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EP 724

**Testimony of Senator John Hoeven
Surface Transportation Board
Fargo, North Dakota
September 4, 2014**

**ENTERED
Office of Proceedings
September 4, 2014
Part of
Public Record**

As prepared for delivery:

Ladies and Gentleman of the Board, welcome to North Dakota and thank you for coming. We believe it is important for you to hear what is happening here on the ground.

It is a matter of record that in recent years North Dakota has done extremely well.

We are the fastest growing state in the country. We have a growing economy, rising incomes, rising exports and yes, we have oil.

But we also have manufacturing and record agriculture production, which benefits not just North Dakota, but the nation.

Unfortunately, a backlog of grain from last year's harvest and possible record corn and soybean crops this fall are making big demands on the railroads.

Elevators are already low or out of storage, and farmers are forced to store grain on the ground or buy new bins.

A number of factors are contributing to the delays, including strained track capacity, growth in volume, crew and personnel shortages, lack of locomotives, and congestion in major gateways – particularly Chicago.

What this all adds up to is the need for more infrastructure and personnel.

Last February at a meeting in my office, Matt Rose of BNSF committed to investing \$5 billion in new resources this year, including \$600 million in the Northern Corridor, including North Dakota.

The railroad also agreed to add 5,000 crew members to system-wide maintenance, including 250 maintenance workers in North Dakota.

Importantly, they told us they plan to add 500 new locomotives, as well as an additional 125 temporary locomotives to help in the short term, as well as 5,000 new rail cars.

They also promised to post past due orders on their website for agricultural shippers to facilitate better communication between growers and their customers

Further, this past spring, when our farmers were short of fertilizer, I called on BNSF to address the problem in a timely manner. The railroad subsequently dedicated unit trains to carry only fertilizer so that it got to farmers in time for spring planting.

Clearly, BNSF has made some progress working with us to meet our producers' needs and eliminating its backlog. But it must continue to reduce the remaining backlog and continue to make investments to ensure that delays on this scale do not happen again.

Similarly, the Canadian Pacific Railway Company (CP) needs to make the same kind of commitment. It needs to add resources to meet the growing demand for shipping in North Dakota.

Further, the company needs to change its method of reserving cars and tracking orders in a way that is fair and transparent to our farmers, elevators and other agriculture shippers. They need to provide reasonable certainty that cars will be available when needed and requested.

As the railroads work to improve rail capacity, they need to make sure they time the work to have limited impact on rail services, especially during harvest.

Recently, for example, we have heard concerns that repairs and maintenance-of-way work near Aurora and St. Croix could delay shipments. Those repairs and upgrades need to be made, especially if they are a matter of safety, but they need to be made in a thoughtful way to minimize the impact on shippers.

The railroads also need to make sure service to our other industries like coal, oil, manufacturing and ethanol are also adequate.

This year, we heard from a coal company that was within days of shutting down its plant because it could not get a shipment of lime for its scrubbers.

Another critical priority is propane. BNSF and CP need to ensure that propane deliveries are timely so that farmers can dry their crops and people have a reliable source of heat for their homes this winter.

The bottom line on all of this is that we need greater rail capacity to meet the growing needs of North Dakota's expanding economy and dynamic businesses.

To make that happen, Canadian Pacific Railway and BNSF must commit to investing in more rail infrastructure, including more locomotives, more railcars and more crews.

Canadian Pacific also needs to implement a more transparent way of reserving cars and tracking orders so that it is fair to our shippers.

The investments and changes we are calling for are not only in the interest of North Dakota, but also in the interest of the railroads themselves.

For these reasons, we have and we continue to press the railroads to eliminate backlogs and get agriculture shipments on schedule for our producers, especially now that they are in the harvest season.

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