

Statement of Matt Woodruff

on behalf of

Kirby Corporation

before the

Committee on Environment and Public Works

United States Senate

May 6, 2010

Chairwoman Boxer, Ranking Member Inhofe, committee members and staff, I am Matt Woodruff, from Houston, TX. I work for Kirby Corporation, the nation's largest operator of inland tank barges. We operate throughout the inland waterway system from the Gulf Coast to the Mississippi River and its tributaries, including the Ohio and Illinois Rivers. I am here today representing Kirby, but wish to point out that I am a member of the Inland Waterways Users Board, the committee established in WRDA '86 to advise the Corps and Congress on matters related to construction on our inland waterways. I am also the General Counsel of the Waterways Council, Inc. and a director of the American Waterways Operators. I serve as an active member, officer or director of several regional waterways associations.

Our inland waterways are a national treasure. Low cost waterways transportation helps our farmers and manufacturers stay competitive in tough world markets. When you talk about the future of the waterways, you are talking about the future of a large segment of our economy. Today, I want to tell you about a 20-year plan to keep our waterways reliable and bring billions of dollars in benefits to our economy, creating and maintaining a host of jobs along the way. We need this committee's help for this vision to become a reality.

In addition to being the most cost-efficient way to transport the bulk commodities that are the building blocks of our nation's economy, barge transportation is the greenest, safest and most energy efficient mode of surface transportation. Let me give you some statistics to back up that claim:

- A truck can move a ton of cargo 155 miles on a gallon of fuel. A train can move that ton 413 miles. A barge will move it 576 miles on that same gallon of fuel.
- Barges have the lowest CO₂ emissions. Moving cargo by rail generates 39% more CO₂ than barges. Moving that same cargo by truck generates 371% more.
- A typical 15 barge river tow can take 1050 truckloads of cargo off the highways. That same cargo would fill 216 rail cars and require 6 locomotives to move them.
- A member of the public is 125 times more likely to be injured in a train accident or over 2,000 times more likely to be injured in a truck accident than in a barge accident.

If the cargo transported by barges was instead transported by trucks on our interstates, heavy truck traffic would nearly double. Put it all on trains and rail traffic would increase by 25%. That only tells part of the story, since that traffic would be concentrated in certain regions of the country, causing far worse problems in key transportation hubs. Attached to my written testimony are materials summarizing these and other facts related to barge transportation.

[Note: see attachments at waterwayscouncil.org/study/Work4America.pdf and waterwayscouncil.org/study/NWF_097024_GreenHouseGasInsert_Final_nocrops.pdf.]

America without barges would be a more congested, polluted, costly and dangerous place.

In recent years, our inland waterways infrastructure construction projects have been underfunded, over budget and years past their planned completion dates. We have spent the surplus in the Inland Waterway Trust Fund but have too little to show for our investment. We place much emphasis on starting projects, but very little on finishing them.

We must fix the system. An ill-advised lock tax was proposed and we applaud Congress for dismissing that idea. Against this backdrop, several years ago the senior leaders of our industry began to meet with the leadership at the Army Corps of Engineers and ultimately decided to put a team together to search for a comprehensive solution to the challenge that faces us. The team, comprised of experts from within the Corps and members of the inland waterway industry, spent nearly a year and a half addressing this challenge. I have here a copy of the team's final report, which on April 13th was unanimously adopted by the Inland Waterways Users Board and transmitted to the Assistant Secretary of the Army for Civil Works and the Congress. This report lays out a comprehensive solution to our inland waterways infrastructure challenges.

We extensively reviewed the Corps project delivery system. We recommended a set of improvements, some of which are already being implemented, that will help bring future projects in on time and on budget. Our goal is to have an 80% confidence level that the price tag put on a project when it is authorized by Congress is in fact the price it can be built for.

We developed a realistic, real-world budget. The \$380 million per year budget for new construction and major rehabilitation is in line with funding levels in recent years.

We apply that budget to a dynamic 20-year construction plan that prioritizes projects based on risk and consequences of diminished future performance. The plan focuses on spending money each year on only those projects that can be efficiently funded with the available funds. While this means some vital projects may have to wait a few years to be started, these projects will still be finished far sooner than if we maintain the status quo. This is a critical feature of the plan. If projects don't get all the money they need when they need it, we cannot accomplish all we have to do with the resources that will be available. This means we will have to find a mechanism to smooth out some of the vagaries of the annual appropriations process.

We looked at where the money would come from. We recognized this program will require a level of investment greater than current revenues entering the trust fund will support under the current system, so we propose a 30-45% increase in the fuel taxes currently paid by industry. We also propose adjustment of certain elements of the cost sharing formula to better reflect the multiple beneficiaries of these projects and to stop placing an undue share of the burden of rebuilding the system on just one group of users.

I am happy to report that water resources interests all across the country have signed on as endorsers of this plan. Our message to Congress is that we are willing to accept this level of tax increase if it is part of this comprehensive plan to ensure the future reliability of the system.

What are the benefits of this plan? We should finish 25 projects in the next twenty years, instead of 6 if we maintain the status quo. At a minimum, we should avoid between \$350 million and almost \$1.2 billion in project cost growth. We also will recognize at least \$2.8 billion in benefits from these projects that would be foregone if the projects' completions were delayed.

For all of these reasons, I respectfully request that this committee join more than 200 companies and associations and embrace this plan and approve legislative language this year that will allow it to be implemented.

I would be happy to address any questions you might have.