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Good afternoon Chairman Olver, Ranking Member Latham and members of the Subcommittee. I am Matt Rose, the CEO of the BNSF Railway, and I appreciate the opportunity to testify before the Subcommittee today on the issue of high speed rail. As a freight railroad CEO, a member of the National Surface Transportation Policy and Revenue Study Commission, and an early supporter of the One Rail coalition, I've had a lot of opportunity to think about what our country's vision for passenger rail ought to be.

I, too, have traveled to Europe and Asia and appreciate the perspective of those in the United States who ask why Americans can't have what they have – 200 mph corridor service connecting dense population centers which, themselves, have efficient regional transit distribution. However, as I discovered in my work on the Commission, while many passenger rail advocates and policy makers at all levels of government are intercity passenger rail advocates, they are somewhat skeptical of this vision. Their appetite is for a more incremental approach of improving existing intercity passenger rail service. Perhaps conditioned by years of scant Amtrak budgets and Congress's disinterest in a formal federal intercity passenger rail program, many also are concerned that some large metropolitan areas might not be included in a "bullet train" network, either due to unavailability of right of way or other market-based demand reasons. In the Commission deliberations, we had a very robust discussion about these issues.

The Commission clearly called for the kind of investment needed to support passenger trains operating at the highest speeds in sealed, passenger-only, separated right of way. It called upon Congress to see the future, as Europe and Asia have, and begin the

process of developing a corridor system of truly high speed rail. Make no mistake about it – this is a trillion-dollar funding proposition. Such a system may be beyond our current means; but one certainly can envision the development of five to ten truly high speed passenger regional rail corridors that make economic and operational sense. California – where you would expect some of these corridors should be – has taken the difficult yet necessary steps toward a vision of 200-plus mph passenger trains, despite a challenging budgetary environment.

Importantly, the Commission report also specifically recognizes the contribution that less-than-highest speed passenger trains in corridors of fewer than 500 miles can make to the Nation's transportation system. Existing Amtrak service outside the Northeast Corridor generally achieves 79 mph on freight rail tracks. Public investments made to enhance reliability of this service can yield tremendous on-time performance reliability benefits, which is often all that is needed to successfully satisfy demand for passenger service in certain markets. There are many examples of this, but most recently, BNSF completed several double track construction projects on behalf of the State of California, which are intended to further improve already good on-time performance levels for 79 mph service.

Speaking as a freight railroad CEO, it is possible to increase speeds from 79 mph to 90 mph on tracks that both freight and passenger trains use. Upgrades would include the implementation of Positive Train Control (PTC), which I'll touch on again shortly. Track would need to be upgraded from Class IV to Class V track, which would lead to a step

level increase in track maintenance and track component replacement. For example, a larger number of ties per mile would have to be replaced each year. Rail joints would have to be eliminated. Extensive and regular undercutting would have to be undertaken to eliminate sub-grade defects. Rail would have to be re-surfaced much more often. All of this, in turn, would lead to more frequent outages for needed work, which will make joint freight/passenger operations more challenging and expensive.

At sustained speeds in excess of 90 mph, passenger train operations will need to be segregated from freight operations on separate track. The level of maintenance work required, the very different impacts passenger and freight rolling stock have on the surface of the rail and managing the flow of train traffic with such differences in speeds would make the joint use of track uneconomic and impracticable. Furthermore, it is my belief that at these speeds all interface between passenger trains and road crossings will need to be eliminated by grade separations or crossing closures. While it may be possible in some instances to co-locate higher speed passenger tracks with freight tracks in a freight railroad's existing right of way, that won't always be the case, and other right of way should be obtained. Where it is possible for the public to purchase freight railroad right of way, we must ensure sufficient capacity remains to operate safely and protect the ability to serve freight rail shippers, present and future, on a corridor.

In sum, the Commission's model for intercity passenger rail in this country is to develop the highest speed rail where feasible and economically viable, coupled with more reliability for 79-90 mph passenger service in other key corridors where it will continue to

make sense from a density, utilization and cost perspective. We believe that this vision could finally generate the public support and political will necessary for a successful passenger rail system in this country.

During the Commission's deliberations, Wisconsin DOT Secretary and Chairman of States for Passenger Rail Frank Busalacchi and the late, great Paul Weyrich and I spent a lot of time debating the provisions of the report that dealt with the passenger and freight rail interface. It was a worthy exercise because from it came a clear understanding of the importance of how freight and passenger rail are interdependent in today's policy, political and economic environment. This is the origin of the OneRail coalition, which consists of passenger, freight and environmental interests and advocates for the benefits of both freight and passenger operations.

There were some basic principles around this interface upon which the Commission agreed. These are basic rules of fairness, which make public-private cooperation possible and fruitful. In my own experience, they have helped BNSF and many communities on the BNSF network – including Seattle, Chicago, Albuquerque, St. Paul/Minneapolis, and Los Angeles – realize a partnership that achieves outstanding commuter rail service without degrading present or future freight service. These communities recognize their stake in both passenger and freight rail service.

The first key principle is that access by passenger providers to freight rail networks, where reasonable, must be negotiated at an arm's length with freight railroads. This

includes joint use tracks and rights of way, as well as opportunities for shared corridors with separate track structure for freight and passenger service. The second is that the impact on present and future corridor capacity must be mitigated to ensure that rail freight capacity is not reduced, but enhanced. This recognizes that speed differences between passenger and freight trains and certain well-defined passenger service requirements must be taken into account. There must be a fair assignment of costs based on the ongoing cost of passenger services, including the cost of upgrading and maintaining track, signals and structures to support joint freight and passenger operations and the cost of maintaining and improving the safety and reliability of highway/railroad intersections in joint use corridors. Finally, all host railroads must be adequately and comprehensively protected through indemnification and insurance for all risks associated with passenger rail service on their lines and in their rights of way.

I'd now like to turn your attention to an issue that has become very important in the discussion about the passenger-freight interface: positive train control (PTC). Congress has placed a non-risk based, multi-billion-dollar mandate to install PTC on what effectively could be 90% of the freight rail network. This is driven by the requirement to implement this technology where passenger rail or shipments of certain hazardous materials utilize the network.

BNSF began developing this train control technology in 1984, which led us to the development of what we now call Electronic Train Management System (ETMS). However, it was never intended to be implemented on the scale envisioned by the mandate

included in the rail safety bill enacted last year by Congress. The unprecedented cost – which we estimate could be in excess of $1 billion when fully implemented on BNSF in 2015 – is driven by factors mostly outside of our control, such as the presence of passenger trains and our statutory common carriage obligation to haul toxic chemicals. The cost will have to be fairly allocated between BNSF, its shippers and the public.

This mandate represents a tremendous financial burden not just on the freight railroads, but also on Amtrak and the commuter lines. If you have not yet heard about this issue from these constituencies, you soon will. They are partners in the cost of implementing this technology across jointly used lines. While the rail safety bill did authorize a relatively small technology grant program ($50 million per year for Fiscal Years 2009-13), no funding has yet been appropriated. I urge you to fully fund this program.

However, you should also ensure that other funding sources are available to the public passenger and private freight railroads to help defray the tremendous financial impact the mandate will have. For example, the intercity passenger and high speed rail programs at the Federal Railroad Administration received significant funding in the American Recovery and Reinvestment Act. The intercity passenger program has previously been tapped for safety technology investments like centralized traffic control and cab signal systems and makes sense as a funding source going forward, given the PTC mandate's intense focus on passenger train operations.

In addition, the Department of Homeland Security's rail security grant program was created by Congress with specific statutory language making train control, tracking and communications systems eligible for funding. The Transportation Security Administration's long time focus on reducing security risks surrounding shipments of Toxic Inhalation Hazards fits squarely with the mandate's inclusion of rail lines carrying these highly hazardous materials.

Finally, the freight railroads continue to support a rail infrastructure tax credit bill, sponsored by Congressman Kendrick Meek (D-FL) and Congressman Eric Cantor (R-VA) in the House. This bill provides a 25% tax credit and expensing for rail infrastructure expansion activities, of which PTC implementation is eligible. I believe this is a significant way that Congress can soften the impact this mandate will have on the railroads, in what is one of the most economically challenging times we've seen in decades.

In closing, my recommendations to you are two-fold:

1) Observe the principles for passenger/freight joint use of rail right of way that the Commission recognized, and be realistic about the kind of passenger service that can be achieved, given the limitations of joint use. Generally, those limitations are based on nothing less than the laws of physics and the consequences that flow from them.

2) Develop a realistic vision for passenger service that works for all stakeholders – including freight railroads and the nation's shippers – and fully fund it.

It took $4 a gallon gas to show us that passenger train options are important to providing a fuel efficient alternative to the highway for millions of Americans. In addition, though, a comprehensive passenger rail program may shift a portion of the congested short-medium haul air traffic to rail, expand employment in the passenger rail industry and engender vibrant economic development around these networks. The choice to fund passenger rail over the next 20 years can have as significant an impact on this country as funding Air Traffic Control and runways have had in the last 20 years.

I appreciate the opportunity to present these views and I would be happy to answer any questions you have about passenger rail or freight rail policy.