

MT SENATE HIGHWAYS AND TRANSPORTATION COMMITTEE

PUBLIC HEARING -- HAVRE, MONTANA

MARCH 25, 1994

The public hearing in regard to Canadian grain being shipped into Montana was called to order by chair Cecil Weeding in Havre on March 25, 1994.

MEMBERS PRESENT:

Senator Cecil Weeding, Chair

Senator Betty Bruski-Maus, Vice Chair

Senator Greg Jergeson, Majority Leader of the Senate and an ex-officio member of all standing committees

Note: These minutes are condensed and paraphrased

OPENING REMARKS BY CHAIR:

Chair Weeding introduced the Senate members of the Highways and Transportation Committee and said this meeting was called for the purpose of examining transportation aspects and the problems emanating out of the grain shipments coming down from Canada. He said this inquiry should be restricted to transportation related problems including the rail aspects as well as highway aspects of transportation. The formal call was from Senator Jergeson on February 12 following conversations between himself, Senator Jergeson and Senate President Fred Van Valkenburg in regard to the problems that had occurred. He paraphrased the call which was to investigate whether the volume of truck traffic coming into Montana increased the traffic on Montana highways beyond their designed capacity and if the traffic coming across the border paid motor fuel taxes sufficient to support destruction and care of those Montana highways. The third issue was whether or not the designation of highways impacted by the Canadian train traffic be upgraded in terms of federal classification. How much has increased volume of grain created by the Canadian grain, impacted by the availability of grain cars to move the Montana grain and has the current grain situation given the Burlington Northern the opportunity to force grain companies to bid for delivery of grain cars at prices in excess of "freight rates" and if there are other utilized inventories of grain cars on the Canadian system resulting from the movement on our system.

Chair Weeding said those are the posted issue of the call and he has had considerable discussion with various parties since that time that are a real concern that the stored grain will create another transportation problem about June of this year. He said it appeared the current prices would go into that one which again would run into harvest. In looking at the amount of loan grain

there was a question of whether or not there would be capacity and transportation to move it out when the loans come in. He said this hearing would relax the Legislative rules somewhat in allowing a certain amount of interaction, but in a true Legislative Committee only the panel members ask questions of others and all statements are made to the Chair and the Committee. He said they would begin in this manner, would allow some rebuttals to additional presentations, but would also allow some cross examination of others with some questioning back and forth. He said there were four representatives of the two Canadian provinces, Alberta and Saskatchewan, with their transportation and agricultural committees present, the Montana Department of Agriculture and of Transportation as well as both farm organizations present.

Chair Weeding said some people at the hearing have prepared statements and they would start with those, go to spontaneous statements and follow up with limited interaction.

STATEMENTS:

Gerald M Smith, Galata, farmer, said he was located half way between Shelby and Chester on Highway 2. He said traffic on the rail system goes less than a quarter mile from his house and through most of their ranch and farm property. The increased traffic on interstate 15 to the local elevators has forced him as well as his neighbors in an opposite direction which has drastically increased the traffic on highway 2 going east and west and some of the secondary loads going south into the Conrad area. He said we are facing a problem with Montana's infrastructure on highway and rail transportation which was not designed to handle the volume that it is now being expected to handle. The Montana taxpayer cannot afford to repair the damage on rail and highways which is occurring with this increased traffic and doing so will not help the Montana farmer stay in business.

Larry E Munson, Shelby farmer handed in written testimony. (exhibit 1) He said he was speaking as an individual farmer and made three major points in his testimony.

Mike Lerum, Sweetgrass asked why Montana continues to subsidize Canadian grain with the Montana Alberta weight agreement in Shelby. He handed in written testimony. (exhibit 2)

Brad Munson, Shelby said he was upset at the amount of grain coming into Montana from Canada. He handed in written testimony. (exhibit 3)

Ronald Munson, Shelby said he farms 9 miles north of Dunkirk, He spoke of the over weight exemption the Canadians enjoy and of elevators not having room for Montana grain. He handed in written testimony. (exhibit 4) He read testimony from Mark Lenberg, Ledger in regard to contracts that could not be delivered because

of the space in elevators and long lines of trucks. (exhibit 6)

Leo Giacometto, Director, Montana Dept. of Agriculture, said he was representing the Montana Department of Agriculture and the Montana Wheat and Barley Committee. He handed in written testimony. (exhibit 7)

Pat Keim, representing the Burlington Northern Railway, gave their views on the issue of grain transportation. He handed in written testimony. (exhibit 8)

Chair Weeding noted that the representative of the Grain Elevator Association did not attend the hearing. He asked if the Canadian people had a response at the present time and they indicated they would wait until later.

George Paul, Montana Farmers Union, responded to some of the opening comments. He said speakers before him had done a good job of speaking and bringing some of the problems out. He said there are a couple of questions they would like to ask openly to whoever was expert enough to answer them to help clear up some of the rumors that are floating around. He said there is a fairly strong rumor floating around about rail car allocations and did appreciate the response of the BN that 19 or 20% of their Agri car fleet is coming up into Montana to move grain products out of state and would hope a lot of that would be Montana grown products. In the rush of all these grain cars coming up here, we are starting to hear stories that perhaps the elevators are not receiving those cars in the way that they were ordered. The inference being that the elevators are buying the Canadian grain and moving it out and they are somehow getting preference for the rail cars. We are not making that statement, but would like to have you be aware that this is beginning to be a thought out there in the country. He asked if the Chair and representatives from the railway that are present could help to clear up this rumor. The second thing is in regard to the truck permits. There are representatives here today from the GVW and they can help clear up the rumors that the special permitted trucks, the 137 fives were supposed to go just to Shelby and that there is some leniency in the regulatory sign and that maybe those trucks are finding them selves parked at other elevators outside of Shelby. He said those are the two questions they would like to have answered.

Chair Weeding said interaction on these questions would come later and asked if anyone would like to make a statement at the offset.

David A Galt, Montana Department of Transportation, Administrator of the Motor Vehicle Services Division, Helena, said he had a few comments he would like to make.

{Tape 1, side 2} Mr. Galt said had been in the GVW business, which is now Motor Carrier Division, for 18 years. He started in the

Weigh Station, worked for the scale, answered complaints for 17 years and has never known a case where a GVW agent did not write a ticket when there was one to be written. He said his initial response to the rumor was that he did not believe it was true. He said officers working at the Coots scale and monitoring those agreements, and anybody coming through that scale with or without a permit is being treated the same and treated pretty close to the line with about 500 pounds leeway only. When it comes to getting south of Shelby, in regard to whether they can cash it or not, the only response he could give is that besides weigh stations, they have officers with the little gray pickups that have portable scales and travel up and down the road. They have one stationed at Shelby and one at Great Falls that patrol the interstate routinely looking for people that may have slowed down. He said he had no reports of people with these permits that have slipped past Shelby. He said he believed they were doing the job.

Mr. Galt gave a little history on the agreement. The Department of Transportation had been approached prior to 1986, to consider overweight exemptions on I15 into where ever. The D of T considered it very carefully for several years, and in 1981 they heard a lot of comments about the economic development and effort to boost economic development to the Shelby area. The Governor's office, in 1991, worked with the Premier's office in Alberta and they signed this weight agreement to have their vehicles operate between the border and Sweetgrass. He said he wanted to make sure that the only vehicles that got to take advantage of that agreement were not only Canadian vehicles. He worked with the people that wrote it and wrote most of the technical writing in the agreement. They wrote it specifically so it would be opened up to allow Canadian weights on all vehicles and put a one year time limit in the agreement so they could look at it and see what it cost.

Mr. Galt said the other thing that was working at the time this agreement came to pass was the 1991 Federal ISTEA bill on Federal highways. One of the provisions in the ISTEA bill was that all truck rates would be frozen at levels they were at in 1991. They took special action on behalf of Senator Baucus to get the special provision in the ISTEA bill that they were going to allow this agreement to Shelby. They considered that if this was going to do all this economic development, we might not want the one year clause in it and get frozen out after one year if it was doing what they felt necessary, and took the one year clause out of the Shelby agreement.

Mr. Galt said one of the questions asked was why this couldn't be extended to Butte and he believed the reason is the weight exemption in the federal ISTEA bill. United States Congress said "no state will allow truck rates lengths to be increased above what was in actual continual operation as of June 1, 1991". They put a special provision in the bill for the exemption between Shelby and the border.

