, I didn't see you. It is my pleasure now to yield to Mr. Mica for an opening set of remarks.

Mr. MICA. Mr. Chairman, I wouldn't miss this opportunity both to be at the final Amtrak hearing of this session of Congress and also to be here to welcome Mr. Kummant, wish him well in his work. Could I be yielded the customary five minutes?

Mr. LATOURETTE. Absolutely.

Mr. MICA. Thank you.

By reputation, and sometimes we read these blogs and these commentaries that Mica is an opponent of Amtrak. And I just want to set the record straight, sir, as you begin your important work that you couldn't find a stronger advocate of both long distance and high speed service. Long distance, I mean a national system, not a half-baked system.

But I think there are several things that we have to do. I read your statement, and I think what I would like you to do is, and hopefully when we have our whole new board and working together that we could do several things. First, I think what is important is what they have already started out, separating out the Northeast Corridor. In Congress we have never really been able to look at all your finances and determine what things cost and how things are operating.

The Northeast Corridor is very important. It is the only real hard asset that you have. You have a couple scattered other assets. But you own that real estate, it has great value.

Separating that out, and then once we do that, is to give the private sector an opportunity to help build and expand service there. First of all, Congress is never going to give Amtrak the \$18 billion to \$35 billion it needs to develop that corridor and make it truly high speed. They will not do it. They will continue to give you the starvation diet of one point, whatever it is, two billion dollars to subsidize your work.

Just looking at your figures, with your debt costs, your maintenance requirements, your backlog, simple math will tell you you are never going to get ahead of the game in building that infrastructure. And they also unfortunately don't have confidence in Amtrak to invest that kind of money in high speed. So you have to turn to the private sector. Next time I see you, I am going to ask you if you have met with some of those people that are willing to invest and take that over.

The next thing is long distance service. I come from a State where I want more long distance service. You should be providing it. You need to be looking at giving back to the private sector with your oversight or however you want to arrange it, things like Auto-Train, which would take cars and people off the road. Again, it is not run that well.

Increasing long distance service where it makes sense, and you can even have some people make money if it is not a Soviet-style train experience, it is a pleasurable experience. People do make

money moving people by rail in a leisure travel experience today. And I will be glad to give you examples.

So long distance service, high speed service. The final thing is, there are a lot of people nervous in the service that work for Amtrak. They are good people. I think your predecessor came before us and told us they had slashed from 26,000 employees down to, what do you have, 19,000 now, in that range? That is not a future. The future is expanding rail service, both for high speed and long distance. So I urge you to cut a deal with labor and tell them that we can ensure those people jobs and opportunities far beyond anything they can imagine if we expand that.

So my challenge is a little bit of vision, thinking outside the box, coming back to us with proposals. I think with a good board in place, with you in place, we can do that. If you want to be a placeholder, well, then you will be back here asking for another \$1.2 billion, you will be getting the same grilling and will see us not really entering the age of moving people long distance or in a high speed fashion.

So I look forward to working with you in that regard and thank you for taking on this tough test. Thank you, Mr. Chairman.

Mr. LATOURETTE. I thank the gentleman for his observations, and I apologize that I didn't see you sitting over there earlier. Thank you for your observations.

Mr. Kummant, welcome today and we very much look forward to hearing from you.

**TESTIMONY OF ALEX KUMMANT, PRESIDENT AND CHIEF  
EXECUTIVE OFFICER, AMTRAK**

Mr. KUMMANT. Thank you, Mr. Chairman, thank you, Congressman. Good morning. My name is Alex Kummant. I have been Amtrak's President and Chief Executive Officer since September 12th. I appreciate the opportunity to appear before the Subcommittee today.

I intend to keep my statement short to allow you as much time as possible to ask me questions. But let me start by telling you a little bit about myself. I was born in Ohio and was raised both there and in Western Pennsylvania, because my father worked as an engineer and later as an engineering manager for U.S. Steel. My dad's work in the steel mills was one of the reasons why I chose engineering as a vocation and why most of my professional life has been spent in industrial settings or in the manufacturing equipment to support heavy industry.

From 1999 to 2003, I worked for Union Pacific Railroad, and at the time of my departure was regional vice president for the central region, central division, overseeing 6,000 transportation, engineering, construction, mechanical and other employees supporting an 8,000 mile rail network. I was responsible for customer service, on-time delivery and the overall financial and operational performance of the region. My time at the UP left an indelible and abiding interest in the railroad industry.

Even today I believe that the operations of a railroad represent one of the most engrossing and challenging opportunities in terms of a professional career. Therefore, the opportunity to join Amtrak is more than just another job for me. It is a chance to get back into

an industry that has kept its hold on me and to advance something I believe in, namely, passenger railroading.

Amtrak is both a business and a public enterprise. Amtrak was created by Congress. It relies on funding from Congress. In many ways you are the company's primary shareholders. In my view, there are very few large and complex operations that are so challenging from both a business point of view as well as a public or political point of view.

Also, I believe we are at a pivotal point in the history of rail passenger service, particularly in this Country. I am committed to operating a national system of trains. I believe long distance trains are an important part of the Nation's transportation network, and I believe it is our challenge to run them in the most efficient and effective way.

That said, I understand how important these trains are as a form of basic transportation to many small communities across the Nation. My challenge and that of our management team will be to find the most efficient and effective way to run them.

I also know that the fastest growing service we have is in rail corridors. Those States that have the vision to develop their State rail systems are beginning to see the benefits of that service. In the past few years, the only new services that Amtrak has added are those that are supported by these States. Developing these corridors, and by that I mean providing regular and reliable service between city pairs of 300 to 500 miles, is going to be a major part in the driving force of our future. I hope that in my time at Amtrak we will continue to see more corridor growth and the realization of a Federal and State funding partnership for these corridors.

I am just beginning to understand how much work Amtrak has done in the last few years in bringing the Northeast Corridor and some of its branch lines to a much higher level of utility. The NEC still requires a significant amount of investment, including large projects such as bridge and tunnel replacement. But in terms of basic investment, tracks, ties and signals, the company has used the capital money you have appropriated to them wisely and strategically to update the Northeast Corridor.

In the coming years, I think we will have to do a better job of explaining the importance of these capital investments to you, because this valuable work has durability and demonstrable benefit. In fact, the work we have done has allowed us to reduce slightly the Acela service travel time between New York and Washington by five minutes in our new timetables.

To me, having been on the outside, I have always wondered why the Amtrak debate is so emotional and at times, acrimonious. It really needn't be, especially now. At a time of high oil prices, growing highway and airport congestion and record freight volumes, problems which beset and constrain our transportation system, we should be embracing rail and developing it as quickly and as responsibly as we can. We should get beyond the debate of a few hundred million dollars of operating costs and begin to realize the potential rail passenger service has to offer with the right level of investment and a clearly defined Federal policy.

I know many of you travel back to your district every weekend because you feel it is the most effective way to keep in touch with

the views of the people you have been elected to represent. Just like you, I intend to roam around the system. I will be on trains, in the shops, on the platforms and at the stations. I find the best ideas oftentimes are the ones given to you by the ones that are out there doing their jobs every day. This is something my dad learned when he worked large engineering projects in steel mills and something he instilled in me.

