



**Written Testimony of Andy Daly
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**Before the U.S. House of Representatives
Subcommittee on Railroads, Pipelines, and Hazardous Materials
Hearing on “Getting on the Right Track: Navigating the Future of
Passenger Rail in America”**

Wednesday, November 29, 2023

Good morning Chairman Nehls, Ranking Member Payne, and Members of the Rail Subcommittee. Thank you for the opportunity to speak with you today.

I am Andy Daly, Senior Director of Passenger Operations at CSX and a fourth generation railroader. I have been with CSX for 23 years. I hired on with the railroad straight out of college as a union employee working in Lima, Ohio. From there I entered into a front line management position as a Manager of Train Operations in Toledo, Ohio. After four years in Toledo, I moved to Chicago as a Director of Train Operations working in the dispatch center in Chicago. From there I went back in to the Field in Philadelphia, Pennsylvania as a Terminal Manager overseeing operations in three different yards, as well as line of road operations. After my time in Philadelphia, I returned to Chicago to run the dispatch center as a Superintendent of Train Operations, a position I held for seven years. This brings me to my current role that I have held for six years as the Senior Director of Passenger Operations. As part of my duties, I serve as the point person on all performance and contractual relationships for all of our passenger operations partners across CSX’s 20,000 mile network.

CSX’s rail network is an essential part of the nation’s supply chain, spanning over 20,000 route miles, connecting to 70 ports, and serving nearly two-thirds of the population east of the Mississippi River in 26 states, the District of Columbia, and the Canadian provinces of Ontario and Quebec. With an annual payroll over \$2 billion, CSX has over 22,500 employees (including subsidiaries) of diverse backgrounds and skillsets. In 2022, CSX averaged moving one ton of freight 537 miles on a single gallon of fuel, which is 3-4 times more fuel-efficient than moving one ton of freight by truck.

Like other Class 1 railroads, CSX operates almost exclusively on infrastructure we own, build, and maintain. About 40 cents of every dollar earned in the railroad industry goes back into the upkeep of our railroads, making us one of the most capital intensive

industries in the nation. Despite this challenge, the American Society of Civil Engineers gives rail infrastructure the highest grade for our infrastructure conditions as compared to all other transportation modes. In 2023, CSX will have invested \$2.3 billion, with \$1.7 billion going to CSX bridges, track and signals. Over the last 5 years, CSX has invested almost \$10 billion into its infrastructure.

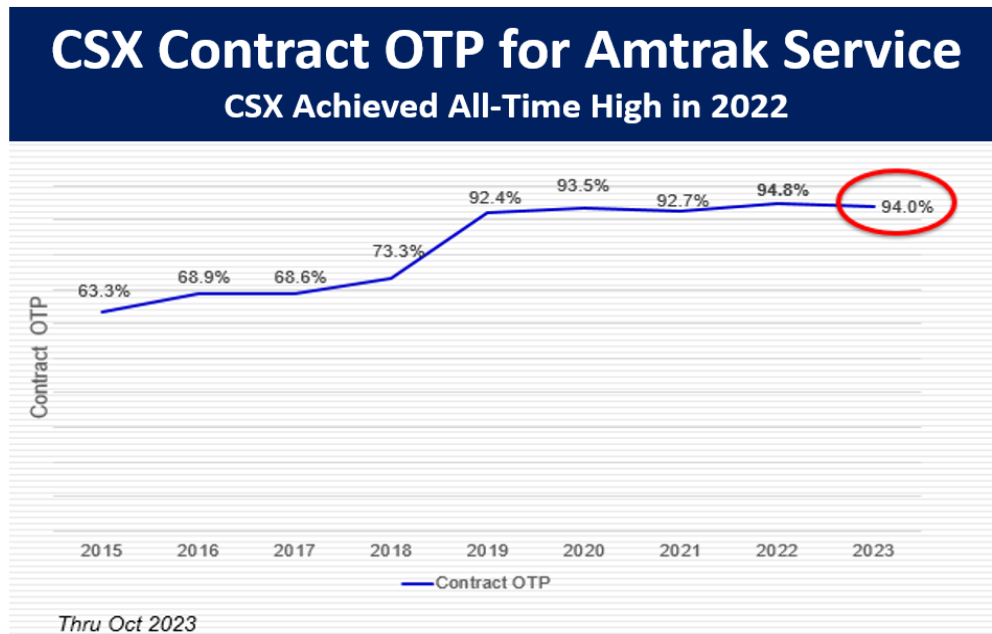
When working with Amtrak or other passenger rail operators, CSX endeavors to create a safe, well-planned, cost-effective, and transparent partnership. On average, we host a quarter of Amtrak's train miles in the United States. Amtrak runs 5.5 million train miles on CSX per year. On average, 59 Amtrak trains operate on our tracks daily. The volume of Amtrak trains, together with the 159 trains operating on CSX by commuter rail providers like VRE, MARC, and MBTA, makes us among the most passenger-intensive freight railroads in the United States. Thanks to the hard work of many at CSX, in 2022, CSX achieved its best Contract On-Time Performance in our history of hosting Amtrak service. We closed out the year with 94.8% on-time performance, which was a 2% improvement over the prior year.