Mr. Galt said he would like to address the costs of the trucks that are operating under that agreement. Since this was something that was special and not something that was done every day, the D of T looked at how they would charge the trucks that operate under this agreement. In addition to paying a \$21 fee, they also have to pay gross vehicle weight fees for the entire weight they haul, up to 137,500 or whatever lower weight they might be limited to. They also have to buy every applicable permit--size, length, additional \$100 restricted route permit, so it would be about a minimum of \$500 a year to start with plus the \$21 for each trip. In regard to the costs, on the weight permits, the D of T went before the Legislature in 1991 and presented a bill that significantly increased the cost of all the weight permits. It used to be \$10, \$30 and \$50, if over 200 miles it was \$50 and if less than 100 it was \$10. This was done after a study in conjunction with MSU to look at the excess road damage and came up with a fee schedule that drastically increased permit fees. It doesn't show up so much in the Shelby fee because the business isn't very long, but they never used to care about weight. It didn't cost any more to haul 1,000 pounds across the state than it did 100,000. MSU sent back a fee schedule that was based on the damage to the road that was done by the additional weight of the vehicle. Those fees were put in place in Montana in full, they were not reduced or changed. Some of our permit fees now go up over \$1,000, those permit fees are in place and the way it is done in Shelby is \$21 which was recommended and covered in the study.

Mr. Galt said he would be open for any questions he could answer, and said if someone has specific concerns about this agreement, like in 1987-1990 when they were being asked to look at and consider it, the Governor of Montana has formed a Trade Council Advisory Committee to take a look at all these issues. That committee has held a couple of meetings around the state and the next meeting will be April 19 in Butte. He said this would be a good place to voice concerns because the Council was formed to hear everybody's concerns and make decisions.

Henry Zell, Shelby said they had talked about the spring wheat in their area. They took 80 samples in Toole County in an angle across the county. He said all 80 samples were # 1 except for two of them which were # 2 in the spring wheat and winter wheat. Some of this grain is under contract at the elevators, some since December. They are concerned that some of the elevators are getting grain trains of Canadian wheat and the local farmers are sitting with contracts and can not deliver grain to the elevators. He said there is a lot of good grain out there, and are wondering why they cannot get the cars and the feed grains have the cars.

Art Kleinjan, Chinook, County Commissioner from Blaine County, said his concern is the secondary road 241 which runs from Harlem, through Turner to the Canadian line. It was build with secondary road funds which are Federal/state dollars which allocated so many

dollars each year to the counties throughout the state of Montana. It is built in sections as the money allows and the last section was built in the middle to the late '70's and is what is known as a "double shot penetration". He explained this was two layers which are laid down with oil, crushed gravel and amounts to about 3/4" of surface laid over gravel. At that time there were 5 or 6 farmers up there that hauled grain over the road with a lot smaller trucks than those used now. Since the Canadian grain is coming down over that road into Harlem, it has basically torn the upper end of that road to pieces. Montana had a program during the last two years called Save Our Secondaries, which they applied for and received some funding to work on the lower end of the road between Harlem and Turner. They will not touch that "double shot penetration" because of the thin layer and the 15 hundredths they put on the top of the road is not enough to help. With this program in place, as it is now, Blaine County, as any other secondary road when built by the state/federal government, is then turned over to the county for complete maintenance. With the damage being done to that road by the Canadian truckers at this time, there is no way we can maintain that road, and it is slowly turning back into a trail. They have placed a 350 lb per square inch weight limit on it as well as a 35 mile per hour speed limit and still cannot keep the road together. He said he would like to ask that they either get some help to keep this road in repair or upgrade that road to a major arterial road or an international road. It would then be turned over to the state or the federal government for maintenance, and if it is going to have the heavy traffic, it will be a road that is fit to travel over rather than the shape it is in now.

Chair Weeding said he has two statements that were submitted to him in February in anticipation of a meeting that was canceled. One is from WIFE (Women Involved in Farm Economics) (exhibit 9 and 10) and the other is from Representative Dore Schwinden, Wolf Point. (exhibit 11) Chair Weeding said they would be available for people to read and would be a part of the record. Following a request that the testimony be read, he did so.

Gerald Smith, Galata, said he had a question regarding the testimony from B N and what they have heard about the amount of Montana grain being shipped out. He said it strikes him as being in direct contradiction to the facts they have heard about the amount of Montana grain on loan and the other testimony by our Montana representatives here. It appears to him as conspicuous by their absence today, is the elevator companies. He believed it necessary to hear from the elevator and the grain companies so a better handle could be had on the transportation through the rail system. He felt it was obvious that the grain they are talking about going on B N may originate in Montana as far as B N is concerned, but definitely is not grown here in Montana. Chair Weeding said he concurred with that statement and thought only the elevator and grain companies could answer those questions,

but they are not here.

Dick Swenson, Cutbank, said he was not here to represent an elevator, but had stopped by one of the elevators before coming to the meeting. He had stopped at Harvest States in Cutbank and they are now 4 1/2 52 car train units behind, which totals to about 840,000 bushels. This elevator manager has not ever taken any Canadian grain. They do have in the Cutbank area some rural citizens and would not know if they had sneaked some grain across the border, or which soil it was raised on, and that would seem to be the only other category. The other elevator seems to be up to date for trains. He said he had one question. He had heard that B N does get a subsidy for handling grain, and if they do, could that subsidy be applied to trucks as well. He said this would not be any different money spent, if there is a subsidy.

A short break was taken followed by questions from the Senate committee.

Senator Jergeson said he had a number of different questions for different people but would like to start with Pat Keim. He said he appreciated his statement and the numbers provided on the additional grain cars that have been purchased by B N and those committed to moving grain from the state of Montana. He assumed Mr. Keim had no idea what the origin of the grain hauled is and was told that is correct. When the cars are ordered they are not given any information from the elevator as to where the grain is coming from that is being shipped. They tell us at which elevator they want the cars placed at and what destination it will go to. When they tender the cars for billing after they have loaded them, B N still has no idea where the grain is coming from, only that it is grain being loaded from that particular elevator.

Senator Jergeson asked if the "want" date was the date when the shipper calls the 1-800 number and asks for a car and Mr. Keim said that was correct. The "want" date is the date the shipper places a car order. The actual placement date is the date they actually place the car at the designated place on the order. He pointed out that this was for unit trains and not for less than train orders. He said he did not have the average time on placement of less than train orders.

Senator Jergeson said in order to arrive at an average, you would have greater and lesser period of times to come up with 22 days. There has been some discussion between the difference between the readiness or willingness of B N to place cars as compared to COT or tariff cars and asked if there was any break down information from their analysis as to whether they are delivering cars above or below the average for each of those categories. Mr. Keim said there are basically three different kinds of orders. Box cars are one, that is certificates of transportation, there are guaranteed placements for the mud pods for those orders for unit trains on

which they guarantee delivery by a certain date or pay a penalty and then there are tariff. The figures you see are applied to the unit trains and could apply to tariff trains, COT unit trains or to the guaranteed order unit trains. He did not have a break out of which is which but they try to keep them all relatively the same. They try to keep them all together, and while there may be some that are out for 30 days or 40 days for some reason, they try to keep that down and see that it doesn't happen. When you deal with average numbers, you do deal with averages. In general, when we speak of 22 days average, you will not find many being placed in less time, speaking of 6 days or 5 days, the bulk will be in the 22 day range.

Senator Jergeson said to get a unit train on a guaranteed placement date, the shipper has to bid for those cars in some way, or how does that shipper get guaranteed dates. Mr. Keim said a certain amount of cars are placed, not COTs, as available for orders of guarantee. The shipper pays a higher rate, but cots are bid.

Senator Jergeson asked if he had a break down of the number of deliveries you handled in the past year for each of those three categories. Mr. Keim said he did not have that information.

Chair Weeding said he understood it is a 40% tariff and asked if that is a part of the ICC agreement. Mr. Keim said not more than 40% of the cars can be COT cars and 60% or more can be in the other categories, or up to 100%, but you can only place an average of 40% of your monthly fleet capacity for the COT program. You arrive at the monthly fleet capacity by taking the average turn around time of the cars in your fleet. He said yes, they do abide by that ruling and there will be times when that number will slip up or down a bit depending on the increase or decrease of the speed of the fleet and they have to adjust it. They have to estimate what their monthly fleet capacity will be before they put out the bids for it, and the estimate is generally 4 or 5 months out. He said at the present time they are taking bids on COT cars for as far out as June and July.

Chair Weeding asked if these tariff and Cots commodities specific or are we talking about just the grain cars in this 40-60 break down. Mr. Keim said they are talking about the percent of their grain handling.

Chair Weeding asked if this also went by state, if it was a 60-40% cars coming into Montana, or going to be 40% for less COTS or more tariffs or are the COTS sent here and the tariffs some place else, or how is it handled. He asked if we were getting about 60% of the tariff cars here. Mr. Keim said Montana is a very heavy user of COTS and that is by the shippers choice, they are learning to use the COTS to their advantage. They have used COTS over a period of time to tie down their shipping costs. Probably a greater percentage of these are COTS, but ICC requires that our total

system fleet will be limited to only 40% COTS. The reason Montana may be using more COTS is simply that Montana shippers are bidding on them.

Chair Weeding asked if the COT was a better grade of car, more timely, or why the preference for the COT. Mr. Keim said he could only guess at the answer. It is the same type cars, we don't say these kinds of cars go to COTs, these kinds do not. There are times when COTs are above tariff and times when they are below tariff. The other thing is that they like having a guaranteed delivery date. COTs are bid so there are two placement periods each month and when you buy a COT certificate, you can sell it on the market. COT certificates are bid by month, or by half month. You bid and buy a COT for placement in the first half or the second half of the month, and if you were an elevator and were holding a certificate for placement in the first half of April and it is not placed by the 15th, we have to pay you a fine.

Chair Weeding asked if he had made the statement that either the COT car or the tariff car could be guaranteed. Mr. Keim said there are guaranteed cars that are not a COT certificate. COT certificates are floated out on a trading market like a commodity market, and they can put up 40% of their fleet on that. The rest of their fleet they can break down between the tariff and guaranteed. A certain portion of the balance of that 60% is available to shippers on a guaranteed basis. You, as a shipper, could call up and say you would like to order some cars but would like to guarantee a placement of those cars within a certain time frame and ask what they could do. B N would then quote a rate based upon adequate guarantee of premium for guarantee. The reason we ask for a premium on the guarantee is because it puts us on the line, if we miss that guarantee date we must pay the shipper a fine.

Mr. Keim said there was testimony entered that there were COTs going at three times tariff or whatever. The railroad does not necessarily participate in that. He said it was not the RR that was making the money on the COTs. They put the initial COTs out for bid and they know there are certain times when there are COT certificates that go to the highest bidder and can be bid at 5% tariff or 10% tariff, or at 95% of tariff. He gave the example of someone buying a COT certificate and had bid at 104% of tariff and you received a certificate for January. You might decide you did not want to use that certificate and would go to the secondary market and put it out on the market, and someone else needs it and buys it at 110% tariff which gives you a profit on it. There is a whole secondary market out there and the RR is not getting the profit on this mark up.

Chair Weeding asked if the RR has a record of who buys that initial COT and was told yes, if he sells it, the buyer must let us know who he buys that COT from so we know who is the holder of that COT.

Chair Weeding said he was curious as to whether there is a speculation market out there between the grain industry and the RR that is buying these certificates in anticipation of this Canadian grain and selling it to those buyers. This could be part of the perceived problem of Canadian grain getting preference over Montana grain. It appears that someone is able to get the cars and trains, if they are dealing in a Canadian product. He was wondering where these trains come from that enable the grain to be moved. Mr. Keim said he believed this conception was a blending of two unrelated things. You are blending the secondary market, which does exist on COT certificates and the cars moving Canadian grain. First, there is no secondary market being participated in between B N and the buyers of the COT certificate sold, we do not gain any more at that point. Whether it is Canadian grain or not, he would have no idea when the COTs are sold by the RR. If bought on a secondary market, he doubted if the seller would know if someone was buying the COT for Canadian grain.

Chair Weeding said he could buy COTs from the RR, then sell them to someone to make a profit on the side. Mr. Keim said he could do that, he would be speculating the same as on futures. Chair Weeding asked if they had any indication that this is being done. Mr. Keim said he felt there was no doubt this was done. It was probably done so cars could be floated on the market and some market value could be tied down on it and so they would have the ability to buy a guarantee from the RR when cars would be there and still have some fluidity to that guarantee so if they did not need the cars they could sell them to someone else. There is no question that there is a secondary market, but the RR does not participate in it.

Chair Weeding asked if the RR had any idea what the margin might be in this secondary market on speculation. Mr. Keim said they have no idea unless someone tells them.

Senator Bruski Maus asked what percentage of the cost of certificates that are sold are transferred to a third party and Mr. Keim said he did not know the answer to that question.

(Tape 2, side 1)

Senator Bruski Maus said she was concerned with the percentage of the actual certificates sold which are eventually transferred to one or more persons. Mr. Keim said he would suspect someone, someplace, has those figures but he did not know the answer. He said he would see if he could find out. He said he would also suspect that the figures would vary from week to week and month to month.

Senator Bruski Maus said she lives on a different route of the B N

than most of the others here and would like to know what percentage of these different certificates go to different routes. She asked if they were divided by northern-southern routes, lumped together, divided by regions, by elevators or what. Mr. Keim said they are lumped together by geographic area. They are generally administered by cars in geographical areas. Those cars where the normal movement of grain is gulf coast would be in one geographic area, and that would be cars coming out of Kansas, parts of Nebraska and Missouri and those points south. The others which would include cars coming out of the Dakotas, western Nebraska, Montana, Minnesota are California cars and are in a separate fleet. He said she would be in the same basic pooling arrangement as Shelby, Havre, Three Forks, etc. Additionally, if they see one pool having more demand than that of another pool, in order to try to equalize they may flow cars from the Gulf pool to the Northwest pool for example.

Senator Bruski Maus said the reason she had asked is because the southern route in Montana is primarily a coal route. She said she did not see many grain trains going through town and wondered if there was that much less grain grown in the southern area than in the northern area. Mr. Keim said in the area near Wibaux, most of the grain seen going through there would be out of North Dakota or Minnesota. Grain originating out of the eastern half of North Dakota and Minnesota would go up through the Highline area on the primary route.

Senator Jergeson told Mr. Keim he had said COTs had become very popular in Montana and as Mr. Giacometto testified, we are known as the captive shippers, or at least we have market dominance. If they are not so popular somewhere else, is the reason they would not be so popular in Kansas because there is some competition between the shippers there, that they can expect a delivery of tariff cars better and the elevators here feel they have no choice but to get into the COT market in order to get the trains they need. Mr. Keim said he did not mean to portray that COTs were not popular elsewhere, though they do find that shippers out of Montana and Denver make more use of them than in other areas. The psychology of why this was true, but did know they have very good COT placements in areas where there are competing railroads also. Some of the other railroads in those competing areas have success with COT placements in those areas also. He said he did not know why the shippers would prefer COT orders in place of the others.

Senator Weeding said there is a lot of concern with stored grain. His figures indicate there are some 26 million bushels under loan as of February 25. He had talked to several ASC boards, including Glacier and Hill County and they told him there are a lot of people putting grain under loan every day. It has been there all winter and they have not been able to market it yet so that figure is probably quite conservative. With the glut that is out there that may be up to 35 or 40 million bushels of stored grain. He asked if

the RR would be able to get that out of the system before another harvest comes in. Mr. Keim said he wished he could answer the question, but it would depend on when that grain was to come out. If the grain come out right now, it would be a big problem. If it comes out scattered through the summer it wouldn't be a problem at all. Having been familiar with this area since 1984 he was impressed with the huge amount of on-farm storage space that exists in this area. He said it was difficult to tell what would happen since he did not know when the grain was coming out or what the government policy would be.

Chair Weeding said there was 35 million bushels and that is wheat under last years loans that will be expiring by July 1, so there is only 3 months left to move it. Mr. Keim said sometimes that wheat could move out right now, depending on what the loan rates are, what the prices are, what the government does and sometimes that wheat stays in the bins for 2 or 3 years. He said when he first came here in 1984 they were still moving out 1970 grain in some instances. Chair Weeding pointed out that there was a resale program then and there is none now unless there is an emergency one.