In closing, let me assure you that I believe in rail passenger service and believe in Amtrak. I have a lot to learn, but I learn quickly. In the coming weeks, I intend to shape and hone my immediate and near-term goals and objectives, as well as get around and meet with many of you personally. I encourage you to offer me your counsel and advice. In that vein, it is my hope that today begins a long and constructive relationship.

Thank you.

Mr. LATOURETTE. I thank you very much for your testimony and your observations.

I don't know that it is a question, but an observation. I think one place where Mr. Mica and I agree is, I have been here 12 years, Mr. DeFazio a little bit longer. This notion of Amtrak sort of limping along every year, Congress has a history of giving you, giving the corporation just enough money to fail. We have to devise a way to come out of that.

I would just tell you, I meet with people all the time. Some have innovative ideas for the Northeast Corridor. Some would suggest that Amtrak could utilize the RIFF loan program that we have just authorized in SAFETEA-LU if the corporation was found to be creditworthy. And I would suggest that maybe an audit or an evaluation of the assets that haven't been mortgaged be taken to demonstrate to those that might want to provide capital to the corporation that there is in fact a creditworthiness there.

So the one comment that I would agree with is that I do think we have reached the point where if we are going to have viable passenger rail service, and Amtrak is a part of it, we need to think outside the box and not just have this annual appropriations fight.

I want to begin my questioning though, we had a hearing a couple of months ago on capacity. The evidence was pretty clear, as a matter of fact, I just talked to a fellow who retired from the Union Pacific Railroad after 46 years. He said, you know, I never thought I would say this as a railroader, but we are sold out. And we do have a severe capacity crunch in this Country on the freight railroads, which you share for some of your service.

My question to you would be, what do you think of how we can get around improving the on-time performance of Amtrak trains? One idea that has been floated is that in the airline industry, for instance, they make account for busy seasons, weather and things like that by building in cushion time. I want to ask you if you have had an opportunity to think about building in cushion time to your schedules, and if not, or if you have thought about it and you don't think that is a good idea, what actions you think might help ensure that Amtrak schedules really come up with the reality of mixing passenger and freight rails on the same lines?

Mr. KUMMANT. I think we have to have this debate or dialogue, clearly, with the context of record volumes on the freights. In the

end, the answer has to be capital of some sort, from some direction. I think that we need to sit down and work with the freights on the particularly troubled lanes and ask them to come up with a plan. At the end of the day, we do have contracts with the freights. We do need to hold them to those contracts. But we have to look for ways of funding, and perhaps there is a way Amtrak can be involved in justifying capital in key lanes. But the answer is capital.

Relative to padding the schedules, I think you have to look at schedules seasonally, you have to look at schedules clearly when there is major overhaul work going on on particular lanes. You can't ignore that. But there is always the danger then of creating schedule slippage that you never get back to.

Mr. LATOURETTE. Thank you. Among the other groups that come to visit me, the Amtrak police have been in to see me on a pretty regular basis. Here on Capitol Hill we experienced a number of years ago the sort of notion that the Capitol Hill Police became the training ground for other law enforcement agencies, because we weren't keeping up with pay and benefits. A similar observation has been made by some representatives of the Amtrak police, and specifically, some have suggested that the Amtrak railroad police officers be transferred to a retirement system comparable to that of other Federal and State law enforcement organizations, as well as looking at their pay structure.

My question is two-fold. One, are you aware that these are concerns that have been raised? And second of all, I would just solicit your opinion on that.

Mr. KUMMANT. I am certainly aware of the concerns, particularly on pay structure and on competitiveness. Security, as we all know, is a significant issue. I am not an expert. I know we have done a lot of work in the area and a lot more needs to be done.

We are in a dialogue with the police union and we hope that is productive. Clearly, that represents, as it does with some other key skills, we have to be market competitive. Therefore, we need to drive to getting agreements in place where they are market competitive. I agree it is an issue and we hope to have a productive dialogue with the police on that.

Mr. LATOURETTE. Staying on the labor front for just a minute, it is my understanding that your two immediate predecessors didn't meet directly with union officials concerning safety and security issues. In fact, they instructed that all such issues be handled by the Amtrak labor relations department and not your police or safety departments. The effect of that, in my opinion, has been to cut off any effective discussion of safety and security issues, including Operation Red Block, which is a successful program to prevent employee drug and alcohol abuse.

I happen to think it is important to keep lines of communication open, especially on safety and security issues. I want to ask you what your intention is relative to that.

Mr. KUMMANT. I can't speak to the history. I do know we actually have front line training programs in place for security awareness. So I find that categorical statement a little surprising, but I can't really comment on what went on in history. I think the whole management team here is committed to engagement and believes that the front line, and I will say this about really any issue, be it secu-

rity or rail operations, your operation is only as good as your front line and front line management.

So I certainly am entirely in favor of engagement and communication.

Mr. LATOURETTE. I appreciate that. Before I leave the labor subject, many of Amtrak's unions have not had a new contract in some up to seven years. If you could share with us your strategy or what you think your strategy is going to be regarding negotiation of new labor agreements.

Mr. KUMMANT. First let me say all of our people need to get fair pay and they need to be competitive in the marketplace. It has to be fair to them and it is also a critical strategic issue for the operation to retain the critical skills we have in this market. That being said, it is a negotiation, it is a dialogue. There are flexibility issues, work rule issues that we absolutely have to work through. It is the foundation that this entire operation will stand on for the coming years in terms of our ability to flexibly manage. Our stakeholders in a sense can't have it both ways, we can't on the one hand say, you are inefficient, but gee, we don't really want you to push flexibility issues on labor. So it is a balance we have to strike, it is a dialogue.

But let me then make a comment relative to style. I am an across the table, face to face negotiation sort of guy. I don't believe in back room deals. I think our record is clear and the agreement that we have had on the table are clear. About 35 percent of our work force has in fact agreed to labor agreements. So we have had constructive dialogues with at least a third of the group and there are others going on. But we absolutely need agreements, I agree with that.

Mr. LATOURETTE. Before yielding to Mr. DeFazio, just by way of updating, we had a couple of hearings, we have had a lot of hearing on Amtrak in the last couple of years, one focused on food service and the discussion of a contract with Gate Gourmet. We also had a couple of hearings on the Acela brake issue. Could you just give us a brief update of where you think the Gate Gourmet contract is and what is going on with the Acela train today?

Mr. KUMMANT. On Gate Gourmet, my basic understanding is that the new contract is in place. We are seeing year-over-year improvements on budget from the new contract. If we compare 2006 budget to the 2007 budget for the whole Food and Beverage initiative, we will reduce costs by \$23 million. So I believe that has been a positive program.

That being said, we still as an entire operation need to look at our products, need to look at our service profiles. That really goes into really the question of where do we want to be in the future. That is what I would like to dive into the next three or four months. I don't claim to be an expert on that front.

I apologize, your second question?

Mr. LATOURETTE. On the Acela trains.

Mr. KUMMANT. On the Acela trains, the brake issue, my understanding is, it is behind us and has essentially been dealt with satisfactorily on the technical front.

Mr. LATOURETTE. OK, thank you very much. Mr. DeFazio?

Mr. DEFAZIO. Thank you, Mr. Chairman. I would note the Ranking Member is here and after I ask my questions, I will cede back her rightful seat to her.

Mr. Kummant, the track issue right away, dealing with the Class I railroads is really key. You have experience there. I'll just give one example. In my State, our Governor has begun to look at integrating our transportation assets better. He has something called Connect Oregon. The State is actually partnering with UP to help build more sidings between Portland and Eugene, particularly outside of Portland, where there is a tremendous amount of congestion in that area.

