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State: Montana

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Initiative: Tongue River Railroad

Submission Text

Comments are in attached file.

September 17, 2015

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

Attention: Environmental filing, Docket No.
FD 30186.

Dear Mr. Blodgett,

My comments regard the draft EIS (DEIS) that the Surface Transportation Board (STB) issued for the Tongue River Railroad Company, Inc. (TRRC) application. I will explain why I object to aspects of the DEIS modeling that could influence the final STB policy decision. I conclude that the TRRC application does not satisfy the threshold public convenience and necessity test. The DEIS also fails to

include the down line impacts that extend west of the Powder River Basin to Pacific NW coast port facilities. In summary, the TRRC application should be denied.

Coal marketing involves domestic, inter- and intra-regional and international market competition. Our 1982 research and forecasts of coal production revealed the economic market area for Powder River Coal (see citations at conclusion of these comments). Our forecasts extended nearly 30 years to 2010. As a result of this work I am familiar with how models can be used to influence forecasts and public policy decisions. The DEIS contains erroneous assumptions (decisions) and, in turn, erroneous decisions and conclusions. The assumed necessity of the TRR, the displacement assumption and the exclusion of down line impacts to the Pacific NW coast are all related issues that lead me to recommend denying the TRRC application.

I am a concerned citizen of Lewis and

Clark County, Montana. I reside about 4 miles distant from the Montana Rail Link (MRL) line which is leased from BNSF and which passes through the center of Helena. MRL has estimated Helena's existing (for 2013) coal train traffic at 5.6 trains per day, or about 2,000 coal trains per year. Based on assumptions about the number of cars per train and the loadings per car I believe it is reasonable to expect over 15,000 coal trains per year to pass through Helena if the TRR is built and Pacific NW coast port facilities are approved and used to capacity. This means that over one coal train per hour could traverse Helena. A large share of this traffic would result from approval of the TRRC application and if the Pacific NW coast ports are filled to capacity (C 1-5 and C 17-3 and Appendix C: C. 3-4).

As a resident of Helena I am familiar with the environmental and public health issues that the existing level of train traffic pose. Although I live distant from MRL's

line, train horns are audible and a nuisance. I also experience up to 9-minute delays when my trips across Helena coincide with passage of a unit coal train. At such times auto traffic is backed up for blocks. Coal dust, locomotive diesel exhaust and exhaust from idling vehicular traffic all contribute to the degradation of Helena's poor air quality rating. These observations associate with just the existing rail traffic of about one coal train every four hours. Increased train traffic will have negative impacts on public health, the environment and will greatly increase the frequency and duration of inconvenient disruptions for vehicular traffic. If the potential increase in coal train traffic materializes, I expect that a majority of Helena's citizens will find the impacts intolerable. The STB can kick this can down the road or it can analyze the environmental, public health and safety and public inconvenience impacts on down line rail routes to the Pacific NW coast. To not

analyze these impacts is an abdication of responsibility.

Coal that the TRR would carry will ship east and west of the Powder River Basin. Not to trivialize the local impacts that the TRR will have, or the impacts it would have on communities down line to the east, but my concerns regard coal train traffic in route to the Pacific NW coast.

The central purpose of the Powder River Basin coal that would ship west over the TRR would be for export. The export capacity of just the Millennium port facility in Longview and the Gateway facility at Cherry Point, both in Washington State, is about 100,000,000 tons per year, much of which the TRR rail could ship (Appendix C: C. 3-25 and C.8-19). The DEIS adds that additional export capacity is reasonably foreseeable (Appendix C: C.1-9).

The choices the STB had to model coal shipments to just the two Washington State port facilities ranged from zero to

100,000,000 tons per year of capacity. If these two export facilities are not approved, I doubt the TRR would be constructed (Appendix C: C. 8-28). If the TRR and the two Washington State export terminals are approved, the relevant limit is the maximum export capacity. We who live down line must therefore anticipate and prepare for 100,000,000 tons of coal to ship by rail through our communities in route to Pacific NW coast ports.

Use of the displacement assumption in the DEIS is a fatal flaw. The DEIS asserts to assess whether the TRR is necessary to support exports from Pacific NW coast export terminals (Appendix C: C. 7-1). If the TRRC application is approved, the DEIS simply assumes the coal that ships over the TRR would displace other sources of coal that ship to the Pacific NW coast. Therefore, the coal produced at the Otter Creek and other induced coal mines that the TRR would ship is duplicative of other rail road

and coal mining capacity. In turn, the threshold question of whether there is a public necessity basis for the TRR is answered: the TRR is not necessary and nor will it serve the public convenience. The STB should deny the TRRC application – and select the “no action” alternative.