Mr. Munson said that he had made a study of the question of resale and would like to make a comment. He said on this grain, it has been announced by USDA that these are 9 month loans from the time you take them out and there will be no resale or extension as of today. There is always the possibility that the Secretary of Agriculture of the USDA has the potential to extend 6 months beyond maturity date. That is the total legality the Secretary of Agriculture can give to move that freight. As of today there is no extension and there is no talk of giving one. These 91 or 92 reserve grains will mature and there is roughly between 35 and 40 million bushels as of February 30 and will all come due because there is no resale. He said when the market is \$2.10 a bushel and is the price they are offering and the loan price is \$2.47, it is obvious which channel that grain is going to move into. He said he did not believe the banker is going to come along in July, August or September and say buy the grain back at \$2.47 to haul it to the market place at \$2.10. If things don't change he will say they are not in the grain business, deliver it because you have another crop raised at the same time.

Bob Hellinger, a farmer from Devon, said on the COT car subject, he believed the big problem was that the elevators that handle the Canadian grain have a much higher margin and are able to bid for these cars. Our friends that are not handling Canadian grain are not getting any cars and don't understand why, but the problem is that they can't bid high enough for them.

Elmer Gwynn, Havre, said he had rushed down to the Harvest State's elevator and asked him why he wasn't up here and he said he didn't know a thing about it. He said he could understand that because it

did not appear in the Havre Daily, it was on the radio twice that he heard and was mixed down in a class of music he does not listen to.

Chair Weeding said he had released the information to the AP and to a few of the local stations and pleaded with his local elevator station to be here.

Note: At this point in the tape names were not given and some of the questions were impossible to hear.

Someone in the meeting asked on the cars they brought up from Canada, did B N lease any to them. Mr. Keim said B N has had a long term contract with the Canadian railway on a certain specified number of cars. During a certain time of the year, which is during the earlier part of our grain moving season in September through January or February they have historically had cars down here. They called those cars back home early this season and our cars have to go up there about now. He said in regard to B N placing cars in Canada, he did not think they could since their rates do not apply in Canada.

A question was asked about the difference in freight rates, some to Portland and some to Texas and Mr. Keim said he did not know what the difference in the rate is. He said they had requested that the grain industry put in some rates that go to the Texas feed market and is some of what you are seeing.

Mr. Keim said he would like to respond to a couple of previous questions. Mr. Paul had raised the question as to whether the B N was sending cars for Canadian grain and not for U. S. grain. He said they do not know whose grain is being loaded. All they know is that an elevator has ordered cars and we do not know where that grain comes from. He also referred to his remarks on geographic allocation and said they do try to send cars to states equally when they are in a shortfall area. In regard to the remarks on subsidizing truckers to haul to Butte so shipments could be made on the UP, he wished them luck since he had spent some time in Oregon a couple weeks ago and they had told him their greatest problem was trying to find grain cars on the UP RR.

Mr. Keim said in answer to the question of how the truckers would like to get the same government subsidy the B N receives, he doubted that it would help since B N does not get a government subsidy. He said he did not know of any railroads in the United States that are subsidized by the federal government.

Stan Knudson, a farmer west of Havre and a retired railroad worker said he had worked under Pat Keim until he went to Helena. Starting back when the Great Northern Railroad had stock cars, the stock men wanted to ship cattle and would order cars and ask for a certain day. The stockmen would deliver cattle to the stock yard

and there were no cars there. They would call and be told they would be there tomorrow, the next day and the next were repeats and working on the railroad he knew they were spotted down the road 20 or 25 miles. On the B-2's, back in 72 and 74 when we had all the grain hauled out of the Plentywood and Scobey area on the grain that was called in and sold to Russia, we would load between 40 and 150 cars a day out of that area. Then come the C-6's and that really helped but none of the elevators were equipped to load the C-6's. Their spouts were too small and too low. They had to build new elevators and the price of wheat went down a dollar so the elevators and grain companies could pay for the new elevators and C-6's. Then come the lease cars which the B N, at that time, tried to get the elevators and grain companies to buy and every elevator bought 15 to 30 of them. During the dry years these lease cars were put on a siding and held there for 2 or 3 months. The grain companies were looking for the cars and couldn't find them. They were spotted on a siding somewhere and the B N was using their own cars so they could make a rental. Then came the COT trains and he knew the grain companies would lower the price of grain 10 to 15 cents where there was no competition to pay for the COT trains. The B N is in the transportation, they don't care where they haul it or how many trains, they just want to haul the grain since they get paid per car. This is a monopoly the grain companies are putting on these COT cars and that is how they are paying for them. In Kansas where there is competition and that is the reason the COT trains are not moving down there.

Mr. Knudson said he wrote a letter 10 years ago to the Dept of Transportation and one to Mr. Keim when he was a superintendent here in Havre. He asked why an empty grain train couldn't get the same turn around as loaded or as a piggy back trains. He said he got shot down in a big way. Loaded trains they pick up in 2 or 3 days from the time they are loaded and he has seen empty trains come back and sit in Shelby or Havre for a week or 10 days. Sometimes they sit in the yard for 3 or 4 days before they get spotted. He said this last winter there were 5 trains stuck down in the Big Sandy, Box Elder way and they sat there for a month or a month and a half. Three weeks ago there was a loaded train sitting out here at the junction for nearly 3 weeks. He said he had pictures of that train and the RR could bring up information on the computer that would tell you how long that train sat there in one spot. The reason they said it sat there was because of no power. They got rid of the diesel shop with all of 600 or 800 jobs here in Havre and then claim they have no power, yet he had sat over there many times and seen diesel units put in storage to get tax revenue back to the company. In the meantime they leased engines from other railroads. He said he hauled over the highways from Havre to Turner and Shelby. The commissioner who talked about the Turner road was telling the truth, the road is like a wash board. Between Harlem and Havre it is the same way, it is starting to heave. The farmers in the Big Sandy area truck up to Rudyard to unload and the secondary roads are deteriorating

there.

Mr. Knudson said the number one deal on the movement of grain is price. If the price is high enough at harvest time, we will sell our grain, but 9 times out of 10 it is not high enough and we put it in storage on the farm and wait for the price to go up. The price came up about December, we started selling, and ran into the shortage of cars. He said this has happened every year for the past 5 or 6 years, and as soon as the weather gets cold they are short of power on the railroad. The rates in Seattle are whatever is settled in the conference room out there. Car orders are also manipulated and applied to different elevators. He pointed out that this was a sad deal. He told Senator Bruski Maus that he believed most of the grain trucks going through her area was corn coming from Iowa, Nebraska and the western part of Minnesota. Some of the spring wheat would go east, but most of the winter wheat would go west because of the rates and the demand is not sufficient for going into the twin cities.

Chair Weeding said the Canadian representatives are present and he believed it was time to ask them about their intentions in the future what can be done to alleviate the immediate problem, and also to determine what we are looking at in the days to come.

Mr. Clifford Weber, Edmonton, Alberta, with Alberta Agriculture, said they could answer questions generally in pricing in both incidents.

Chair Weeding said our concern is more toward the traffic we might expect in the future. Noting that the Canadian trade has increased almost geometric each year since the signing of the Canadian Trade Agreement 5 years ago up to close to 100 million bushels today coming in to Montana, what do you see happening next year and the year after that. He asked if they see any leveling of that. Mr. Weber said this year is unique in some instances. They had a short corn crop and a crop that was weather damaged where we have a lot of feed grains. There are areas the Canadian grain is servicing. He said he did not know to what extent they would get a corn crop next year, nor did he know to what extent they would have a feed grain crop themselves.

Chair Weeding said this year's import from Canada is about twice last year and three times the year before, so last year wasn't Canadian weather damage. He asked if he foresaw about the same as this year, were they going to rebuild their system or is it the intent of the Alberta people to market to the south rather than plowing money into Canadian system and your conditional markets. Mr. Weber said he believed their rail system is not in the condition indicated. He said they have a lot of branch lines which they are in the midst of rationalizing and down sizing. The same thing is happening in Minnesota and other Montana, Idaho and similar states. The majority of their grain still goes for export

on the west coast from Alberta and he suspected this would continue. He suspected there would also be grain moving south and that is dependent on a number of factors. Prices in the United States, the value of the Canadian dollar relative to the U. S. dollar, marketing opportunities, qualities of our crops etc.

Chair Weeding asked if there is a substantial profit motive driving Canadian grain down this way rather than taking it west and Mr. Weber said he could not answer directly but would have to anticipate that is part of the reason they are down here. The price of grain as well as low value between (?).