Do you have any ideas? I think this is a critical nationwide problem, the congestion issue, or actual access for the Amtrak trains and the delays that results in. The second is in the Northwest, we have a high speed train set, Talgo. But the condition of the track, which is the property of the Class I railroads, is such that we can operate those trains generally at less than half their potential speed, even when we have clear track in front of us in terms of no one in front of us.

Do you have any ideas about how we can begin to deal with that? Because that is the key to making these systems work. The time becomes their competitive factor. People will take the alternative, if we could realize the potential of Talgo in the northwest corridor, Eugene-Seattle or particularly Portland-Seattle, would be competitive with the commuter airlines when you look at the time it takes to go through an airport.

Mr. KUMMANT. Right. I would like to have the dialogue with the freights to say, where do capital projects help both of our fluidity, both passenger and freight. Then the question is, how is the capital generated? Is it from the States? Is there investment tax credit structure? Is there a Federal matching program that begins to look, at least in a small way, like the highway matching program?

At this point, the States have been our answer. They are our growth. We have seen I believe 13 percent growth in revenues from State corridor services, which is terrific. And in the end, I think we have to reach out to the States along with the freights in a partnership to say, where does the capital come from. You simply can't escape the fact that the answer is capital. There is no other magic bullet. Then we collectively have to come up with a way to generate that capital in the right places. If you look at the demographics, if you look at it where the most opportunity is to take people off the road and to really create useful lanes.

Mr. DEFAZIO. I had in fact a question from Mr. Costello that goes to a particular State enhancement. His question, had he been able to come, would have been the State of Illinois doubled its operating assistance from \$12 million to \$24 million. And the acting president, Mr. Hughes, had committed to ensuring that new services and frequencies would begin in late October with inaugural trains in mid-October. His question is, do you support the previous commitments? Are you aware of this and will that still go forward?

Mr. KUMMANT. Yes, in fact, I hope to ride on the inaugural train. So that is a terrific example. I believe we are going from three to seven trains a day. That is one of the examples that we would like to emulate in partnership with other States.

Mr. DEFAZIO. That is great.

Mr. KUMMANT. My friend here just whispered in my ear reminding me that in fact we are going to be in Portland here in the end of the month. I will be taking a look at that, as well as talking to local people.

Mr. DEFAZIO. What are you going to be doing in Portland?

Mr. KUMMANT. We are taking a west coast trip and we will be meeting with our people in Portland and taking a look at the infrastructure there.

Mr. DEFAZIO. Great. Many years ago former chair of the Appropriations Transportation Subcommittee, it was Al Swift, I think he was chair. Anyway, he and I did the original, there were originally six high speed rail corridors and one of them was envisioned in the Northwest—of course, everyone wants them now. Back then it was like who cares. But we did, and we had this vision from Eugene to British Vancouver. The potential is there.

But particularly it would be key if you can help bring along your former employer in terms of showing them how there is some way it can be jointly beneficial to improve the state of the rail bed itself. I don't know, at some point I guess you have to ask the question if we are going to have a real vision of a high speed system in the future, can it co-exist with the heavy freights? Can we build or rebuild economically, making sense to them, Class I track? Do you think that is possible to both handle the heavy loads and high speed, or does it really have to be a parallel, separate system?

Mr. KUMMANT. I think it is possible. I would also point out, I think there is an awful lot we can do with 80 to 100 mile per hour service, which clearly can run over the same track. I think it can create tremendous benefits. We don't have to be running 150 or 180 miles an hour to do that.

So I think there is a middle path to show a way to get there. The capital is so enormous on true high speed that I think that may be a barrier. But I think if we look at 300 to 500 mile lanes at 80 to 100 miles an hour, that will look like a real opportunity to us, I believe.

Mr. DEFAZIO. Great. Thank you. Thank you, Mr. Chairman.

Mr. LATOURETTE. I thank the gentleman very much. As Mr. DeFazio noted, we have been joined by our distinguished Ranking Member. Ms. Brown, I said really nice things about you before you got here. Thank you for being here and we recognize you for any comments you might have and questions.

Ms. BROWN. Thank you, Mr. Chairman, and let me just apologize for a minute for running late. I was in a meeting with Secretary Rice and the Congressional Black Caucus. We were meeting on the genocide that is going on in Africa. That is always the challenge, being in Congress, being in one place, cut yourself in half at the same time.

But first of all, Mr. Chairman, let me open my remarks by thanking you for your comments and kind words last night on the floor and I am sure kind words that you have said here today. It has been a genuine pleasure working with you. You are a truly fair and inclusive chairman. It has been one of the highlights of being in Congress for 14 years, working with you. I am proud of the work



that we have done on this Committee and of our accomplishments. I want to thank you publicly.

I want to thank you, Mr. Kummant, for your appearance before the Subcommittee today. It was a real pleasure meeting with you earlier this week and I believe we had a thoughtful and productive conversation about the future of Amtrak. Thank you for your time.

I want to welcome you to your first hearing before the Subcommittee. We have lots and lots of hearings on Amtrak. The railroad is a key component in our national transportation system. So you will get to know us well.

I want to offer my congratulations to you on your new job at Amtrak, but I will be frank with you: I am concerned about who the Bush Amtrak board will hire to fill Mr. David Gunn's position. Because those are big shoes to fill. Mr. Gunn spent his entire career in the passenger rail business and knew it better than anyone I know and did a tremendous job in leading Amtrak in the right direction.

But he was fired for doing a good job. He was fired for disagreeing with the Bush board on how to best run Amtrak. When the Bush Administration realized it could not get rid of Amtrak by starving it to death or forcing it into bankruptcy, it tried to destroy the railroad from within. In September 2005, the Bush board announced a decision to split Amtrak's Northeast Corridor from its operation, a decision that Mr. Gunn absolutely opposed. He thought it was the wrong way to go and it didn't make sense. But the Bush Administration disagreed, and that is what got him fired, standing up for the right thing.

I am glad to say that after much public outcry and an aggressive response from this Congress, the board has backed off of this proposal for now. But I am sure that they have not backed off of their efforts to dismantle Amtrak. I am sure that you understand the responsibility, your responsibility to Amtrak, to its work force and to its ridership to see that Amtrak is successful and the decisions you make regarding Amtrak's future and its operation are for the betterment of the company, not for a particular political agenda.

Speaking of the workforce, I am sure you are aware that many of the Amtrak workers have gone more than seven years without updated contracts and general wage increase. I would like to understand what your intentions are to resolve this situation and to reach a fair settlement with labor. Those workers are your allies, not your enemies. They have made sacrifices over the years to help keep Amtrak solvent and they have walked the halls of Congress meeting with members to ensure Amtrak continues to receive adequate funding through the appropriation process. In other words, they help to get your money. Now it is your turn to help them get theirs. I hope you will keep them in mind as we move forward.

Once again, I want to thank the Chairman and I will yield back the balance of my time.

Mr. LATOURETTE. We have now been joined by the distinguished Ranking Member of the full Committee. Because of his rank in the Committee, we will ask Mr. Blumenauer to patient wait for about five minutes. Mr. Oberstar, we are happy to yield to you for five minutes for any observations or questions you might have.

