Testimony by Amy McBeth
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INTRODUCTION

Mr. Chairman, my name is Amy McBeth and I am the Regional AVP of Public Affairs for BNSF Railway. Thank you for the opportunity to testify. I will address freight railroad capacity in the state, as it has been cited as a reason for considering "road trains" in North Dakota, and then I will touch on the impact of supporting road trains through this bill, including costs to taxpayers.

First, I would like to take a minute to remind the Committee about our railroad. For more than a century, BNSF has played an important role in North Dakota's economy. As one of the state's primary freight rail transporters, we link North Dakota's agricultural industry to markets around the world. BNSF has helped relieve oil bottlenecks and remains an important solution for hauling Bakken crude to markets unable to be reached by pipelines.

Consumer products for everyday living and consumption, and often front-door delivery over the last nine months, have been available throughout the pandemic because our 1,400 employees who call North Dakota home continued to go to work safely each day. We recognize their efforts for continuing to serve our customers, and helping to keep the economy moving during very challenging and uncertain times.

Our tracks stretch from Fargo to Trenton. From Hettinger to Larimore, and dozens of rural communities and cities in between. And we partner with short line railroads in the state, which touch even more communities.

FREIGHT RAIL CAPACITY

Regarding rail capacity in North Dakota, supporters of road trains say railroad infrastructure has diminished 40 percent since 1920 and so railroads must have more difficulty meeting demands for moving freight.

Without question, the railroad has changed since 1920, thankfully. I don't think anyone here would want today's BNSF to operate like our predecessors of 1920.

Today's freight railroads are leveraging technology to be safer and more efficient than ever, while moving more freight and keeping rates down for customers.

Freight railroads are capital intensive, and the good news for taxpayers is they're privately owned and maintained. To operate safely and serve and grow with our customers, each year we allocate capital for infrastructure and expansion projects.

In this state much discussion occurred a few years ago and occasionally since then about railroads' and BNSF's in particular, service issues in 2013-14. On top of a horrific winter, BNSF saw increases in all kinds of commodities that wanted to move on this corridor of our railroad.

Fifty percent of all the freight volume increases in the entire rail industry in 2013 occurred on our network. While much of that new traffic here was crude oil, the freight volume growth leader on BNSF was consumer products, moving in what we call intermodal trains, not crude oil. Yes, crude oil volumes increased, but so did several other segments of traffic, including a late grain traffic surge.

In response to the constraints on our system we responded as the private sector can, quickly, and added capacity throughout our Northern Corridor running from Chicago through North Dakota to the Pacific Northwest.

North Dakota was at the center of those investments. Since 2013, BNSF has invested more than $1.5 Billion in our infrastructure here in the state. That includes:

- Building nearly 100 miles of a second main line track, or double track, through northwestern North Dakota from Minot through Williston and into Montana
- Adding or lengthening a number of sidings
- Upgrading signal systems
- Installing positive train control technology on certain main routes; and
- Performing ongoing maintenance like replacing thousands of rail ties and relaying miles of rail.

Increased agricultural volumes moved by rail

Infrastructure we've added and maintained has created a railroad that's in the best shape it's ever been, with added capacity to serve North Dakota industries for another 100 years. The increased rail capacity in the state benefits all commodities on our railroad, but particularly agricultural commodities moving to the Pacific Northwest for export to international destinations.

- And we certainly have been hauling a lot of ag products. We continue to see an upward trend in the volume of agricultural commodities hauled by BNSF, both in North Dakota and across our network.

- In 2017 and 2018 we hit all-time records in our company history for ag volumes moved from North Dakota and our network overall, with 2019 and 2020 not far behind, but somewhat lower because of various market conditions.

- For comparison, 10 years ago, we shipped about 162,000 units of ag products from the state. In 2018 it was more than 205,000 units.

- Another indicator of how much we're growing along with our customers in the state is our shuttle network. We started working with ag customers to build shuttle facilities in 1996. Between then and 2009, 27 new facilities were added. In the last 10 years, an additional 15 facilities have been built, bringing the total to 42.

While our ag volumes have grown, we continue to haul about equal volumes of industrial products, as well as coal, from the state. With inbound traffic also corresponding to those business units. Far from diminishing, our freight rail capacity, along with safety, has increased through enormous private investments in physical infrastructure and technological advancements. We expect freight moving on our and other railroads to increase over the coming decades and so we invest in our physical assets with the long-term in mind.

IMPACT OF ROAD TRAINS
Moving from the ample freight railroad capacity of BNSF in North Dakota, I'd like to mention briefly concerns with impacts of a road train program.

Trucks cause the overwhelming majority of damage to roads and bridges compared to other vehicles, and the fuel taxes and other fees heavy trucks pay do not come close to covering the costs of that damage. Like many other states, North Dakota already has unmet needs for roads and bridge repair.

Allowing heavier longer trucks to operate would cause more freight to move in trucks at a greater cost to taxpayers. The Upper Great Plains Transportation Institute, in its 2016 study, found that increasing truck weights would result in more than $2 billion in bridge replacement needs.

While trucks operate on publicly funded infrastructure, freight railroads' infrastructure is private – we own, build, maintain and pay for it. The more freight that moves by rail, the less wear and tear on the public's roadways. This does, however, set up a distorted competitive environment within the freight transportation sector.

Allowing longer heavier trucks distorts it further, putting freight railroads at a competitive disadvantage.

Not only would North Dakota citizens have to deal with the safety concerns that come with more dangerous trucks on roads in the state, they would be paying more for them to be there.

CONCLUSION
In its report, Legislative Management concluded more research is needed on the economic impact of permitting road trains in the state, and on impacts to existing infrastructure, as well as on the costs of such a program. There are simply many unknowns with likely many costs – for a program that appears to have limited public and industry support.

Freight railroads have the capacity to serve current and future customers and appropriately respond to market conditions to meet their customers' needs, and we have a demonstrated track record of doing so for North Dakota. Public policies ought to spur additional private industry investment, not commit taxpayers to an unstudied and unneeded program like road trains. We ask that you vote do not pass on Senate Bill 2026. Thank you.