Chair Weeding said the decision to ship down here versus Vancouver or Hudson Bay or places like that, rests with the Province and asked if he was correct, that this was not a farmer's decision. Mr. Weber said the movement of grain is based on where the sales are made, and for wheat and barley, that is made by a decision made by (?) in consultation with the buyer agreement. If it is Japan, Japan would take it on the west coast and if it is Europe, they would take it on our east coast. For grains other than wheat and barley, that is made by the elevator company. Cargill, etc.

Chair Weeding said that would be the Cargill etc. decision that it were to debark at Portland or Idaho or wherever it were to debark and Mr. Weber said, certainly for Canola and what they call their non-board rates, non-wheat and non-barley. Wheat and barley is handled by Empire Grain and Wheat Board.

Chair Weeding asked who made the decision to say it goes to Portland, for instance and Mr. Weber said for wheat and barley it would be the Canadian Wheat Board and where they are buying or selling to. If they were selling to a beef company in California, the company in California would determine where the grain was going. If they were selling overseas to a buyer, the Canadian Wheat Market would determine where the wheat and barley goes.

Chair Weeding asked if the Saskatchewan Wheat Board makes these kinds of transaction decisions also.

Bernie Churko, Regina, Saskatchewan, Saskatchewan Highways and Transportation, said what Mr. Weber indicated would apply equally in Saskatchewan. The board grade wheat and barley are handled by the Canadian Wheat Board, which is a national agency and is for the provinces that do not have direct influence in it. The non-board grains such as peas and lentils, that is handled by the individual private elevator company, whether it is a Cargill, Pioneer Grain, or whoever it might be. They would make the decision as to moving and how the moving would take place. He said we talked about our railway system. In the last decade or 15 years there has been a vast investment in that system, primarily in the main system going west, but roughly a billion dollars was spent on the branch line system on rehab, so in relative terms, the rail infrastructure is

in good shape. There has been considerable reconsideration about what the system should look like in terms of consolidation and rationalization, and we see that in the elevator system as well as the rail system since one follows the other so if there is a disaster in one it can fall on the other. He said some of the concerns today in terms of roads and are of concern to them also.

Chair Weeding asked if their rail system is as under utilized as ours is over utilized and Mr. Churko said in terms of utilization of car equipment, they are suffering the same kind of thing at the present time. He had talked to the general manager of the grain corporation and they have the same situation. They have 1,000 cars that are in grain service. He said handling is down about 8 1/2% this year over other years. Car cycle times are better, and in the first half of the '92-'93 crop year it was about 22.2 days, we are down to 19.6 now on trips going to the west coast etc. Our movements going to the United States is up by 145% and the car cycle on those are probably an additional 10 to 20 days, depending on what location it is. We had a car shortage and will probably lose about 4 million tons (sounds tawns on tape) because of shortage of car supply and that is times 40 which would be 140 or 150 million bushels.

Chair Weeding asked if he were saying their shipments to the United States are in the 20 days longer turn around than they are for the traditional Canadian ports and Mr. Churko said that was correct. He said he did not have the data with him but could get the reference for him. His recollection was that it is probably 10 to 20 and had heard as long as 70 days longer.

Chair Weeding said they have quite a sacrifice in turn around time to be able to market the product here in the United States. Mr. Churko said their numbers would indicate that it is certainly a higher cost at the U. S. port than it would be at the west coast.

Senator Jergeson asked if the Canadian representative was just associated with rail transportation or with truck also. He asked if the rail numbers are up that much how much the truck numbers are up and what kind of a freight rate are you giving the truck companies. Mr. Churko said his position with the Highways and Transportation falls on the policy and program side and he does have responsibilities for both. In terms of the trucking issue, they do not have any involvement in terms of what rates might be involved with trucking. They have the control of the weights and dimensions and some of the weights we are talking about, in Shelby for instance, are standard on the majority of our system. It is combinations for vehicle and trailers and axle weights for about 35,000 lbs and a tandem, for example, is very standard for across Canada. Those weights are standard and as far as freight rates, very little grain from our province of Saskatchewan will move to either Thunder Bay or Vancouver by truck, it is virtually all railway.

Senator Jergeson said the question he had in his letter to Chairman Weeding related to trucks that are hauling grain down, where they are buying their fuel, whether they are paying motor fuel taxes in the provinces or in Montana and whether or not that revenue is available for repair and reconstruction of these highways for this traffic. He asked if there are recent proposed agreements between your province and Montana in respect to motor fuel taxes, or does a trucker fill up hauling here for Frontier, for example to Harlem, does he fill up in your province, haul the grain down and back and we never get a penny out of fuel tax on the trip. Mr. Churko said his province was; he believed, the same as Alberta but suggested Senator Jergeson ask the Alberta representative also. He said according to the National Registration Plan, there is a cost sharing of the registration fee, depending on mileage. This is for commercial transport, and depending on the mileage one moves in different states or provinces, there is a prorata of the registration fee that would apply. He said, as he understood it, they are becoming members of the International Fuel Tax Agreement. He did not believe they were members at the present time, but they have legislation where they would collect the tax here and he believed there is some arrangement with Montana. He said by January 1, '95 they will be members of both, so there will be an arrangement of sharing the fuel tax, depending on the mileage and he believed Montana is a part of that agreement.

Mr. Churko mentioned that he comes from Saskatchewan where their fuel tax is roughly 35 or 40 cents per gallon, so if he were driving a truck and had an option, he would not be filling up in Saskatchewan. He referred to Highway 241, the highway one of the gentlemen mentioned the difficulty with, and said as a highway agency they had the same concerns. Most of the highways north of Havre and Malta etc. for many miles north of the border is the same kind of quality. Some have 3/4 of an inch of pavement on top of a road which might service cars, but for trucks they are not adequate. He said they also have these concerns, and the fuel tax collected from the trucks is not going to come close to covering the cost of the reconstruction. Even if they can find some mechanism in their province of collecting that fuel tax and trying to dedicate it, they wouldn't have sufficient money to cover that.

Senator Jergeson asked if the province of Alberta would like to respond to this also.

Victor Hamm, Alberta Department of Transportation and Utilities, said he would echo the statements that Mr. Churko had just given from his province. He said he believed Mr. Galt could speak to whether the same also applies to the state of Montana. They are members of the International Agreement on Fuel Taxes and on Registration fees. He said the only other comment he would make is don't forget that the agreement between the province of Alberta and the state of Montana for the reciprocal weights is reciprocal and also covers all the U. S. trucks on the same haul. It also

includes essential hauls into Medicine Hat, where U. S. weights and dimensions are permitted.

Chair Weeding referred to the statement the County Commissioner had made in regard to the Turner road, which is a road maintained solely with SOS (secondary funds that are designated to the Counties for whatever they wished). There is really no reason why Phillips county would want to spend their money upgrading that road just to accommodate the Canadian wheat traffic coming down there. He asked if the province be amenable to cost sharing on roads in certain instances on those that were primarily used for grain being hauled down here.

Mr. Hamm said he was sure the province of Alberta would be amenable to any form of reciprocal agreement, whereby Montana may wish to maintain some roads in Alberta.

Chair Weeding said he suspected it would have to be a trade of some sort, but he it seemed the traffic at this point was 90% this way and 10% the other way.

Mr. Hamm said he could not be expected to comment on how Montana allocates it's funding, and in Alberta they have their own system of funding secondaries which is a little different, but in many respects is very similar.

Chair Weeding said he understood but the County Commissioner was not inclined to commit their county funds to maintaining a road that goes to pieces, basically, with your traffic. Our Legislature also, is not likely to spend a lot of our state dollars on those roads and they tell me that something substantial is going to have to be done with them or they will be mere trails.

Tape 2, side 2.

Note: This part of the tape was very difficult to hear and understand. Chair Weeding was discussing the road conditions and said they would be very difficult to maintain. The Canadian representative said he could not make any comments on Montana's state highway system.

Senator Weeding said he knew that, but could foresee some international agreement where the Canadian province would have to discuss problems like this on a regular basis. Mr. Hamm said there is a forum for this and that is the Montana/Alberta Border Advisory Committee which meets on a regular basis. Agreements like that are discussed at that forum, it is largely a political body and it could be taken up with the Montana representatives to see whether or not it could be discussed.

Mr. Hamm said he had brought up NAFTA under transportation and asked if the representatives could remind us what agreements Canada

made with Mexico because he wondered where the United States got put in or left in this disagreement. He said he personally would like to know. There were three agreements signed, and pointed out it was in the Calgary Herald in May of 1994 and he would like to know what the agreements would tell us. Mr. Hamm said he was not aware of any agreements made between the province of Alberta and Mexico on any road issue whatever. He said if there are some between Canada and the Mexican government he was not aware of them.

