

United States Senate

WASHINGTON, DC 20510

Surface Transportation Board
Testimony of Senator Ron Wyden

Surface Transportation Board Field Hearing: *Oregon International Port of Coos Bay—Feeder
Line Application—Coos Bay Line of the Central Oregon & Pacific Railroad, Inc.*

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Chairman Nottingham, Vice Chairman Mulvey, and Commissioner Buttrey, on behalf of the people of Oregon I would like to thank you for travelling to Oregon to witness firsthand the tremendous impact rail lines have on Oregon families and businesses. Your presence here is reassuring to the many working people and businesses who need to know their government is working for them.

During your hearing, you will hear from legislators, industry representatives, and concerned citizens. What you will hear loud and clear is that jobs, businesses and communities will be greatly impacted by your decisions. I'm eager to add my voice in support of Oregon families and Oregon businesses.

In previous testimony before the Board, I discussed the common carrier obligation and how the law pertains to the Central Oregon and Pacific Railroad, or CORP. In short, a railroad may not refuse to provide service merely because to do so would be inconvenient or unprofitable. If CORP has been inconvenienced and unprofitable it's only because of CORP's own failure to properly maintain the Coos Bay line. The shippers have suffered as well and the question now is what do we do about it?

Today we're here to discuss two very different proposals for solving this problem. First, CORP would like the board to approve its application to abandon and discontinue service along the Coos Bay Subdivision. CORP's short-sighted plan now is to sell the real estate along the Coos Bay line to the highest bidders. They also want to remove the steel rails and sell them for scrap. It appears CORP is once again trying to have its way with the hardworking men and women of Oregon's South Coast.

It might make business sense to a hedge fund in New York, but it's an assault on their common carrier obligation as we understand it. Many towns in Oregon and in the western United States grew up around railroads. Rail service enabled businesses to grow and communities to flourish. And now CORP wants to put that growth and that prosperity at risk. After hearing testimony from all sides of the issue, you will have the opportunity to help rein in this kind of abuse.

This tactic of salting the earth is disturbing and should be seen for what it is: one more way to wring every last dime out of a rail system that CORP failed to maintain from the beginning. No shipper, no business, and no family should suffer because CORP and its parent companies made a deliberate decision to fail.

The other issue before you today is an application from the Oregon International Port of Coos Bay to require CORP to sell that portion of the line and an additional segment to the Port. It's important to be clear here – the Port isn't asking CORP to just hand over the line. The price

they're offering is fair for a rail line that has fallen into disrepair and disuse. The Port will incur significant costs to bring it up to operating standards. This is no bargain, but it is a lifeline

Without this lifeline, Oregon's South Coast businesses will have only limited and prohibitively expensive truck access to main rail lines in Eugene. Shipping via truck is not an economically sound alternative to rail. The application to purchase the line should be considered the most equitable solution to this problem.

These two issues are incredibly important to the economic survival of the South Coast and for the wellbeing of all of the people of Oregon. It's been almost a year since CORP first closed this critical shipping line and the effect has been overwhelmingly negative. Without rail transportation, businesses that relied on rail had to ship their goods and materials by truck. Soaring gas prices haven't just created a pinch – they've created a suffocating squeeze that many shippers have had difficulty overcoming.

Here in Oregon, an efficient transportation infrastructure is the lifeblood of our economy. Across the United States, short line railroads save shippers 20% to 50% compared to truck transportation. They also take 30 million truckloads per year off the highway, saving an estimated \$1.3 billion per year in highway damage costs. Compared to trucking, short line railroads save 356 million gallons of fuel each year.

In today's environment of crumbling infrastructure and wildly fluctuating fuel prices, we need more efficiency, not less. Generally, that's what railroads provide. Many railroads are reporting record profits, reinvesting in their infrastructure, and doing an excellent job of serving the American economy and the American people.

Unfortunately, in Oregon, we've suffered as CORP has attempted to embargo and abandon lines, and reduce and restrict service. This final gambit seems more motivated by spite and profit than by any sense of obligation to the people of Oregon who have acted in good faith over the years in partnership with the railroads. CORP's actions run directly counter to their obligations as railroad owners.

The Port of Coos Bay has a vision. They hope to purchase the line, see that it's returned to a usable condition, and turn it into a vibrant economic engine for the South Coast of Oregon. To do this, they've offered \$9.8 million and have asked the Board to require CORP to repair the tunnels they so clearly failed to maintain.

We all understand what's at stake here. It goes well beyond who loses money or who makes a profit. Those are short term issues. What's really at stake are the people who stand to lose everything. Their livelihoods and their communities are at stake. These are the things that matter. CORP has extracted all of the money it can from these good people and it's time to put an end to this.

I appreciate the Board's decision to hold this hearing in Oregon. I trust you will see that Oregonians, like all other Americans, want nothing more than a fair chance. I look forward to hearing from the Board and will help in any way I can to make this transfer a reality.

I'm asking you, the members of the Board, to approve the Oregon International Port of Coos Bay application to purchase these rail lines. An affirmative decision on this application will produce untold benefits to thousands of honest, hardworking Oregonians, and it will send a powerful message to those who run their businesses in this manner.