

United States Senate

WASHINGTON, DC 20510

March 3, 2020

Richard H. Anderson
Amtrak President and Chief Executive Officer
1 Massachusetts Avenue, NW
Washington, DC 20001

Dear Mr. Anderson,

We write to express our significant concern regarding Amtrak's decision to introduce new change and cancellation fees for its two most affordable classes of passenger tickets. According to Amtrak's own announcement¹ and additional reporting,² passengers purchasing both the lowest-cost "saver" fares and standard "value" fares after March 1, 2020 will now face greater restrictions in their ability to modify travel reservations. These policy changes are likely to have the largest impact on passengers who can least afford to pay new fees. Moreover, they also reflect a disturbing move toward the same kind of anti-consumer business practices that are prevalent in the airline industry. We request that Amtrak explain its new fare policies in detail, as well as urge you to refrain from further replicating the add-on aviation fee model.

Previously, travelers that purchased Amtrak's discounted "saver" fares could change their tickets at no charge and cancel their tickets any time before departure with a 25% cancellation fee. Under Amtrak's new policies, however, these passengers will lose the ability to receive a refund or change their ticket 24 hours after a purchase.³ Meanwhile, travelers on Amtrak's standard "value" fare could previously change their tickets at no charge and obtain full refunds on cancellations up to eight days before departure. By contrast, Amtrak's new rules will subject these passengers to a 25 percent penalty for cancellations and a 15 percent fee for changes made within two weeks of departure.⁴

Although we understand that Amtrak has temporarily waived change fees on all existing and new reservations in order to provide travelers with greater flexibility as the coronavirus spreads,⁵ these new policies will still be the default rule that passengers must follow moving forward. We are troubled by these added fees because of the disproportionate effect they are likely to have on consumers who can only travel by purchasing tickets in these two fare classes. We are also concerned that Amtrak's new restrictions reflect a move toward the same disturbing business

¹ *UPDATED FARES PROVIDE INCREASED OPTIONS FOR SAVINGS*, Amtrak (Feb. 24, 2020), <https://media.amtrak.com/2020/02/updated-fares-provide-increased-options-for-savings/>.

² Luz Lazo, *Amtrak is making 'saver' tickets nonrefundable, embracing airlines-like fare policy*, Wash. Post (Feb. 23, 2020), https://www.washingtonpost.com/local/trafficandcommuting/amtrak-is-making-saver-tickets-nonrefundable-embracing-airlines-like-fare-policy/2020/02/23/34ac2700-4e9a-11ea-bf44-f5043eb3918a_story.html.

³ *Id.*

⁴ *Id.*

⁵ Luz Lazo, *U.S. airlines, Amtrak waive fees for travel changes as concerns rise over coronavirus*, Wash. Post (March 2, 2020), <https://www.washingtonpost.com/nation/2020/03/02/us-airlines-amtrak-waive-fees-travel-changes-concerns-rise-over-coronavirus>.

model that has dominated the aviation industry for the last decade. Starting in 2007, many airlines began charging add-on fees for ancillary services like ticket cancellations, reservation changes, and checking bags. Since that time, this business practice has grown exponentially: in 2007, domestic airlines collected \$1.4 billion in baggage, cancellation, and change fees; by 2018, this amount skyrocketed to \$7.6 billion, an over fivefold increase.⁶

The aviation industry's add-on fee system is disturbing because it artificially decreases the base charge for a ticket relative to the true cost of flying, resulting in some passengers actually paying more.⁷ Moreover, the charge levied is often unconnected to the actual cost of providing the service.⁸ We are deeply opposed to these anti-consumer business practices and believe that Amtrak should ensure rail transportation does not follow the same trend of price gouging in the airline sector.

In light of these concerns, we respectfully request that you respond to the following questions by March 20, 2020.

1. According to media reports, Amtrak officials anticipate that the new change and cancellation fees will yield about \$10 million.⁹ Please estimate how many passengers will be affected by each of these new fees and how much the average passenger will pay towards these fees.
2. Amtrak's Executive Vice President Roger Harris claimed that the new fees would allow Amtrak to make "the very lowest fares even lower."¹⁰ Please explain how Amtrak expects passengers to benefit, including an estimate of how many passengers will benefit from these lower fares and how much the average passenger will save as a result of these lower fares.
3. Since 2018, when Amtrak introduced 25% cancellation fees and stricter reservation rules, has there been any appreciable increase in cost when a passenger changes or cancels their ticket, considering Amtrak's ability to fill the vacated seat for a higher fare, the costs of processing the change or cancellation, and any related labor costs?
4. Amtrak's Executive Vice President Roger Harris publicly stated that Amtrak should review its policy on baggage fees.¹¹ Does Amtrak intend to introduce new restrictions or fees on baggage, in addition to its new policies for cancellation and ticket changes? If yes, what are those restrictions, and what will be the price of the first, second, and any

⁶ Bureau of Transportation, *Reservation Cancellation/Change Fees by Airline* (Aug. 5, 2019), <https://www.bts.gov/topics/airlines-and-airports/reservation-cancellationchange-fees-airline>; Bureau of Transportation, *Baggage Fees by Airline* (Dec. 6, 2019), <https://www.bts.gov/topics/airlines-and-airports/baggage-fees-airline>.

⁷ Gerald L. Dillingham, Ph.D. et al., *Commercial Aviation Information on Airline Fees for Optional Services* 21, Washington DC, Government Accountability Office, Sept. 20, 2017.

⁸ *Id.* at 22–23. Most airlines consider customer demand and competitors' prices when pricing optional services, but 7 out of 10 airline officials surveyed by the GAO consider actual cost either not at all or only as a minor factor.

⁹ Lazo, *supra* note 2.

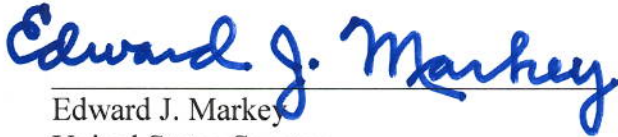
¹⁰ *Id.*

¹¹ *Id.*

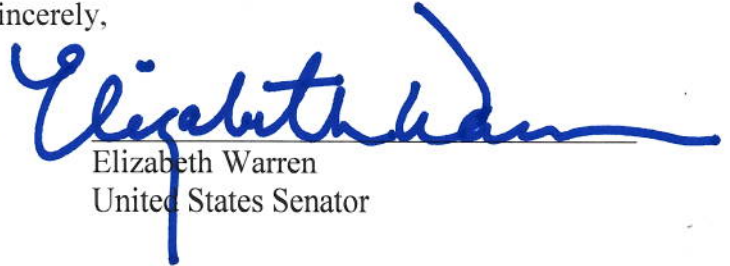
additional checked bags? How much additional revenue does Amtrak estimate it will generate as a result of those fees?

Thank you for your attention to this important matter. If you have any questions or require additional information, please contact our offices at your convenience.

Sincerely,



Edward J. Markey
United States Senator



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator