



January 2018

2017 Lower Snake River Freight Transportation Review

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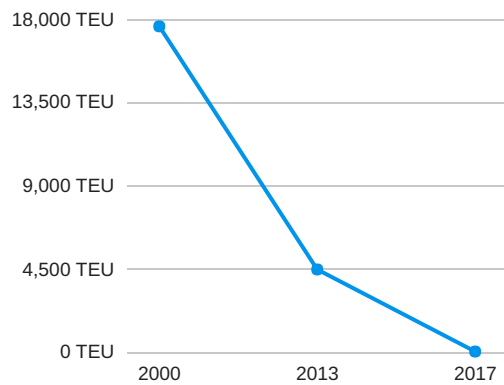
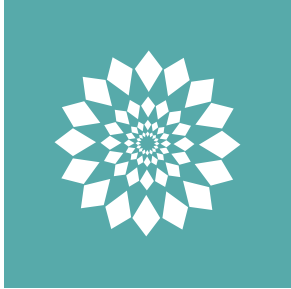


Freight Volume

In his Lower Snake River Navigation Study (September, 2015) economist Anthony Jones of Rocky Mountain Econometrics forecast the long-term freight volume on the Lower Snake River to be around 2.7 million tons. Volume in 2014 was 2.84 million tons, followed in 2015 with 2.27, then 2.65, and in 2017 a total of 2.79 million tons. The average for the four years: 2.64. Jones' 2.7 million tons represents a solid figure for use in future discussions of annual freight volume on the LSR.

For a longer-term perspective, consider that in 1998 LSR freight volume was 9.14 million tons. The average volume over the past four years thus represents a decline of 71%. In 1998 LSR freight included grain, logs, lumber, paper, pulp, pulse and petroleum. Today grain makes up about 90% of all LSR waterborne freight. ***Most other shippers have abandoned the river.***

The special interest groups supporting the status quo on the LSR project continue to misinform the public about freight volume. They do so by including in total shipping volume the petroleum that is barged two miles up the Snake River to a tank farm at the Port of Pasco. Ice Harbor Dam, the first of the four dams on the Snake, stands 9 miles upstream of the river's mouth. None of the petroleum travels through any LSR locks or on any of the reservoirs created by these dams.

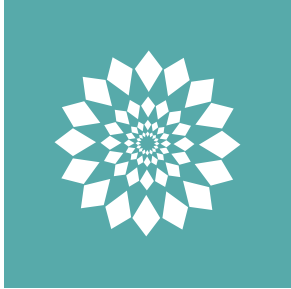


Container Traffic

In 2000 the Port of Lewiston, the only port on the LSR that handled containers, shipped 17,590 TEUs (20-foot equivalent units, or half of a typical 40 foot container). By 2013 container volume had declined to 4,439 TEUs —the year POL extended its container dock at a cost of 2.8 million taxpayer dollars. **The port shipped zero containers in 2017.**

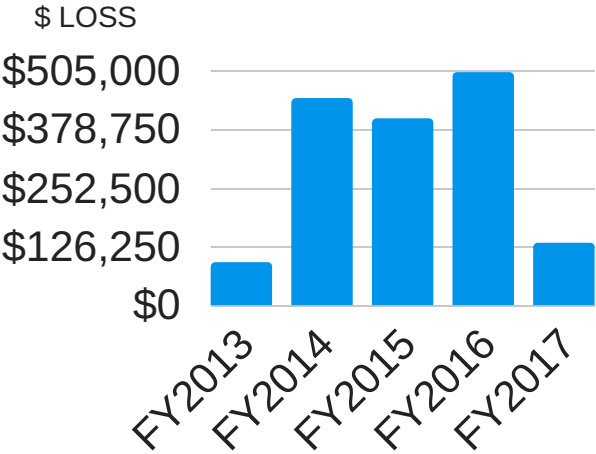
The Port of Portland is attempting to bring container shipping back to Pier 6, its container dock, principally for the benefit of Oregon shippers. The State of Oregon is temporarily subsidizing the operation, which consists of a single ship calling on POP approximately every 35 days. The principal export cargo will be Daimler trucks manufactured in Portland and shipped to Australia, along with an estimated 100 to 200 containers—or about 1000-2000 containers per year. The ship will complete its run by traveling to Asia, where it will pick up import containers and return to POP. Hanjin, the last container shipper to pull out of POP in 2015, made a call every week and handled over 40,000 containers per year. The ports of Seattle and Tacoma annually handle over 1.8 million containers.

It costs the Port of Portland about \$3 million annually to maintain Pier 6. The port's new executive director told the media the container operation must break even financially or it will cease to exist. **The POP previously operated Pier 6 for 40 years, was profitable during only two of those years, and during the port's last year of operating Pier 6 the port lost \$19 million.** None of the news reports on this story has made any reference to renewing container shipping on the LSR.



Port of Lewiston

According to a recent story in the Lewiston Morning Tribune, the Port of Lewiston continues to lose money in its operations. FY2017's operating loss is \$134,220. Losses in previous years from annual audits:



For a total loss of \$1,575,303

The POL hasn't experienced a fiscal year of black ink since 2012 when the port had positive earnings from renting space to Imperial Oil/ExxonMobil so the corporation could cut up 33 megaloads held at the port for 13 months by citizen activism and legal challenges. POL's operating losses come in spite of annual income that includes over \$400,000 in Nez Perce County property taxes, over \$100,000 from the redistribution of state sales taxes (since the port is legally a municipal government), and rents from the port's extensive real estate holdings purchased by taxpayers over the years.

POL is finally getting a small amount of business over its new container dock. Clearwater Paper is now unloading a limited number of barges of sawdust/wood chips at POL. A privately owned local company formerly handled these shipments 4 miles downstream at the Port of Wilma, an example of a tax-supported government agency taking business away from private enterprise.

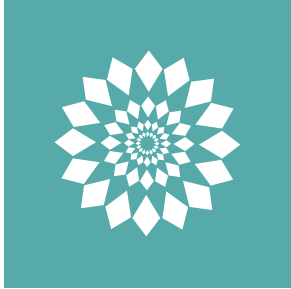


In an August 2017 interview with Rocky Barker of the Idaho Statesman as part of its series on Snake River salmon, Port Manager David Doeringsfeld told Barker “With the return of container steamship service in Portland and transport of oversized cargo on U.S. Highway 12, I believe shipping volumes will grow.”

The return of container service to Lewiston appears a pipe dream. The settlement of a lawsuit on the use of Highway 12 through the Clearwater and Lochsa Wild and Scenic River corridors in January 2017 resulted in the U. S. Forest Service ruling out megaload traffic through the 100-mile long scenic river corridor. Any failure of the USFS to enforce that position will almost surely land the matter back in federal court.

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Through November 2017, the POL had handled 19 barges this year, or one barge about every 18 days. Lewis-Clark Terminal, a privately held corporation, ships all grain leaving Lewiston from its own property over its own docks. Thus the Corps of Engineers’ \$11+ million dredging project at the confluence of the Snake and Clearwater Rivers and up the Clearwater in early 2015 principally benefited a single private corporation. **This dredging project, all paid for with taxpayer funds, followed the completion in 2014 of the Corps’ \$13 million taxpayer funded sediment management plan for the area.**



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On the subject of sediment: we can be confident that in 2017 at least another 2.2 million cubic yards of sediment arrived at the Snake/Clearwater confluence, or an even greater amount following the extensive wildfires in north central Idaho in 2015 and 2016. The Corps projects that dredging of the navigational channel at Lewiston needs to occur every 3-5 years, with 2018 year 4. In the past the Corps has stretched this time frame by raising the Lower Granite reservoir above minimum operating pool, **exposing an expanded reservoir surface to greater solar radiation with resulting increases in water temperatures and salmon and steelhead losses.**

One ever-so-small positive note: the POL spent \$59,000 in FY2017 on rail repairs, up from a planned expenditure of \$6000.