Mr. OBERSTAR. Thank you, Mr. Chairman. I need not take a lot of time, except to welcome Mr. Kummant and to observe that good words precede his appearance. As you put it in the title of the hearing, a hand on the throttle. I hope you have spent a lot of time either in a locomotive yourself or at a locomotive simulator, learning what it means to have hands on the throttle. Of course, managing Amtrak means more than just being in the cab on a train that is rolling on the tracks. It means understanding the internal and external dynamics of this great rail passenger service.

It means also understanding its history, how it came to be in the first place, how the discontinuances of local service led to the failure of rail passenger operations, handing over thereof to the Federal Government in 1970 in the creation of Amtrak. It also means understanding that there is a lack of understanding in the public and among a great many policy makers of the structure of Amtrak. It is mis-represented that Secretary Volpe, whom I knew personally, a very great guy, was a very great Governor of Massachusetts, he was an excellent secretary of transportation, but he never did say outright that Amtrak had to make a profit. He said that it might some time in the future achieve profitability.

But as all rail passenger systems throughout the world, so Amtrak had depended on public support. What we need to do is have a major capital infusion in Amtrak, get its infrastructure right, get its passenger service right, re-launch this system and make it work. You have an opportunity, hampered by the Office of Management and Budget, hampered by the appropriation process, hampered by policy makers who don't understand the value of passenger rail service. But within those confines, I wish you well. We will work with you and help in every way we can.

Let me just make a final observation. If we in the United States could resolve, as has been done in Europe, to commit 10 percent, in Europe it is much more than that, but 10 percent of all passenger movements by transit, we could in this Country save the equivalent of 550 million barrels of oil a year, and that is the amount we import from Saudi Arabia. If we do inter-city passenger rail and transit within cities, and cities to suburbs and to exurbs, we can do that. And Amtrak can and should lead the way.

Thank you.

Mr. LATOURETTE. I thank the gentleman very much.

Mr. Mica, are you ready to ask questions?

Mr. MICA. Yes, if I may.

Thank you, Mr. Chairman. In reading your statement, I noticed some improvements in the performance in the Northeast Corridor with Acela. What is your current, well, probably the most recent figures you would have on the Northeast Corridor, the number of passengers that you have?

Mr. KUMMANT. I will probably have to look that up. I am afraid, sir, I—

Mr. MICA. For the system, is it 26 million now?

Mr. KUMMANT. The whole system is 25 million. And Acela is, I believe, 25 percent of that, 30 percent of that.

Mr. MICA. The Northeast Corridor, though, in total, I thought was closer to 50 percent.

Mr. KUMMANT. Maybe the whole corridor, but the Metroliners, the non-high speed, take care of the balance.

Mr. MICA. Right. Acela was 25 percent and you are doing 22 million passengers?

Mr. KUMMANT. Twenty-two million for the system, yes.

Mr. MICA. For the whole system?

Mr. KUMMANT. That is right.

Mr. MICA. And the Northeast Corridor is still about half of that, is that correct?

Mr. KUMMANT. Yes, the Northeast Corridor is half.

Mr. MICA. Which is about 11. Again, in my comments in opening, Mr. Oberstar is right, we need a huge infrastructure capital infusion. I don't see that happening. I don't see Congress giving you the money. Now, if you go back and look at all the different reports we have had, GAO studies, it is going to cost a very minimum probably, well, if the private sector did it, maybe \$13 billion to \$15 billion to truly make the Northeast Corridor high speed. Given the equipment that you have now, even with Acela, I am told the design doesn't allow you to go to what I consider average high speed system.

Are you open to considering looking at having the Northeast Corridor being both operated and expanded, and its future expansion financed by the private sector?

Mr. KUMMANT. First let me say, the only mandate I have been given by the board is to run a safe and reliable railroad. As far as everything that has swirled about the Northeast Corridor, I have to get into those details. Certainly I have also been approached and sat in on a few sessions where there were financing options thrown out.

Mr. MICA. You are willing though, to talk to those people now in your current position?

Mr. KUMMANT. Yes, sir, I think we have to look at that. However, let me also say I spent enough time running railroads that there are tremendous operating challenges with peeling anything like that off. It is a very complex environment.

Mr. MICA. In fact, though, that is the only real asset that you own. You have a little piece up by Chicago and I guess a couple little, small pieces. But your major piece of railroad that you are running, about 90 percent of your service is over somebody else's freight tracks, isn't it?

Mr. KUMMANT. That is the fundamental—

Mr. MICA. So you are not running a railroad. You are running cars on that railroad for long distance service. You are in the Northeast Corridor. But see, that service is never going to get to truly high speed without that investment. And Congress is never going to give you that money based on the track record that Amtrak has. You don't make those decisions, the board does.

Tell me the status of the board. How many people are in place and confirmed and legitimate?

Mr. KUMMANT. I am really not here to speak for the board—

Mr. MICA. No, but your board members—

Mr. KUMMANT.—I think we have—

Mr. MICA.—how many board members are in place?

Mr. KUMMANT. We have two of the current members that I believe have their terms expire in December and were recess appointments. The others are, how shall I say, fully in the saddle. There is one vacancy.

Mr. MICA. So we have the possibility, with one vacancy and two expiring, of not having a board, a full board in place?

Mr. KUMMANT. Again, that is up to other people. That could happen, and I am hardly the person to talk to about the legal structure of the board, sir.

Mr. MICA. Well, again, that is a concern, because we have to have a board in place that can make these decisions.

The final thing, and I don't want to take a lot of time, I will ask you to look at Virgin Rail. I went to look at Virgin Rail, which acquired the equivalent of the Northeast Corridor in England. They now have 34 million passengers. They put the equivalent of 5 billion pounds, which is about \$9 billion in infrastructure, they do run in fact high speed service, 34 million passengers. That is more than we have on our entire system.

They acquired it in 1997, they have made a profit all of the last five years and the last three years paid a dividend. I have asked GAO to confirm those figures. But I would ask you to look at that. I have talked to some of those people, they would be interested in coming in and taking over our Northeast Corridor and operating it and increasing the ridership and probably dramatically increasing the employment.

So that is one possibility, and I hope you will look at it. If you won't, I will be over and I will show you all the details. Thank you.

Mr. KUMMANT. I understand.

Mr. LATOURETTE. Thank you, Mr. Mica.

Mr. Blumenauer.

Mr. BLUMENAUER. Actually, with the Chair's permission, I would yield a portion of my time to Mr. Oberstar to give the rest of the story on the British experience.

Mr. OBERSTAR. The gentleman from Florida paints only a part of the picture. In December of 2000, Mr. Shuster, then-chairman of the Committee and I were in London, met with the British transport minister and transport committee of the British Parliament. The night before our meeting, Parliament had voted a 600 million pound bail-out to the right-of-way owners, because without that money, to pay the shareholders, the whole operation was going to go into bankruptcy.

So the notion that the private sector can fund these operations all on its own and they are possessed of some wizardry misses the mark.

Mr. MICA. Would the gentleman yield?

Mr. OBERSTAR. I of course will yield.

Mr. MICA. OK. Well, again—

Mr. BLUMENAUER. I would like the gentleman to yield on somebody else's time.

Mr. LATOURETTE. Yes, the time belongs to Mr. Blumenauer. So Mr. Blumenauer, if you want to yield to Mr. Mica—

Mr. BLUMENAUER. Actually, Mr. Mica and I have a perfect record, in eight years in this Subcommittee, of never agreeing on anything relating to rail.

