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Organization: Western Organization of Resource Councils

State: Montana

Agency: Surface Transportation Board

Initiative: Tongue River Railroad

Submission Text

Please accept our comments on the Tongue River Railroad DEIS which are attached.

WORC

Western Organization of Resource Councils

22 September 2015

Ken Blodgett
Surface Transportation Board
395 E Street SW
Washington, D.C. 20423-0001

Tongue River Railroad Draft EIS Comments

Submitted Electronically at:
<https://public.commentworks.com/STB/TongueRiverRailroad/>

Dear Mr. Blodgett:

The Western Organization of Resource Councils submits the following brief overview statement on the Tongue River Railroad Draft Environmental Impact Statement (DEIS). In addition, WORC supports and has signed onto extensive and detailed comments submitted by its member group, the Northern Plains Resource Council, on the Tongue River Railroad DEIS.

WORC is a regional network of eight grassroots community organizations with 12,200 members and 40 local chapters and affiliates in seven states, including Colorado, Idaho, Montana, North Dakota, Oregon, South Dakota, and Wyoming. WORC's members farm and ranch on lands overlying and neighboring federal, state and privately owned coal deposits, and experience numerous impacts due to coal mining, transport and processing.

The Tongue River Railroad Company (TRRC) proposes to construct and operate a 42-mile rail line between Colstrip, Montana, and the Ashland and Otter Creek areas of Montana. The railroad, if constructed, would create enormous costs and conflicts for the property owners, and the tribal members who reside in Southeastern Montana. In addition, significant impacts will accrue down-rail of the proposed TRR that have not been accounted for or adequately considered in the DEIS. The TRR would increase rail traffic through cities and towns and farms and ranches causing costly and damaging impacts to property values, productivity, health, and public safety.

The proposed railroad, a private and highly speculative venture, would result in the condemnation of landowners, causing decreased property values and destroying ranching operations and land uses that depend on access to water and pastures for

livestock. The railroad alternative routes bisect these integrated operations and would render damages far in excess of the acreage taken for the right of way. The rail raises the specter of numerous costly problems including introduction of noxious weeds in a remote and pristine areas, and greatly increased fire dangers. The lands crossed also represent valuable wildlife habitat and historic culturally significant lands inhabited by the native peoples of the region.

Deficient Market Analysis

One of the most critical deficiencies of the DEIS is the failure to demonstrate a valid or defensible market analysis to justify the highly speculative railroad, particularly in a rapidly declining coal market where the proposed new mining resulting from the TRR could well displace existing mining jobs at currently operating mines.

In an analysis prepared and submitted by Clark Williams-Derry of Sightline Institute, the following critical points were brought forward on Appendix C of the DEIS, which looks at the market for the project.

- It claims that Powder River Basin (PRB) coal would be economically competitive in Asian markets. Coal industry financial statements and coal industry executives clearly demonstrate that even the most competitive PRB coal exporters have not earned a profit selling coal to Asia since mid-2013.
- International coal prices are now lower than they were at the depths of the global recession in 2009. Pacific Rim coal prices dropped because international suppliers flooded the seaborne coal market with inexpensive coal, while at the same time China made structural shifts in its economy to increase the supply of low-cost coal while curbing coal demand growth. This shift in market dynamics is not due to change any time in the foreseeable future.

For these reasons, and in light of the dramatic and costly impacts of construction of the TRR on landowners and others down line, the Surface Transportation Board needs to go back to the drawing board and take a more rigorous approach to assessing the justification for the rail line. An STB permit will give the TRR what it needs to begin to exercise condemnation proceedings on landowners in its path. For that reason, the justification for it, which is grounded in the market analysis, must be done right. As it stands, it is woefully inadequate.

Downrail Impacts

According to the EIS the new rail line would open up a pathway to add between 7.4 – 26.7 trains per day to the regional rail system. The likely market for this coal would be the Pacific Rim, despite low seaborne coal prices, and thus presents tremendous problems for a rail system that is already at capacity. It is a matter of critical concern to the region's towns and cities, as they have no obvious resources to finance millions, if not billions, in needed infrastructure if the line is built and the trains materialize. Major

cities along the route between the Tongue River Railroad and proposed ports in the Pacific Northwest (PNW) and British Columbia have weighed in calling for special attention to the impacts of the TRR on their communities. The DEIS fails to provide that downrail analysis.

