



NORTH DAKOTA SENATE

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Thank you for agreeing to return to North Dakota. You are obviously heeding the call from myself and others for action to address the critical shortage of rail cars in our region. Our losses are mounting, some say upward of \$100 million or more.

On December 30th I was in my hometown of Casselton and witnessed first-hand the train explosion. As a concerned citizen and member of the state legislature, I started researching ways to make our trains safer. But what was brought to my attention was the rail backlog that so many of our local shippers were, and still are, dealing with. In January of this year I brought these issues before the state legislature, and I have been working to address the issue since then.

Over the past several months, I have held meetings with stakeholders including farmers, suppliers, grain dealers and financial executives from across North Dakota. At every stop, in every meeting, I heard the same thing—the rail industry’s lack of service is severely damaging North Dakota’s ag economy. The widening basis up to and more than \$1.20 per bushel means that transportation alone is costing our ag producers up to \$1 billion per year.

North Dakota is in the center of North America. The rail system is our lifeline to the global marketplace. We cannot conduct our business without it. BNSF and CP have monopolies here, overseen by this board. If they are not performing, we have no recourse nationally, except to come to you, the Surface Transportation Board.

We have seen and heard of the progress made by BNSF, and we thank them for their efforts. They appear to be taking this matter seriously, which is more than we can say for CP. It appears that the CP is more concerned about their stock price than their customer service. We have heard that three CP shippers are now constructing facilities on the BNSF line because the service and productivity of the CP is so abysmal.

But I’m not just here to talk about the problems; I want to talk solutions and immediate relief for our farmers who are the backbone of our state.

One thing you can do is even the playing field. We know that shippers face demurrage charges if the cars sit too long on their siding. However, if the rail company fails to deliver on their accepted orders, they suffer no consequences. Companies say they pay the price of lost business, but their balance sheets and stock prices say something different. The rail companies are posting record profits while farmers continue to suffer record losses and cannot move their product.

As I stated, these contracts appear to be completely one sided. I ask you to level the playing field making the railroads pay a price to the shippers for the orders they accepted and have failed to deliver.

Leveling the playing field is a step in the right direction, but part of the immediate resolution has to include the utilization of the Board’s emergency powers. I am asking the Surface Transportation Board to open the rail lines to allow other rail companies to come in and help service this terrible backlog.

Across the nation, rail companies have agreements with other companies to utilize tracks in order to improve service. My understanding is that this approach was used in 2006 right here in North Dakota between CP and Union Pacific.

Now, I have been in private business for more than 35 years, and if there is one thing that motivates a business to do better, it’s competition. I believe that temporarily opening up these rail lines to other companies will bring better service, restore a reasonable rate structure, and alleviating the serious backlog that currently exists.

North Dakota could and should have a bountiful future. But right now that future is being held captive by the lack of reliable transportation systems. With the projected growth of 30-40% in oil production over the next two years, this region’s success will play a key role in helping to reduce our nation’s reliance on foreign energy sources. But we know this production will only exacerbate this problem. We need investments in long-term solutions such as pipelines and personnel, but those things will not happen overnight or even in the next year.

So, something must be done now. The financial security of this state and region depend on it. These problems have solutions, but those solutions have to come from you.

I hope you will take the steps necessary to ensuring the successful future of not only North Dakota but our nation.

Thank you for allowing me this time.