Mr. LATOURETTE. So I take it you are not going to yield.  
[Laughter.]

Mr. BLUMENAUER. So I don't want to subject our new president to that right now and have him run screaming from the room.

I do appreciate your being here. I appreciate the tone and tenor of your statement, because you set, I think, in place for us the reality that rail has never played a more important part in our transportation system for the last three-quarters of the century. You have to go back to World War II, and with the points you raise about energy pricing, in terms of congestion on our highways and our airports, you make an important point.

I appreciate the positive way that you have sketched it. I think it is probably unfair for us to bore in on specific details at this point. And also to sort of coax you to comment on things that aren't really in your job description anyway. Let me just say that I am hopeful that we will be able to work with you and hopefully with your full complement of new board, with three more people coming on, by the time the new Congress convenes, to be able to realize this potential that you describe.

It is quite clear that the American public, despite attitudes of some people in Congress that that would just as soon get rid of Amtrak, that the public favors it too strongly to allow it to die. There is a broad bipartisan reservoir of support, and there is real potential in the future.

My hope is, and I appreciate what you said in your statement about getting past a couple hundred million of operating, more or less. The real issue is one of long-term capital. It is the relationship with the Class I railroads in particular and other elements of the transportation system. I am hopeful that there will be an opportunity, perhaps in a less formal setting, to be able to explore ways to build on those opportunities that you see and that Congress can step up to give a tiny fraction, a tiny fraction of the subsidy that it gives to road and to air transport, to make sure that your job is not complicated by failure even for us to spend the money we authorize.

I appreciate your presence here today. I do have a few more seconds if you care to comment. But my interest is being able to build on that vision that you have articulated.

Mr. KUMMANT. I would just say, as they say in Parliament, hear, hear. I think it is about capital. And I have lived in Europe and as a regular, as with rail being part of my regular life. Certainly we don't have the European densities and we have the challenge of how we get across the Great Plains and the mountain States and look at a coherent national network.

But I would not have taken this job if I were not interested in wrestling with that very question. So that is why I am here.

Mr. BLUMENAUER. Thank you. Thank you, Mr. Chairman. I would, if I could, just indulge you for 20 more seconds to just say that we may not have European densities, but we are planning for a country of 400 million people. And we have obvious opportunities in passenger rail corridors that are strangling on congestion on the roadways and airports that are at capacity. The little question of energy efficiency by any calculation, you are four times more energy efficient. If we are successful in double tracking just a little

bit more of this, it is what, 60 feet of right-of-way for 6 feet of rail. So you have, I think, some raw material here that we can build upon if we are able to craft that partnership.

Thank you very much, Mr. Chairman.

Mr. LATOURETTE. I thank the gentleman.

Mr. Westmoreland.

Mr. WESTMORELAND. Thank you, Mr. Chairman.

Mr. Kummant, Amtrak currently operates the Virginia Railway Express. That is a commuter line running south from Washington. We have been receiving numerous complaints from passengers about late trains. In fact, I think last week there was one, the 8:00 o'clock didn't get here until a little after 1:00. And I know that Congresswoman Joanne Davis of Virginia has written a letter to you, or to Amtrak, asking you to assign a full-time manager to oversee this Virginia Railway Express.

I would like to reiterate her request and also ask for any comments that you might have between this corridor, D.C. and Richmond. I would also like to add that my wife is an Amtrak rider from Atlanta to D.C. She voices her complaints to me, not you all, to let you know that she also has suffered from the late and canceled trains. Also let me just say this. I know, and I have ridden the train a couple of times myself, and some of the cars are old. But there is no excuse for them not being clean. Old is one thing, clean is another.

So could you just address that, mainly the Richmond-Washington portion?

Mr. KUMMANT. Yes. I am just beginning to understand how the organization is structured. I believe we have a manager responsible for VRE and MARC, and our senior vice president of operations I know also received contact and is working through that issue.

I also believe we just recently, it occurred I think over the last two weeks, had a meeting with CSX also on that lane. It really goes to the other dialogue we have had here, it is in the end about capital, how do we make those lanes more fluid, are there some options. It is not all just about dispatching.

And clearly on the basic service issues, that is something we as an organization have to continue to work. But I am aware of the organizational issue and I believe there is outreach going back. We will have to take a look at that.

Mr. WESTMORELAND. Let me just make one other comment as far as a passenger on there. I would just as soon be strapped to the front of a roller coaster on some of that track that goes through there. It is pretty rough. I think we are probably traveling at 70 or 80 miles an hour. So I agree with Mr. Mica, high speed would be a tough, tough deal there.

The last question I have is, your inspector general is completely in your budget. In other words, kind of fox looking after the hen-house, so to speak. Not that anybody has done anything wrong or pulled any punches or anything, but do you think it would be a good idea for your inspector general to have their own line item in the budget and not be under yours?

Mr. KUMMANT. I guess I hadn't thought about it in terms of where the budget lies. I know the accountability actually lies on multiple lines. So it is hardly a direct report to me. So I think it

is the accountability and lines of management that are the critical component there. But candidly, I really haven't thought about the issue, because I know that Fred does not work for me directly, he reports, I believe, jointly to the board as well as to oversight committees here. That was what I viewed as determinative. But I will take a look at it.

Mr. WESTMORELAND. Well, please do, because a lot of times you just have to follow the money. That is just a perception maybe that is out there. But that would be a good idea.

Mr. KUMMANT. OK, thanks.

Mr. WESTMORELAND. No further questions, Mr. Chairman.

Mr. LATOURETTE. Thank you, Mr. Westmoreland. Mr. Boswell from Iowa?

Mr. BOSWELL. Thank you, Mr. Chairman, and thank you sir, for being here with us today. You have a big job, but I think you know that going in. And it is a big job and I got here late, so if you have already covered this, just stop me and I will go to something else. But there are so many things that you have to deal with, it is hard to know where to start. But you have to start somewhere. So I think you are obviously prepared to do that. You have taken on the responsibility, I guess nobody held a gun to your head, you did it because you thought you could do something about it. So we wish you the best.

I appreciate that you will have considerable influence over policy and business matters on the operation, naturally. But I would like to know if you have a plan to bring this six-year collective bargaining stalemate with Amtrak's unionized workforce to closure, and what kind of a time line would you envision?

Mr. KUMMANT. Fair question. I can't address the time line specifically. Again, first, let me say, we need to have agreements. We are only as good as our front lines and our front line management and our morale there. So I am very supportive of driving it to a conclusion.

Again, that being said, people do need a fair wage. We need to be competitive in the market. There have been plenty of offers on the table, and it has to be a dialogue, it has to be a negotiation. We do need more flexibility in return for higher wage packages. We have had that constructive dialogue with a third of the workforce. I believe 35 percent of the workforce has settled.

So again, I believe in being open across the table. And I would just say, let's have the conversation, let's get to work.

Mr. BOSWELL. So you are committed to going forward?

Mr. KUMMANT. Absolutely, sir.

Mr. BOSWELL. OK. One of the things in my notes here that I would just like to bring up, which you pretty much addressed, is due to the lower pay scale offered at Amtrak compared to the freight railroads and commuter operations, how do you plan to entice new employees to come and work for Amtrak, and more importantly, to keep the current ones there?

