Written Statement of

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Before the

U.S. House of Representatives

Committee on Transportation and Infrastructure

Subcommittee on Railroads, Pipelines, and Hazardous Materials

Regarding

"Passenger Rail Service and U.S. Locomotive Manufacturing"

June 22, 2009

Congressional Testimony on
Passenger Rail Service and U.S. Locomotive Manufacturing
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Mr. Chairman, Honorable Members of the Committee. My name is Lorenzo Simonelli and I serve as the President and CEO of GE Transportation based in Erie, Pennsylvania. Established more than 100 years ago, GE Transportation is a global technology leader and supplier to the railroad, marine, drilling, mining, and wind industries. We provide the most technologically advanced freight and passenger locomotives, signaling and communications systems, high-quality replacement parts and value added services to our customers around the globe. Approximately 17,000 GE locomotives are currently in use in more than 50 countries around the world. With sales in excess of $5 billion annually, GE's transportation business employs approximately 10,000 individuals worldwide.

The infusion of $8 billion in funding for high-speed passenger rail in the stimulus legislation provides an opportunity for the United States to develop a leading position in passenger locomotive production. As the President's Vison for High-Speed Rail in America report in April noted:

> After decades of relatively modest investment in passenger rail, the United States has a dwindling pool of expertise in the field and a lack of manufacturing capacity.

GE is prepared to build in Northwestern Pennsylvania the next generation high-speed diesel electric passenger locomotive which will support the high-speed rail initiative, create U.S. passenger rail manufacturing capacity, and provide well-paying jobs.

GE Transportation is arguably best known for the development and commercialization of its groundbreaking Evolution Series locomotive. GE made a $400 million and eight-year investment in reinventing what a locomotive could be. The Evolution Series locomotive is the most

technologically advanced, fuel-efficient and low emission locomotive to-date. It is 5% more fuel-efficient and generates 40% lower emissions than previous locomotives. One locomotive saves approximately 300,000 gallons of fuel over the life of the locomotive. According to a study by an independent research laboratory, GE's Tier 2-emission compliant locomotives deliver a 6% fuel advantage over our competitor in North America.

GE is prepared to transfer this state of the art technology to the next generation of high-speed passenger locomotives. Introduced in 2005, the Evolution Series locomotive is one of GE's first products to be certified as part of its "Ecomagination" initiative. Ecomagination is a company wide commitment to developing technology designed to help customers satisfy environmental challenges, to maximize performance and reduce cost. Our leadership in diesel-electric freight locomotives translates seamlessly to passenger locomotives. GE's Evolution Series locomotive lays the foundation for the next generation passenger locomotive delivering an estimated 25% of fuel savings and emission reduction by approximately 60% compared to the older locomotives currently in use.

Challenging Economic Times

Both the United States and the General Electric Company currently face the most challenging economic environment in decades. However, times of crisis offer unique opportunities to innovate and upgrade. Now is the time to revitalize the passenger rail industry in our country and to create U.S. jobs by building the next generation passenger locomotives here and replacing 20 years, 25 years or older locomotive assets with state-of-the-art green rail transportation solutions.

GE has a long and successful past working with Amtrak. GE designed and produced for Amtrak the Genesis® passenger locomotive in 1997 with the most recent production run in 2001. GE is prepared to work with DOT, Amtrak, and the states on the specifications for and production of these next generation passenger locomotives that will support the high-speed rail initiative. Specifically, I applaud that the DOT in its high-speed rail program guidance on June 17 noted that:

If the applicant is seeking a grant for the procurement or design of railroad equipment, the proposed equipment should be consistent with Section 305 of PRIIA, which calls for the establishment of a standardized next-generation rail corridor equipment pool. Compliance with Section 305 of PRIIA will assist in creating the economies of scale necessary to achieve the Administration's goal, as outlined in FRA's Strategic Plan, of developing a sustainable railroad equipment manufacturing base in the United States.

Congress and the Administration need to ensure that there is a standardized approach to passenger locomotives that recreates a U.S. industry, with significantly lower production costs for new passenger locomotives. If we fail to adopt a standardized approach, the true benefits, from jobs to efficiency, will be far less significant. This would also encourage the investment needed in new manufacturing capacity as opposed to utilizing an array of foreign produced technologies. Additionally, commonality will provide a greater margin of safety, particularly as Positive Train Control (PTC) requirements are implemented over the next several years. Further, to the extent that Amtrak is involved or coordinates with the states on the new corridors, compatible equipment will not only save money but also promote safety and service reliability.

GE believes that freight railroads will also benefit with more certainty on the types of passenger locomotives on which they will be sharing their track. Because passenger corridors coexist with freight traffic, freight railroads are properly concerned with issues such as trackage stress levels caused by higher speed trains and insuring high levels of safety. Including freight railroads as part of this process of setting specifications would positively contribute to the successful implementation of the Administration's vision for high-speed rail.

Using technology developed through the Evolution locomotive, GE will meet the DOT standards by building new passenger locomotives with a top speed between 110mph and 124 mph with the benefits of AC propulsion system that improves reliability and availability with lower life cycle cost. They will also be Tier 2 emission compliant by 2010 and Tier 3 compliant by

2012. As a measure of the environmental benefits of this new technology, replacing a fleet of 200 older locomotives would have a savings impact of 2 millions gallons of fuel and an emission reduction 21,000 tons of CO2, 1,560 tons of NOx, and 200 tons of particulate matter. In addition, this upgrade would sustain approximately 1,900 jobs right here in America.

Compared to locomotives currently in service, the next generation GE diesel-electric passenger locomotive also will reduce operating expense with 25% better fuel economy versus today's locomotives in service. The next generation of passenger locomotives will also meet the most advanced requirements in safety such as crashworthiness and positive train control (PTC).

We encourage the Federal Government and Amtrak to continue to exercise leadership. In administering the $8 billion high-speed rail program, the Department of Transportation must focus its efforts on developing domestic passenger rail manufacturing capacity. Similarly, today Amtrak is uniquely positioned to provide new leadership in passenger rail by through upgrading and expanding its passenger locomotive fleet.

GE demonstrated over the past decades that it possesses the know-how and manufacturing base in the US to develop the next generation of fuel-efficient and low emissions high-speed passenger locomotives. In order to further promote high-speed railroading in the US, GE also is exploring cooperating with car body suppliers.

We are ready to partner with the Federal government, the States, and Amtrak to make higher and high-speed passenger rail a reality by providing locomotives "made in the U-S-A" rather than importing technology and products from overseas.

The modernization and greening of aging locomotive fleets in America could clearly have a profound impact on safeguarding well-paying manufacturing jobs in the US and right here in Pennsylvania.

We sincerely hope that all members of this committee as well as our customers share our vision of resetting the passenger locomotive industry in the US, which will carry us further into the 21st century.

Thank you again for the opportunity to speak before you. I would be happy to answer any questions you might have either in this forum or at a later date.