For insight into these impacts, in two recent reports written for WORC by Terry Whiteside and Richard Fauth, *Heavy Traffic Ahead* (2012) and *Heavy Traffic Still Ahead* (2014), WORC identified key findings regarding the impacts of significantly increased coal exports via Washington, Oregon, and British Columbia from Montana and Wyoming on rail capacity in light of existing commodities, transportation infrastructure, and local government costs.

Here is a summary of its findings:

- A major bottleneck is BNSF's 70.5-mile line between Sandpoint, ID, and Spokane, WA, which already has serious capacity issues and would feel the full potential impact of added BNSF PRB-to-PNW export coal trains. In a few years, 26 to 35 coal trains per day could be added to this line and this level could increase to 45 to 60 coal trains per day. In addition, this line could see 22 trains per day of loaded and empty Bakken oil trains moving to and from the PNW. As a result, rail traffic over this important bottleneck could easily double and exceed its current capacity of approximately 70 trains per day.
- The 24.8 mile stretch between Huntley, MT, and Mossmain, MT (which traverses Montana's largest city, Billings) also represents a major bottleneck. Currently, this line handles approximately 18 to 22 trains per day. Total rail traffic through Billings could more than triple in a decade.
- Compounding the issues of traffic and congestion that would be caused by increased coal shipments on the region's rail system, potential BNSF railroad movements of Bakken oil from North Dakota to PNW destinations would add up to 22 trains daily.
- Increased PRB to PNW export coal traffic and profitable Bakken oil traffic to the PNW would consume most of the existing rail capacity, which would displace traffic and result in higher freight rates for other rail shippers.
- A variety of railroad freight shippers would likely be adversely impacted by tightened rail capacity if the export coal terminals are built. Intermodal container traffic and export grain traffic could experience higher freight rates, deteriorating service and higher equipment costs.
- Local community infrastructure expenditures that could be triggered by large increases in rail traffic would cost taxpayers hundreds of millions, if not billions.

In 2014, the Government Accountability Office (GAO) issued “Freight Transportation: Developing National Strategy Would Benefit from Added Focus on Community Congestion Impacts.” The key finding is that the question of who will and who should pay for the impacts of traffic congestion on local communities due to increasing oil-by-rail and coal exports was unresolved. Data on freight traffic is poor and out of date, and largely unavailable to local officials and planners who are charged with public transportation.

The majority of highway-rail crossing traffic congestion mitigation projects are primarily publicly funded, with limited private contributions. Railroad contributions, on average, are less than 1% of total project costs. Coal exports would necessitate potentially dozens of such infrastructure projects that fall on the backs of heavily burdened local governments and taxpayers. This should be more closely looked at in the DEIS for TRR.

Conclusion

As detailed in comments submitted by Northern Plains Resource Council, Sightline, and others, many key assumptions used in preparing the Tongue River Railroad DEIS are not transparent and are likely inaccurate, the data input in the model used to reach the Office of Environmental Analysis’ conclusions do not reflect information available within the past two years, and, many critical issues of importance were not properly considered and analyzed. Consequently, this document fails to take a hard look at the proposed TRR project. This DEIS fails to provide the public and the agency decision makers with sufficient information to make an informed decision.

For more than 30 years, the TRR has been promoted by speculators. Coal as an energy source is now on a steep decline in this nation and in the world. While coal may remain in the energy stream for the foreseeable future, it is questionable, at best, that Otter Creek coal could competitively enter any market. This is especially true as committing the capital necessary to open any new coal mine in this area that has no existing transportation infrastructure makes little fiscal sense in today’s coal markets.

We request and urge the STB to choose the “no-action” alternative for the proposed Tongue River Railroad.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bob LeResche", followed by a long horizontal line extending to the right.

Bob LeResche, Chair
Western Organization of Resource Councils