A Canadian representative said the province of Alberta cannot make any international agreements, only Canada can do that.

Mr. Churko said he would like to comment on some of the questions that had come up. In regard to the issue of combination of our roads, he said from his province's perspective, they believe that is long over due. They spend a lot of time talking to their sister provinces, Alberta and Manitoba and any road that is important to both of us, we are both aware of what we are doing and believed this should also be done between the two countries. We do have a trade agreement with more and more traffic between the two countries, and should sit down and look at what seems to be ahead. He said both countries should be better off as a result. He said from their perspective they would be happy to sit down with the U. S. Government and talk about those kinds of issues and see what might be done together.

Mr. Churko said another question which he was unable to confirm since he got the information from one of his staff, was in relation to a question. He understood when NAFTA was signed, one of the various organizations established to implement that, was members made up from the government of Canada, the United States and Mexico to sit down and talk about some kind of common regulation for trucking. He said he understood there was some preliminary agreement on something, but he knew no more than that, but believed that might be the issue that showed up in the Calgary Herald.

Chair Weeding thanked Mr. Churko and said if nothing else came out of this meeting, he hoped some ground work had been done for some interaction in the future. With the trade going back and forth it appeared to him that it was advantageous to both to get together once and awhile to discuss problems.

Art Kleinjan, Chinook, referred to a statement that the SOS, (Save our Secondary Funds) was used for maintenance to fund that secondary 241, said that was a one time shot only. All other maintenance is born strictly by the Blaine County residents.

Mr. Paul said with all due respect to our friends from the North, it is absolutely ridiculous to stand here and talk about reciprocal agreements. The gentleman from Alberta made the statement that in Canada we do things the way we do and in Montana, you do it your way. The truth at this point, and what some of us are trying to

change is that in Canada you do it your way and in Montana, we do it your way. All of the basket has been yours, and he doubted seriously if there are any Montana trucks pounding roads in Canada. He asked if this was true and said they knew as well as we do that there is no grain going north. There are no Montana heavy trucks filled with grain pounding roads up there out of the grain sector.

A Canadian representative asked if he referred to all heavy trucks or just heavy trucks hauling grain. Mr. Paul said heavy trucks hauling grain. He was asked about heavy trucks hauling other commodities and Mr. Paul agreed there were heavy trucks hauling other commodities going to Canada and said they appreciated that. Mr. Paul stressed that the people were here today to discuss the grain hauling. These people are grain people, and perhaps both our friends from the North and the Montana Transportation people here need to hear that a lot of the agreements being put together, may in fact help truckers from other states but so far it has not done any good for the people that are in this room. We appreciate and understand the issues on the North-South corridors etc., but are saying today that we want to talk grain issues. He suggested if they want to talk about reciprocal agreements and all the trucks going up there, we need to categorize it since you do not see any Montana grain going north.

One of the Canadian representatives said you do not see much Montana grain going north, but how many Montanans use fertilizer on your fields. He asked if they had any idea where that fertilizer comes from, and said it is primarily being hauled on U. S. trucks out of Medicine Hat, Alberta, which is the other half of the reciprocal agreement. This is not grain, but is grain and farm related. Mr. Paul said we were importing something we need and are also importing something we don't need. He said he had stopped at a scale house and asked of the total truck traffic you see on the interstate, what percentage do you think is Canadian. The reply from the people at the scale house was their estimate off the top of their heads was about 70 to 80% of the trucks that go down the interstate now are Canadian plated. He believed this was to the Canadian's benefit, and they should be applauded for the good job they have done for helping that situation out from the Canadian side. It does not help us on this side of the border.

Mr. Paul said he would like to see a dilemma coming that he believed should be addressed here. Most of us are used to seeing a lot of B N cars come into the state at harvest and post harvest that run through most of the winter and haul the crop out of Montana. At that time we expect to see the grain cars disappear because they circulate back to the South. Normally those cars are here and haul our crop and then go somewhere else to haul something else in the nation. His question is, the crop that got hauled this year, that is being hauled now, is really the main crop and all those wonderful grain bins referred to earlier are still out there

and are still full of crop. He said those bins are somewhere else in the country, these guys have crops to move and are in the midst of growing another crop, and the Canadian grain is still coming down. There will be about a 3 years crop by August, and asked if the B N has enough cars to move this much crop out. He said no one was to blame, but they just wanted to know how this would work.

Mr. Keim said normally when you look at grain movement, there are peaks and valleys. We generally start up in July and peak around Christmas through February and start tapering off in March, then really taper off in April. In the slack period we generally lease back some of the cars or put them in storage. We start bringing them out of storage to take care of the cycle again. He said to answer the question, they may not be turning back as many of those leased cars, but cannot answer the question. He said his "gut intuition" is yes, they will probably have a shortage.

Note: Some noisy discussion here which apparently indicated there would probably be a shortage, and if Mr. Keim knew what the total grain hauling would be he might better be able to answer the question.

Thomas J. Barnard, Helena, Montana Highway/Transportation, Administrator of the Highways Division was asked by Chair Weeding to respond to some of the highway problems. Mr. Barnard said a couple questions came up earlier that he would try to answer. The question of the Canadian Super B's running to Shelby paying their fair share. He feared his answer could confuse the issue even more, but the Canadian Super B's are paying a fee that is fair in comparison to Montana equal size loads. In designing roads, they use what is called a damage factor since certain types of trucks do a certain amount of damage to the highway system. Trucks are basically what you consider when you design a highway and they do not consider cars as far as structural strength is concerned. Many studies have been done, and one truck that is legally loaded does the damage equivalent to about 8,000 cars. Canadian Super B's, in fact, do more damage on our roads where involved, than legal size loads in Montana, but at the same time they are paying a higher fee. It is true, when you look at all factors involved, that the amount they are paying, is a fair share in comparison to Montana legal size loads. He said the question could be asked, if that is true, why can't you let heavier trucks run statewide. The problem is that our highways were not designed for those heavier loads, and secondly, here in Montana, we have about 80,000 miles of public roads and only about 800,000 people to support it. We have many miles of highway and would say nearly all of our highways do not have enough traffic volume on them, cars and trucks both, to generate the revenue it takes to design and build highways to current standards and to maintain them. He pointed out that the Canadian truckers were paying a share equivalent to what the Montana trucks are paying, but are not paying the true cost of keeping the highway system up. He said there is no way, even with

the federal government subsidy, that we could build and maintain highways up to standard.

Mr. Barnard referred to Highway 241, north of Harlem, and said this again is a case where the county had a limited amount of secondary highway funds. Rather than pave the road when it was reconstructed, double shot was put on it, hoping someday there would be enough money to go back and pave it. It was never designed in anticipation of the grain traffic coming in from Canada.

A question was asked, if that highway was not designed for that kind of truck traffic, why can't some kind of a restriction be put on that highway. Mr. Barnard said the county can put restrictions on that highway, and have done so down to 350 lbs. He said what the county is faced with, is that there is also a need for the local people to haul over that highway. You would not only restrict the Canadian traffic, you would also restrict the Montana traffic where locals have no other choice to get their grain to market. The gentleman who asked the question pointed out that the Montana people were paying taxes there and there should be a difference between Montana traffic and Canadian traffic.

Chair Weeding asked if the GVW was prorated and was told he believed it was. Mr. Bernard said Canadian trucks paying the prorated are buying a proportionate share of their fuel here in Montana, they are contributing the same equivalent amount as the Montana trucks, but it was not enough to support maintenance of the roads from either.

Chair Weeding said we are getting 8713 federal cost share to match our Montana dollars and Mr. Bernard agreed. He said Montana is getting about \$2.25 for every dollar Montana pays in, and if not for that we would be in worse shape.

Mr. Galt commented on the tax structure. He said between Alberta, Saskatchewan and Montana, fees are prorated. Agricultural fees for farmers is a different agreement, Saskatchewan and Alberta farmers are allowed to come down here and Montana farmers are allowed to go up there without paying additional fees. The GVW fees on all the commercial traffic is prorated between the three, and when it comes to fuel tax, Alberta, Montana and members of IFTA (International Fuel Tax Agreement), is the same. You pay taxes on the amount of fuel you burn on that state and jurisdiction's roads. Saskatchewan, since they are not a member of the IFTA have to deal directly with tax division, and honor paying fuel taxes, whether or not they buy fuel here, for the miles they burn on our roads. They are subject to filing tax returns, etc. The taxes are being paid, so far as they know, by both provincial truckers as well as Montana truckers as well as North Dakota on an interstate.

