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STATEMENT OF SENATOR GORDON H. SMITH
HEARING OF THE SURFACE TRANSPORTATION BOARD
STB Docket No. AB-515 (Sub-No 2) and STB Finance Docket No. 35160

I want to welcome Chairman Nottingham and the other members of the Board to Oregon and thank them for traveling all this way. This is an important hearing and hopefully will help the Board in its deliberations over the application filed by the Central Oregon & Pacific Railroad (CORP) to abandon and discontinue service over portions of the Coos Bay line, as well as the feeder line application submitted by the Port of Coos Bay.

While I so appreciate you coming here, I must say that I wish this hearing were being held in Coos Bay, Coquille, Reedsport or any one of the other towns along the line that have had their access to the main line track cut off as a result of the ongoing embargo. I think that it would be helpful for anyone who has not been to this part of our state to see the area to get a better idea of what we are talking about. Coos Bay, Coquille, Reedsport – these are rural communities, with natural resource based economies.

Traditionally, the Coos Bay rail line has been their lifeblood, connecting our timber producers to their customers around the globe and making it possible for companies like American Bridge to locate in the region, thereby helping to diversify the economy. The ongoing closure of the rail line puts all this at risk.

While companies like Roseburg Forest Products and Georgia Pacific have been able to ship their products via truck, this is not a long-term strategy, and putting more trucks on the narrow, winding roads that connect to the region is not in the public interest. It's been nearly a year since CORP abruptly announced that it was embargoing the line, and in the face of high gas prices and absent a plan to reopen the line, my fear is that many of these businesses will be forced to shutter their doors.

Chairman Nottingham, Commissioner Mulvey, and Commissioner Buttrey, we have discussed the situation involving the Coos Bay line on numerous occasions. I know that you are familiar with many of the technical aspects of the case, so I won't belabor the point. I do, however, want to reiterate in the strongest terms possible the importance of this line to the livelihood of thousands of rural Oregonians.

Over the last decade, this region has experienced significant hardship as timber harvests have dropped and the economics of commercial fisheries have changed. Allowing CORP to move forward with its plan to discontinue service would put in jeopardy thousands of jobs and seal the coffin on future economic growth and development.

Since this saga first began to unfold last September, CORP, and its parent company RailAmerica, Inc., have shown that they are not interested in being responsible corporate citizens when it comes to dealing with the line, the Port, and the shippers. Their latest proposal to abandon a portion of the line only reinforces this view in my mind.

I want to thank you again for holding this hearing. I hope that it is helpful to you as you weigh the issues involved in the filings, and I hope that the Board will act quickly to see that the line is brought back up to operating standards and service is restored.