In order to reach a contrary decision and approve the TRRC application there must be reasons that are not evident in the DEIS. To make the displacement argument on one hand and, on the other hand, to find that the TRR is necessary and in the public interest are positions that are at war with one other. The TRRC application should not be approved given the existence of alternative coal supply sources and means of rail transport.

I agree with the DEIS that TRR exports may be affected in ways that cannot be modeled. Arch Coal could choose to maximize the value of its assets by exporting TRR coal instead of shipping the

same coal east (Appendix C: C. 8-28). This is one reason why we who reside west of the Powder River Basin in the path of coal that is shipped to the Pacific NW coast cannot sit by idly. We must anticipate that which the DEIS admits it cannot model: massive increases in coal shipments through our communities that harm public health and the environment and that will be a public inconvenience.

Consistent with Arch Coal's profit incentive to export, and based on production and transport etc., costs, the DEIS asserts that coal shipped over the TRR to Pacific NW coast terminals will have a cost advantage over other sources of coal and other railroad routes: the mines whose coal will ship over the TRR won the cost competition. As modeling cannot capture all variables, it was imprudent for the DEIS to ignore down line impacts of increased coal train traffic. As winners the Otter Creek and other coal mines that the TRR

induces will be incremental sources of coal supplied to Pacific NW coast export terminals. The winners must now be held accountable for the down line impacts that associate with the coal train traffic that originates in the Powder River Basin and which is shipped over the TRR. The STB's final EIS must address these impacts. The TRR, BNSF and MRL must fund initial and ongoing analyses of the public health and environmental impacts and, they must provide funds to mitigate these and other public inconvenience impacts.

By its own calculus, the DEIS made a convincing case that the Otter Creek and other induced coal mine production will follow a path right through the center of Helena, Montana's State Capitol. The DEIS asserts the preferred route to the Pacific NW coast is MRL's line as it is shorter than the Shelby Hi-Line route which the DEIS admits is already experiencing high usage. A round trip to the west coast that is 190

miles shorter than the next best option is a real cost advantage for coal by rail shipments. In turn, and as the DEIS asserts, BNSF will likely choose MRL (Appendix C: C.1-4 and C. 9-49). Because increased coal train traffic will almost certainly pass through Helena the STB must require initial and ongoing analyses of the impact on public health, the environmental and the public inconvenience. The STB must require an impact analyses of the down line routes that coal from the Otter Creek and other induced coal mines will follow to the Pacific NW coast (Appendix C: C.1-4). To ignore reasonably foreseeable impacts constitutes an abdication of responsibility.

If a coal train in route to the Pacific NW coast derailed damaging personal property and, or, the environment, it is not the displaced coal mines and trains that would be held liable for those damages. It is the owner and operator of the rail lines whose train derailed that would be held liable.

TRR, BSNF and MRL must not be allowed to escape the up-front obligation to fund the analyses of the down line impacts of the potential train traffic that could pass to the Pacific NW coast ports.

Finally, there are real environmental impacts associated with increased coal mining, coal transportation and coal burned at electric generation plants. To approve the TRRC application on the grounds that coal would have been mined elsewhere and used to generate electricity, if the TRRC application is not approved and therefore the TRRC application should be approved, has the flavor of a Catch 22. A decision making process that is based on such logic is not responsible.

The TRRC application must be viewed in the context of today's carbon environment and recognize our nation's declining reliance on fossil fuels. The impacts of state and federal rules and laws that impinge on the use of coal need full recognition. Recent

EPA rules limiting the use of coal by the electric power generation sector of our economy must be taken into account. Colstrip power plants could be retired sooner than the DEIS expects. Washington State may pass laws that also impact the operation of the Colstrip power plants. There is the potential for rationing of rail capacity if national policies permit the export of Bakken crude oil. These uncertainties also impinge on and counsel against approval of the TRRC application.

Thank you for the opportunity to comment on this important public policy issue.

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Co-author: “Projections of coal demand from the Northern Great Plains through the

year 2010,” with John W. Duffield, Arnold J. Silverman, et. al., May 1982. Office of Surface Mining grant no. G5105076.

Author: “The Electric Utility Market for Northern Great Plains Coal,” University of Montana, 1982.