Chair Weeding asked if this is based on fuel on trip reports and Mr. Galt said yes. A Montana person can buy the fuel here, but if

he runs out of the state of Montana, we will have to pay the other state for the miles they burn in that state.

Chair Weeding asked the Canadian minister representatives of transportation if they like Montana, receive a federal subsidy for their transportation system. Mr. Bernard indicated we get \$2.25 of federal money for each dollar of state money and without that our \$1 is not nearly enough to maintain the roads. It takes the federal subsidy to do what we are able to do. He was told by the Canadian representative that roads are a provincial responsibility, they have to build them and they have to maintain them.

Another Canadian gentleman said for the most part, they pay for the road system, but there are ad hoc agreements with the federal government where they have paid on a one-time basis. He gave the example of one at the present time where they are getting \$35 million from the federal government over 5 years to do some 4 lane highway between two towns. (Note: could not get names from tapes) He said in general, although they collect about \$130 million a year tax revenue from the province, we get virtually zero back.

Chair Weeding asked if they do have a federal gas fuel tax and was told it was a liter, and was the excise tax on fuel. He said it did not go to the highway system since they did not have any dedicated tax system. He said in Saskatchewan they do not have a dedicated tax system, the 4 cents will be there that the federal government collects in excise tax. Most is general revenue.

A representative from Canada said one other difference was that in the province of Alberta, Alberta Transportation and Utilities is allowed to use only two revenue sources and must live on those revenue sources. Those sources are from fuel taxes and vehicle registration taxes, and on those we must build and maintain the highway system in the province. We do have a couple of very small projects where the federal government kicks in some roads, especially in national parks, and those are worked on a very small part of 1%.

Senator Jergeson told Mr. Barnard that in his letter to Senator Weeding he had a question of how we designate highways anywhere in Montana under IC or whether they are highways of national significance which impacts the federal match. He gave the example of highway 241 and asked what they would have to do if they were going to try to get the designation changed on that or any of the other highways that are being impacted by our federal government having entered into a trade agreement with the neighboring countries federal government. He said that makes these highways almost become of national importance and asked what hoops Montana has to jump through to get the designation of these kinds of highways upgraded. Mr. Bernard said presently Congress is in the process of defining the national highway system. When they passed IC 2 1/2 years ago, it provided for federal highways administration

and cooperation with the state to put together a plan designating the system. The only way you could change any of those designations is if we urge our Congressional delegation to push for a change. The types of roadways that can even request to be put on the national highway system is designated by what is called functional classification. It has to be a principle arterial route to even be considered, so you would have to start there to see if it could even be called a principle arterial route.

Chair Weeding said for the last couple years the eastern part of the state have talked about a north-south corridor from Alberta to Denver or to Mexico. He asked if that would fit into this "mind set" of national significance. He asked if they would consider the north-south needs in such a designation. Mr. Bernard said it would definitely be considered as they put together the final national highway system. He said they felt fortunate because of their work with the Federal Highway Congressional Delegation and got a lot more added to that system already than what they thought they would be able to get. He said the north-south route from Billings to Malta did wind up on it as well as the eastern route.

Chair Weeding said he believed it had been a fruitful beginning and though all the problems had not been solved, perhaps something good would come of it and felt there would have to be some follow up if anything meaningful were to come out of it.

Senator Jergeson said having helped to precipitate this meeting he would like to thank everybody for their attendance and thank the folks from the provincial governments of Alberta and Saskatchewan for a meeting for which you might have gotten grilled even harder than you were today and been willing to face that. He thanked all the people for their testimony and said he would also like to thank the Hill County Commission for having permitted their secretary, Ms. Nichols, to be here and help keep the recording of the meeting and take notes on what was said so the Legislative Council can draft the transcript of this meeting. He said hopefully they would like to have the transcript presented to the International Trade Commission hearing scheduled for April 8 in Shelby. He did not know if they would consider this timely for their deliberations, but would ask that they get the information and the testimony entered in the record at that Shelby meeting.

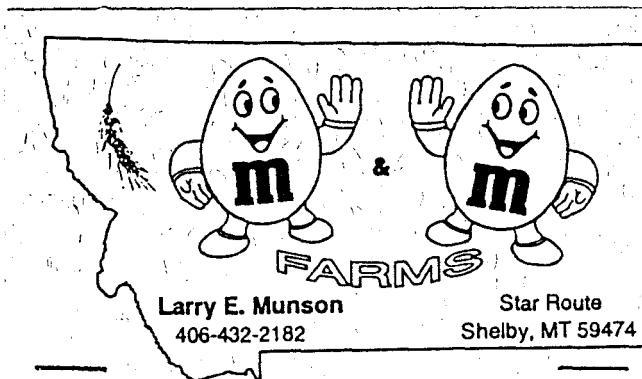
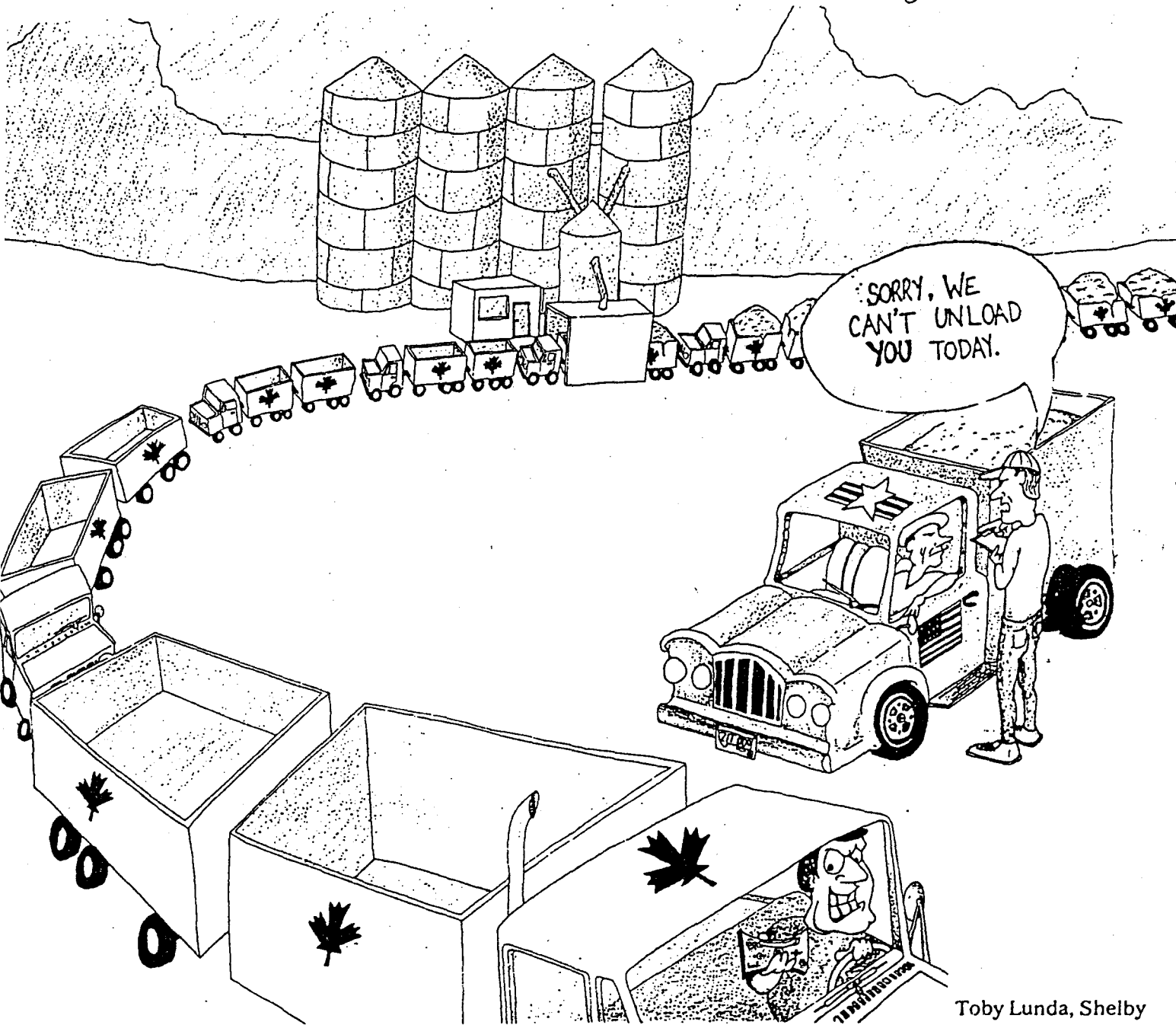
Senator Bruski Maus said she believed they were all working for the same goal so far as free trade, and said they wanted not only free trade, but wanted fair trade. She said she believed fair trade was the key to the problems with both the highway and railway problems.