Thanks to the hard work of many at CSX, we have good relations with each of these passenger rail partners and their various operators. We recognize Amtrak, at the direction of Congress, has focused on customer on-time performance (Customer OTP) to gauge the quality of customers' ridership experience on a service route level. Every Amtrak route that involves CSX operates on track used by at least one other railroad, and sometimes as many as five other railroads. CSX focuses on meeting its contractual

on-time performance (Contract OTP) standards as it is a measure of CSX's individual performance as a host and is the negotiated service metric between CSX and Amtrak.

Today, CSX is providing record-breaking service to Amtrak. In 2022, CSX achieved its best Contract OTP in our history of hosting Amtrak service. We closed out the year with 94.8% Contract OTP, a 2% improvement over the prior year. This year (2023) is shaping up to be our second best year as Contract OTP is currently at 94.3%. Since 2019, CSX's Contract OTP has been above 90%, and CSX has been able to reduce Amtrak delays per 10,000 miles by 23% since 2018. The following graph illustrates CSX's success in improving Amtrak service quality on its network.



CSX looks at four pillars when discussing passenger rail expansion or new opportunities:

Number 1 - Safety: The addition of new passenger service cannot impact the safety of the line for our customers, employees, existing passenger/commuter service, or surrounding communities.

Number 2 - Capacity: There must be adequate capacity to meet our current and future customer needs.

Number 3 - Compensation: CSX must be fairly compensated for the use of our infrastructure as well as maintenance costs.

And Number 4 - Liability: CSX cannot take on additional liability when additional passenger service is brought onto our freight corridor.

These four pillars are critical to the health of our nation's supply chain and the safety of our communities. CSX's recent transaction with the Commonwealth of Virginia is an example of how strong adherence to these pillars can pave the way for the introduction of enhanced passenger operations. The series of construction projects included in the transaction are underway between Washington and Richmond. This project is the fruit of a tremendous amount of effort by Virginia, CSX and Amtrak and will result in a significant expansion of VRE and Amtrak services while also preserving our ability to meet current and future demand. Importantly, it shows that demand for both freight and passenger rail service can be respected and protected when the parties work together in an open and honest format that values the interests of all parties.

Traveling through the Washington region has its challenges. Currently there are 5.5 million Americans living and working in DC, Maryland, and Virginia (DMV) and the DMV region is expected to grow by another 1.5 million in the next two decades. Virginia has long sought transportation solutions to better move both freight and people, whether at the ports, on the highways, or over rail.