Mr. KUMMANT. Again, we need to look at the wage scales. I think there are, if you look at all the individual categories, we even have some areas where a few people are paid higher than other services. But that is a fair observation. I do think, and one of the reasons why I came back to the railroad, and why the railroad really stayed

with me is, there is a pretty remarkable feeling for people who are committed to the service, and I respect that.

I haven't spent a lot of time yet on the trains and in the shops. But I am impressed with people that walk up to me, even those that are a bit upset and say, hey, when are we going to have a settlement. It is a passion and commitment that I respect. I have seen that in the rail industry, I have seen that in the freights. You will be out in the middle of Wyoming and run into a guy who is a third generation railroader. So there is a continuation there and a passion people do have for this business, too, at ever level. We want to respect that. I think that is part of what we offer.

We also offer a terrific benefits package relative to many industrial companies I have been in. The benefits are very, very strong. And I think if we can offer that continuity, offer a vision, I think our job is to make this a great place to work.

Mr. BOSWELL. Thank you very much. My time is about up. But I have other things I would like to talk to you about in the future, of course Amtrak going across the Country crosses my State, out in the Midwest, in Iowa. We have some very dedicated travelers who want to go by that, of course, we have all these shipments of freight back and forth. We have an unbelievable bottleneck in Chicago, as you know, that is freight. But still, as you run on their tracks, why, this is tough.

So you have a big job. I hope that we will be able to help you to move it forward. A lot of us feel a lot of need for the transportation of people via Amtrak across the Country. I think everybody understands on the east coast, which I have a lot of respect for, and the west coast, which I have a lot of respect for, but you know, we are a United States and we have to connect together. So that has to be part of it, too. So we will be looking forward to how things happen. Thank you very much.

Mr. LATOURETTE. Thank you, Mr. Boswell. Ms. Carson?

Ms. CARSON. Thank you very much, Mr. Chairman. Thank you very much, sir, for being here to help us walk through and understand the future of Amtrak.

I am Julia Carson, I am from Indianapolis, Indiana. And we have a big maintenance facility in Beech Grove, which is in my district. 600 people work there. And I would like to know if you have any idea what the future of that maintenance facility is, because rumors have it that you are planning to move it.

Secondly, if you could build a train from Indianapolis to Washington, D.C., I would appreciate it very much. Because I like trains, I have been riding them all my life.

Could you tell me what you consider to be, what is valid about a proposal to close the facility and relocate it, and what are your thoughts about this issue?

Mr. KUMMANT. I certainly have not been in the middle of any conversation of that nature. And I don't believe I am aware of plans for that to happen. I know that there are always rumors that swirl. So again, I am just checking back, this is my 16th day, I think. So I am not aware of any plans and I have not been involved in any discussions to close Beech Grove.

Ms. CARSON. Well, welcome aboard. It is good to have you.

Mr. KUMMANT. Thank you.



Ms. CARSON. I yield back.

Mr. LATOURETTE. I thank the gentlelady.

Just by way of housekeeping, and thank you for your patience in answering our questions and I will yield to the distinguished Ranking Member if she has a follow-up question.

But when I introduced you, I was sort of bragging on your Cleveland connections, and I didn't hear you talk about any of that. Can you tell us a little bit about if in fact your first job was in Lorraine, Ohio and if in fact you did go to Case Western University?

Mr. KUMMANT. Sure, I would love to. I always get kicked under the table if I start talking about Cleveland too much. I grew up outside of Lorain, Ohio and I swung a sledge hammer there on a track crew for Lake Terminal Railroad. It was a track crew near the blast furnaces. And we just maintained the track. I did a mechanical engineering degree at Case, from 1978 to 1982, and then worked for Sohio before the BP America days there.

So yes, my roots run there pretty deep. It is tough, but I am still a hard core Browns and Indians fan.

Mr. LATOURETTE. Perfect. You are going to do real well in this job.

[Laughter.]

Mr. LATOURETTE. Thank you very much.

Do you have anything else?

Ms. BROWN. Yes, sir. First of all, you know I am once again going to say that I think you are a bright spot in this Administration and for Amtrak. I am looking for very positive things. You know that there is a debate in Congress about the future of Amtrak. But when we go on the board, bipartisan, Democrats and Republican, House and Senate, we support it. We understand it. I think we are very close to the people. And so there is some support. And there are some issues.

I guess what I would like, based on your background with Union Pacific, there was some discussion about traveling. Those are CSX tracks that they are traveling over. So can you tell me how you plan to work with the freights to make things better for the passengers? Because they think those are your tracks.

Mr. KUMMANT. That is right. Part of that clearly is communication. But in the end, as we were chatting earlier, it is about capital and it is looking for win-win situations, to say, can we put money in that helps Amtrak but also helps your fluidity. In some cases, it might also be trying to expedite some of the slow order work. The railroads go through phases where they have to catch up. If we can really articulate to them where our most painful places are to say, look, let's really try to shift capital here for a while. Because in some cases, it is not exclusively true, but obviously we are much more time driven hour to hour than the freights are relative to their type of service.

So I think it is sitting down and rolling up our sleeves and really going through our corridors on a mile by mile basis, saying, what can we do here. This is no easy answer, it is just getting to work.

Ms. BROWN. And I think Members of Congress should understand that there are problems with Amtrak, maybe in cleanliness, but I have the same problem in the airport, I am in there twice a week. So I think everybody—and we give them billions of dollars.

At least it could be a pleasant environment after I go through the search.

One of the things that I am very concerned about is security. I mention that to you, when we had Madrid and we had the London thing, within three days they knew exactly what happened. I don't think we have the capacity, and I think it is a failure with the Bush Administration and this Congress not putting the money into security. That is a big job that you have to secure the traveling public. I mean, we don't have to wait for a disaster. We know that it is out there. So I would be interested in thinking out of the pocket as to what you are going to do in this area.

The other thing I want to just mention is diversity. I understand that there is some recommendation to get rid of minorities and women and I would have a real concern about that.

Mr. KUMMANT. If you don't mind, I will take the second one first. We are absolutely committed to diversity and furthering diversity in our organization. I hope to lay any concern to rest there. In today's environment, we have to get all the best people in the workforce across the Nation, regardless of where they come from or who they are. I hope I can put that to bed very quickly as a concern.

Security, absolutely, and I am not a security expert, that is where I have to do some of my most learning. I understand that there is a fair amount of work that has been done in the background, but yes, we are an open architecture type of environment. We have multiple stops. It is a challenge. There are good people looking at it. I can't comment necessarily on historical funding, but rest assured it is something that is number one on our list in terms of understanding where we have to go, no question.

Ms. BROWN. Mr. Chairman, I think that answers all of my questions except Katrina. When we had the devastation in New Orleans, I think I mentioned that to you in the office, CSX, they were up and operational not only in Louisiana, but they were up and operating in Mississippi with days, and the Federal Government seemed to have failed as far as putting bridges up and getting their rail back up. It seems like from Florida to Louisiana, I would like to know what is the status of that line. Because people have been raising that issue with me.

Mr. KUMMANT. Fair question. We in fact are meeting with the Southern Rapid Rail Transit Commission tomorrow, I believe, Friday. We are meeting and really, we have to come up with relevant, reliable service. Even the service on the eastern portion of the Sunset was three times a week, it was at night. I know that a number of the stations have yet to be rebuilt. So there are some challenges there, but we are reaching out to the States and we need to work through that.

