

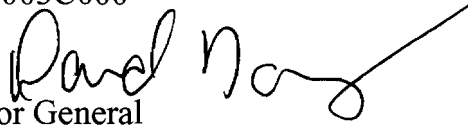


Memorandum

**U.S. Department of
Transportation**
Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION:** Evaluation of Benefits of
High-Speed Rail on the Northeast Corridor
Project No. 06C3005C000

Date: November 30, 2006

From: David Tornquist 
Assistant Inspector General
for Competition and Economic Analysis

Reply to: JA-50
Attn of:

To: The Secretary
Federal Railroad Administrator

The Secretary's *National Strategy to Reduce Congestion on America's Transportation Network* states that congestion is one of the single largest threats to our economic prosperity and way of life. One region in particular facing this threat is the Northeast Corridor (NEC), which has experienced significant congestion growth during the past 20 years. A key issue regarding congestion management strategies on the NEC is the role of intercity passenger rail, in particular, high-speed rail. We plan to conduct an evaluation of the potential benefits of high-speed rail on the NEC.

The initial legislation supporting development of high-speed rail on the NEC set goals of 3-hour service between Boston and New York and 2 1/2-hour service between New York and Washington.¹ Both the condition of the NEC infrastructure and competing demands on its capacity from other users, for example, commuter, freight, and slower Amtrak trains, have prevented these goals from being met. Specifically, Amtrak's scheduled trip times exceed the legislative targets by almost 1/2 hour on both ends.

Amtrak plans to spend billions of dollars to restore the NEC to a state of good repair, in part, to facilitate high-speed rail service within the time frames initially envisioned. Conceivably, additional substantial investments could bring even faster rail service to the corridor, which could lead to additional expected revenues for Amtrak and congestion relief for the public at large.

¹ The Railroad Revitalization and Regulatory Reform Act of 1976.

The objectives of this evaluation are to: (1) estimate the revenue and congestion relief benefits associated with different levels of high-speed rail on the NEC; and (2) determine whether high-speed rail would pay for itself through increased revenues, congestion relief, or a combination of the two.

Our goal is to provide quantitative information to underpin the debate concerning the future of passenger rail on the NEC. Our methodology will involve estimating demand curves for high-speed rail on the NEC that take into account the alternatives of air and car travel. It will also include calculating revenue maximizing fares using the estimated demand curves. Further, our methodology will use a model of the NEC highway network to estimate the reduction in roadway congestion. We will rely on available estimates of the costs of providing different levels of service.

Much of the evaluation work will be carried out by Charles River Associates International, in Boston, Massachusetts. The remainder of the work will be carried out in Washington, D.C. The Program Director for this evaluation is Mitchell Behm and the Project Manager is Betty Krier. If you have any questions or need additional information, please call me at (202) 366-9970, Mr. Behm at (202) 366-1995 or Ms. Krier at (202) 366-1422.

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cc: Audit Liaison, OST, M-1
Audit Liaison, FRA, RAD-43
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