As part of its congestion planning, the Commonwealth began to support freight projects that would add capacity by increasing road clearances to allow double stack freight rail operations. When completed, the route allows for double stack trains versus more train frequency with single-stacked daily freight trains. At the same time, the number of VRE and Amtrak trains operating on the CSX I-95 line increased to 71 weekday trains. However, both VRE and Amtrak wanted to double that number in the near future, and of course, CSX desires to grow our freight traffic as well.

Freight rail, passenger rail, and governmental stakeholders found a solution to balance these various transportation priorities. In 2019, CSX signed a rail agreement selling Virginia 384 miles of CSX right-of-way and 223 miles of track in freight rail corridors paralleling I-95, I-64, and I-85. The Commonwealth purchased half of the CSX corridor between Washington, DC and Petersburg, VA and all of the CSX owned right-of-way between Petersburg and Ridgeway, NC, and agreed to build new capacity on the entire corridor. As Virginia officials testified last Congress before this Committee, this rail line purchase cost less than adding a lane to the highway. The plan currently being implemented will separate passenger and freight rail into parallel corridors, while preserving access for both during maintenance or other incidents that render a track temporarily inoperable. This way, freight and passenger rail operators can support one another and avoid frequent conflicts that can arise on shared-use track. The agreement also preserves freight access to CSX's customers – now and in the future – on either side of the corridor.

In 2020, Virginia created a new, independent state agency dedicated to managing and funding passenger rail services. Congress also acted, led by delegations from VA, DC, and MD, transferring NPS property rights to DC and VA needed for a new passenger rail bridge over the Potomac River. The corridor deal was announced in 2021, and through dedicated funding from Virginia, investments from Amtrak, and federal grants, the Commonwealth has begun projects to add capacity from DC to Richmond, including that new passenger rail bridge.

Another great example of CSX's four pillars serving both freight and passenger interests can be found in North Carolina. For the past decade, CSX has partnered with North Carolina to expand freight rail capacity in the state. We enhanced freight movements from Wilmington to Charlotte and along our I-95 corridor. The state has also worked with us on intermodal terminals in Charlotte and Rocky Mount. Those terminals helped provide inland port solutions for congestion at ports along the East Coast during recent supply chain challenges, as well as an intermodal solution for the growing Raleigh metropolitan region and Eastern North Carolina.

North Carolina has long expressed an interest in acquiring a portion of CSX's S-Line, north of Raleigh, to better connect passenger rail service in the state of North Carolina to Virginia and ultimately Washington, DC and points north. As part of CSX's Virginia transaction and to underscore the cooperative partnership with the state of North Carolina, Virginia acquired a portion of the S-Line in North Carolina. CSX has a signed, non-binding letter of intent with NC DOT based on CSX's core passenger principles for NC DOT to purchase approximately 55 miles of the S-Line north of Raleigh. CSX has supported NC DOT's FY 2020 and FY 2021 CRISI applications, which were awarded to the state to aid in buying the corridor and to begin preliminary engineering. NC DOT is currently working with the state legislature to provide sufficient liability protections and indemnification. We continue to work with NC DOT on ways to improve their passenger rail opportunities, while growing safe and efficient freight traffic.

One other example merits mentioning. In 2021, CSX acquired the Pan Am Railroad operated throughout New England. CSX is working with the New England Passenger Rail Authority on several projects that will improve both the reliability and pave the way for an increase in the Downeaster service. We are also in ongoing planning with the Massachusetts Department of Transportation and pursuing a thoughtful way to expand passenger rail operations in the Commonwealth between Boston and Springfield.

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On behalf of our President and CEO, Joe Hinrichs, and those of us in leadership at CSX, we want to emphasize with Members of the Committee that our company initiative called ONE CSX prioritizes teamwork across all levels, all departments and all locations. This transformative shift in our workplace culture is foundational to the way we work together – operating as one team where all employees feel valued, included, appreciated and able to contribute to our business objectives to safely and reliably serve our customers who touch every aspect of the public. We are optimistic about our ability to partner with those in passenger rail services where it makes sense and where we can plan ahead. Thank you again for the opportunity to speak to you today. ###