Ms. BROWN. Well, once again I want to welcome you and you are going to have some great partners here in Congress, because we really support Amtrak. The bottom line is when we go on the floor, it is a very bipartisan support for the men and women that travel the system.

Thank you.

Mr. KUMMANT. Thank you very much.

Mr. LATOURETTE. I thank the gentlelady. I want to thank all the Members who participated in today's hearing. Mr. Kummant, I

want to thank you. I think when we met, I told you nothing bad would happen to you today, and nothing bad did. We look forward to working with you in the future, and if there is no further business—

Ms. CARSON. Mr. Chairman?

Mr. LATOURETTE. Ms. Carson, do you have another question?

Ms. CARSON. I do, Mr. Chairman, thank you very much.

Do you anticipate any layoffs, transfers or contracting out jobs or cutting jobs?

Mr. KUMMANT. No. Any approach that we are looking at is entirely through attrition, ma'am.

Ms. CARSON. Thank you very much, sir.

Mr. LATOURETTE. I thank the gentlelady.

You go with our thanks, and no further business to come before the Subcommittee, we are adjourned.

[Whereupon, at 11:20 a.m., the subcommittee was adjourned.]

STATEMENT OF  
THE HONORABLE CORRINE BROWN  
SUBCOMMITTEE ON RAILROADS  
HEARING ON  
"NEW HANDS ON THE AMTRAK THROTTLE"  
SEPTEMBER 28, 2006

Thank you, Mr. Chairman, and thank you, Mr. Kummant, for appearing before the Subcommittee today. Mr. Kummant and I had the pleasure of meeting for the first time earlier this week, and I believe we had a thoughtful and productive conversation about the future of Amtrak. Thank you for your time.

I want to welcome you to your first hearing before this Subcommittee. We have lots of hearings on Amtrak – the railroad is a key component in our national transportation system – so you will get to know us well.

I also want to offer my congratulations to you on your new job at Amtrak, but I will be frank with you, Mr. Kummant. I was concerned about who the Bush-appointed Amtrak Board would hire to fill David Gunn's shoes. Those are big shoes to fill. Mr. Gunn spent his entire career in the passenger rail business and knew it better than anyone I know, and he did a tremendous job in leading Amtrak in the right direction. But he was fired for doing a good job, for disagreeing with the Bush Board on how to best run Amtrak.

When the Bush Administration realized it could not get rid of Amtrak by starving it to death or forcing it into bankruptcy, it tried to destroy the railroad from within. In September 2005, the Bush Board announced a decision to split Amtrak's Northeast Corridor infrastructure from its operations, a decision that Mr. Gunn vehemently opposed. He thought it was the wrong way to go, that it didn't make sense, but the Bush Administration disagreed and that's what got him fired. I am glad to say that after much public outcry and an aggressive response from this Congress, the Board has backed off of that proposal for now, but I'm sure they have not backed off of their efforts to dismantle Amtrak.

Mr. Kummant, I am sure that you understand you have a responsibility to Amtrak, to its workforce, and to its ridership to see to it that Amtrak is successful and prosperous and that the decisions that *are* made regarding Amtrak's future and its operations are for the benefit of the company, not a particular political agenda.

Speaking of the workforce, I am sure you are also aware that many of Amtrak's workers have gone more than seven years without updated contracts and general wage increases. I would like to understand what you intend to do to resolve this situation and to reach a fair settlement with labor. These workers are your allies, not your enemies. They have made sacrifices over the years to help keep Amtrak solvent, and they have walked the Halls of Congress meeting with members to ensure Amtrak continues to receive adequate

funds through the appropriations process. In other words, they've helped you get your money. Now it's your turn to help them get theirs. I hope you will keep that in mind as you move forward.

Thank you, Mr. Chairman. I will yield back the balance of my time and I look forward to hearing Mr. Kummant's testimony.

**Statement by Congressman Jerry F. Costello  
Committee on Transportation and Infrastructure  
Subcommittee on Railroads  
New Hands on the Amtrak Throttle  
Thursday, September 28, 2006**

Thank you, Mr. Chairman. I am pleased to be here today as we hear from Amtrak's newly installed chief executive officer, Mr. Alexander Kummant. I would like to welcome him.

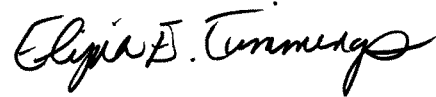
Since coming to Congress, I have been a strong supporter of Amtrak. I believe it is important that our nation has a viable nationwide railroad system. However, Amtrak has gone through periods of great difficulty due to a variety of reasons, and is dependent on the federal government for funding to keep it operating. I believe that the federal government has a role in providing funding for Amtrak be it through operating and/or capital expense assistance. We subsidize our nation's road, transit and aviation system and it makes sense to provide funds for rail service as well.

As you know, the State of Illinois has doubled its operating assistance to Amtrak for state-supported Amtrak service in Illinois from \$12 million to \$24 million. This funding level represents the 2<sup>nd</sup> largest state funded service in the nation. Also, this is the first such expansion in the Midwest for at least a decade and will involve additional frequencies on all three intrastate corridors in Illinois. I am interested in hearing from Mr. Kummant his thoughts on this expansion as well as Amtrak's negotiations with the

Class I carriers to allow the additional Amtrak trains to operate on their rights-of-way.

Thank you Mr. Chairman, I look forward to today's hearing.





COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE  
Subcommittee on Railroads

“New Hands on the Amtrak Throttle”

September 28, 2006  
10:00 a.m.

Room 2167, Rayburn House Office Building

*Opening Statement of Congressman Elijah E. Cummings*

Mr. Chairman:

I am very pleased to have the opportunity to meet today with the new Chief Executive Officer of Amtrak, Mr. Andrew Kummant.

Mr. Kummant’s appointment as CEO opens a new chapter in Amtrak and I look forward to working with him to strengthen all aspects of Amtrak’s operations.

Earlier in the 109<sup>th</sup> Congress, I had the privilege of serving as the Lead Democrat on a special working group convened to examine the management of Amtrak in light of the findings of a report issued last fall by the Government Accountability Office entitled “Amtrak Management: Systemic Problems Require Actions to Improve Efficiency, Effectiveness, and Accountability.”

The GAO report obviously raised significant questions about the systems Amtrak uses to control its costs, manage its finances, purchase

goods and services, and monitor and assess its day-to-day performance.

However, our analysis found that Amtrak had already taken important steps to address most of these shortcomings, including publishing a new procurement manual, centralizing purchasing, and updating its accounting system – though full modernization of that system will require significant additional funding.

I am heartened that the safeguards in place were sufficient to identify and flag recent incidents in

which members of Amtrak's Engineering Department made inappropriate purchases with company resources. I also commend those staff members who intervened to make senior managers and ultimately, the Inspector General, aware of these incidents.

I strongly believe that Amtrak should be held accountable for its performance. This accountability should apply to everyone and should start at the top. For that reason, the Democratic Members of the Amtrak working group asked the Department of Transportation's

Inspector General to conduct an investigation to ensure that Amtrak's board of directors – which was also roundly criticized in the GAO report – is conducting sufficient oversight of Amtrak's operations and of management's performance.

Obviously, there is much that still needs to be done to build on the systems currently in place at Amtrak and to improve the efficiency and effectiveness of Amtrak's operations. I look forward to hearing what steps Mr. Kummant intends to take to ensure that any new reform or cost-saving initiatives undertaken by him or by

this Administration will build on what Amtrak has already achieved.

I also look forward to hearing Mr. Kummant's clear statements on the critical challenges Amtrak faces and on his priorities for improving the system. Importantly, I hope he will provide clear answers regarding whether he thinks the system should be privatized, whether he believes that the Northeast Corridor should remain part of Amtrak or be transferred to the states, and whether the long-distance routes should be continued in their present form.

Unfortunately, in many ways, Amtrak remains a system hobbled both by under-funding and by a wavering, uncertain commitment by this Congress to its role in our national transportation network.

I hope that we take the opportunity afforded by the appointment of a new CEO to move decisively to renew our commitment to the development in this nation of a passenger transportation system that is multi-modal in nature and national in scope – and that includes

both Amtrak and intercity passenger rail service  
as central components.

Thank you and I yield back.



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**TESTIMONY**

**OF**

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

**BEFORE THE**

**RAILROADS SUBCOMMITTEE**

**OF THE**

**HOUSE COMMITTEE ON TRANSPORTATION  
AND INFRASTRUCTURE**

**10:00 A.M.**

**THURSDAY, SEPTEMBER 28, 2006  
2167 RAYBURN HOUSE OFFICE BUILDING**

Good morning, my name is Alex Kummant, and I have been Amtrak's President and Chief Executive Officer since September 12. I appreciate the opportunity to appear before the Subcommittee today.

I intend to keep my statement short to allow you as much time as possible to ask me questions. But, let me start by telling you a little bit about myself. I was born in Ohio and was raised both there and in western Pennsylvania because my father worked as an engineer and later an engineering manager for U.S. Steel. My Dad's work in the steel mills was one of the reasons why I chose engineering as a vocation and why most of my professional life has been spent in industrial settings or in the manufacturing of equipment to support heavy industry.

From 1999 to 2003, I worked for the Union Pacific Railroad (UP) and at the time of my departure was Regional Vice President of the Central Division overseeing 6,000 transportation, engineering, construction mechanical and other employees supporting an 8,000 mile-rail network. I was responsible for customer service, on-time delivery, and the overall financial and operational performance of the region. My time at the UP left an indelible and abiding interest in the railroad industry. Even today, I believe that the operations of a railroad represents some of the most engrossing and challenging opportunities in terms of a professional career. Therefore, the opportunity to join Amtrak is more than just another job to me; it is a chance to get back into an industry that has kept its hold on me and to advance something I believe in, passenger railroading.

Amtrak is both a business and public enterprise. Amtrak was created by Congress, it relies on funding from Congress, and in many ways you are the company's primary shareholders. In my view, there are very few large and complex operations that are so challenging both from a business point of view, as well as a public or political point of view.

Also, I believe we are at a pivotal point in the history of rail passenger service. I am committed to operating a national system of trains. I believe long-distance trains are an

important part of the nation's transportation network, and I believe it is our challenge to run them in the most efficient and effective way. That said, I understand how important these trains are as a form of basic transportation to many small communities across the nation. My challenge, and that of our management team, will be to find the most efficient and effective way to run them.

I also know that the fastest growing service we have is in rail corridors. Those states that have the vision to develop their state rail systems are beginning to see the benefits of that service. In the past few years, the only new services that Amtrak has added are those that are supported by the states. Developing these corridors, and by that I mean providing regular and reliable service between city pairs of 300-500 miles, is going to be a major part and the driving force of our future. I hope that in my time at Amtrak we will continue to see more corridor growth and the realization of a federal and state funding partnership for these corridors.

I am just beginning to understand how much work Amtrak has done in the last few years in bringing the Northeast Corridor (NEC) and some of its branch lines to a much higher level of utility. The NEC still requires a significant amount of investment including large projects such as bridge and tunnel replacement, but in terms of basic investment (tracks, ties, signals) the company has used the capital money you have appropriated to them wisely and strategically to update the NEC. In the coming years, I think we will have to do a better job of explaining the importance of these capital investments to you because this valuable work has durability and demonstrable benefit. In fact, the work we have done has allowed us to reduce slightly the Acela service travel time between New York and Washington by 5 minutes in our new timetables.

To me, having been on the outside, I have always wondered why the Amtrak debate is so emotional and at times acrimonious. It really needn't be, especially now. At a time of high oil prices, growing highway and airport congestion and record rail freight volumes, problems which beset and constrain our transportation system, we should be embracing rail and developing it as quickly and as responsibly as we can. We should get beyond the

debate of a few hundred million dollars of operating costs and begin to realize the potential rail passenger service has to offer with the right level of investment and a clearly defined federal policy.

I know many of you travel back to your district every weekend because you feel it is the most effective way to keep in touch with the views of the people you have been elected to represent. Just like you, I intend to roam about the system. I will be on the trains, in the shops, on the platforms and at the stations. I find the best ideas, often times, are the ones given to you by those that are out there doing their jobs every day. This is something my Dad learned when he worked large engineering projects in steel mills and something he instilled in me.

In closing, let me assure you that I believe in rail passenger service, and believe in Amtrak. I have a lot to learn, but I learn quickly. In the coming weeks, I intend to shape and hone my immediate and near-term goals and objectives, as well as get around and meet with many of you personally, and I encourage you to offer me your counsel and advice. In that vein, it is my hope that today begins a long and constructive relationship.

STATEMENT OF  
THE HONORABLE JAMES L. OBERSTAR  
SUBCOMMITTEE ON RAILROADS  
HEARING ON  
“NEW HANDS ON THE AMTRAK THROTTLE”  
SEPTEMBER 28, 2006

Welcome, Mr. Kummant, and congratulations on your new position as President and Chief Executive Officer of the National Railroad Passenger Corporation.

You have some big shoes to fill. Your predecessor, David Gunn – who had 38 years of experience in railroading under his belt when he joined Amtrak – did a tremendous job taking Amtrak from a railroad that was facing a serious cash crisis in mid-2002 and an immense backlog of deferred maintenance to a corporation that was leaner, more efficient, and better managed.

In just three short years at Amtrak, David Gunn re-established Amtrak’s capital improvement program to bring the railroad to a state of good repair – a program that had been all but eliminated by Fiscal Year 2002, under previous Amtrak management. He accomplished other achievements, including development of accounting and financial reporting systems; a reduction in overhead; the development of a detailed and prioritized, five-year capital improvement plan; implementation of new cost-savings measures; and increased ridership from 22.5 million in 2000 to more than 25 million in 2005.

He did all of that despite tight budget constraints, tough annual appropriations battles, efforts by a small minority in Congress to micro-manage Amtrak's day-to-day operations, a full-fledged campaign by the Bush Administration to force the company into bankruptcy, and the Bush-appointed Amtrak Board's senseless plans to sell-off Amtrak's Northeast Corridor assets.

Like Mr. Gunn, you too will face significant challenges at Amtrak. You've got a number of collective bargaining agreements that are long overdue and in need of a quick, fair resolution, and other initiatives that will have to be implemented over the next few months and years.

It is my hope that you are able to take what Mr. Gunn started and build upon it – that you keep Amtrak on the right track, and not get roped into something that is part of a larger agenda to destroy Amtrak from within. You have a fiduciary responsibility to Amtrak to make sure that the actions that you take and the decisions that you make are in the best interests of the railroads, its workers, and its customer base, not this Administration.

Thank you, Mr. Chairman. I look forward to hearing Mr. Kummant's testimony.