Chair Weeding thanked the people for coming out, thanked the Canadian people for their two attempts to make it to a meeting, and said we will expect to meet with them again for discussion.

The meeting adjourned.

A handwritten signature in cursive script, reading "Cecil Weeding", written over a horizontal line.

Senator Cecil Weeding, Chair
Senate Highways and Transportation Committee



My name is Larry Munson and I am a wheat farmer from the Shelby area. I am speaking as an individual with no group or farm organization affiliation.

The thoughts I want to share at this hearing on transportation of grain in Montana are:

1. There have been plenty of railcars furnished to the highline, but they haven't been used for hauling Montana grown wheat and barley, but rather Canadian grown grain. According to U S Customs figures, from Jan 1, 1994 until March 13, 1994, there have been 2787 grain trucks enter the United States at the port of Sweet Grass. This translates into approximately 4,725,000 bushels of wheat and barley that have entered the U S market place. It has already been announced that in the future all grain from Canada will be entering Montana at Sweetgrass and hauled on I 15 to destination points for distribution. Because of the low market price and the problem of not being able to deliver to market because of the influx of Canadian grain, there has already been 10,046,218 bushels of wheat, and 1,447,296 bushels of barley, from the 1993 crop placed under the USDA loan program in Glacier, Toole, Liberty, and Hill counties. I want to know--how are the elevators and railroad going to deal with loan grain that matures from July 31, 94- Nov. 30-94 plus the grain that has not been placed under loan that may be sold and also considering this is harvest season in these counties and there will be even more additional bushels to contend with?

2. I quote from the February 20, 1994, issue of the Great Falls Tribune from Vince Goecke, Montana branch manager for Columbia Grain International Inc., "Columbia and other companies secured an affordable freight rate to ship wheat to major cattle feeding areas." I want to know--"What is the rate they are paying to ship Canadian grain to these feeders in comparison to what our freight rates are--and when are we going to be able "to secure a rate that is affordable to us"?

3. I am not opposed to upgrading roads per say, but I AM OPPOSED to using my fuel tax money and tax dollars to upgrade roads to facilitate importation of products that support unfair trade and are in direct competition with Montana farmers and businesses. In plain English, I do not think my tax \$'s should go for road repair to facilitate importing a product we already have too much of and the importation continues to depress our market and affect the livelihood of our farmers and mainstreet Montana!

4. Lastly, What role is to be played by the United States and Montana in the three recently signed agreements by Canada and Mexican transportation officials to improve commercial transportation between Mexico and Canada? (Refer to article in Calgary Herald, March 1994)

Thank you for your time!

A group of private analysts forecast Canadian imports for 93-94 equal to about 3.5% of U.S. production. According to Jonathan Schlueter, Executive vice president for Pacific Northwest Grain & Feed Ass. Inc. in Portland this is "A MERE TRICKLE THAT DOESN'T AFFECT PRICES IN MONTANA."

. My idea of a mere trickle of grain into Toole County in Montana is slightly different. In the first 72 days of 1994, 839,617 bu. more were imported into or through Toole County, than 1993 bushels of grain placed under loan in that county.

HOW IS OUR GRAIN GOING TO BE DELIVERED ANYWHERE?

WILL WE NEED BETTER ROADS IF THEY ONLY LEAD TO GHOST TOWNS?.

Commodity Loan Final Summary Report

as of February 25, 1994

	1992 Barley	1993 Barley	1992 Barley Reserve	1990 Wheat Reserve	1992 Wheat	1993 Wheat
BEAVERHEAD		50,763		7,200		93,675
BIG HORN		13,228				395,546
BLAINE		24,903	139,000	41,558	21,300	468,964
BROADWATER		34,502		17,848		475,117
CARBON				5,257	7,350	6,500
CARTER						85,430
CASCADE		108,184		11,012	16,464	1,077,744
CHOUTEAU		724,897	74,086	267,114	22,986	2,434,654
CUSTER		4,300		21,754		20,088
DANIELS		30,127	26,136	48,795	167,577	1,383,651
DAWSON		26,607	33,645	19,364	38,095	274,423
DEER LODGE						
FALLON		22,354				153,847
FERGUS		67,409	13,397	19,580	9,099	792,731
FLATHEAD		52,810				43,225
GALLATIN		55,553		50,208		113,302
GARFIELD		29,096				466,051
GLACIER	17,000	963,894	9,856	13,515	38,401	1,408,830
GOLDEN VALLEY						67,864
GRANITE						
HILL		94,807	8,600	289,339		2,481,798
JEFFERSON						45,700
JUDITH BASIN		121,762	32,230	51,135		407,420
LAKE		17,977	2,323		32,091	62,436
LEWIS & CLARK		14,570				51,401
LIBERTY		208,748	7,200	167,516	19,000	2,270,207
LINCOLN						
McCONE		13,858	5,285	28,522	10,400	208,851
MADISON		21,342				69,192

	1992 Barley	1993 Barley	1992 Barley Reserve	1990 Wheat Reserve	1992 Wheat	1993 Wheat
MEAGHER	72,349					82,750
MINERAL						
MISSOULA		15,072				15,804
MUSSELSHELL				2,946		49,887
PARK		19,994			3,750	46,651
PETROLEUM						
PHILLIPS		66,603	57,354	29,165	15,108	536,465
PONDERA	1,011	492,391	29,267	46,345	17,550	1,479,232
POWDER RIVER				1,664		54,778
POWELL		4,895				
PRAIRIE			3,437	3,298	8,975	111,346
RAVALLI						
RICHLAND		75,258	142,833	17,378	33,050	345,745
ROOSEVELT	5,500	22,668	9,245	33,610	80,908	534,086
ROSEBUD		4,150				158,090
SANDERS						1,625
SHERIDAN		26,280	43,316	101,633	102,959	739,069
SILVER BOW						
STILLWATER		20,154		55,396		157,951
SWEET GRASS						
TETON		641,572	2,290	53,012	2,067	1,413,380
TOOLE	22,000	179,847	73,585	203,527		3,885,383
TREASURE						
VALLEY	3,600	1,600		7,570	191,592	658,058
WHEATLAND			43,500		4,800	4,541
WIBAUX		6,259	10,208			124,836
YELLOWSTONE		17,311	3,000	2,476		353,731
TOTALS	121,460	4,295,745	769,793	1,617,737	843,522	26,112,055

2-20-94 G.F. Tribune

Some see opportunity in flood of Canadian grain

JACQUIE LONG
Tribune Staff Writer

Not everyone in Montana agriculture wants to put a cork in Canada.

As some farmers and grain industry representatives see it, Canadian wheat pouring over the border presents an opportunity that's being endangered by recent protests.



Some observers say the wheat coming south could be a key component in a future that includes a booming grain-handling system in Montana. They say the wheat could also add to the state's already-strong reputation as a dependable grain supplier and eventually help secure more markets and higher prices for producers.

"Sure, the wheat's affecting us adversely right now, but that's only a minor deal," said Winifred-area farmer and feedlot operator Robert Bold. "It's going to help us develop a market that ultimately is going to be



"This is one of the first big parts in that kind of trade relationship, and the grain coming into Montana is going to create jobs here."

— Vince Goecke

very beneficial to local producers." But many of Bold's neighbors don't share his view. And neither, apparently, does Montana's congressional delegation, governor or state agriculture director. All have supported a movement in Montana and North Dakota to block the imports.

At issue is an increased amount of wheat being trucked south, a phenomenon sprouted in part from the Canadian Free Trade Agreement. Contributing factors include a weak Canadian dollar, differences in the countries' marketing systems and shipping costs, and a need for feed grain in U.S. feedlots.

Last year, U.S. wheat stocks fell to a 17-year low and much of western

Canada's crop was frost damaged, lowering its value. U.S. prices, meanwhile, hovered near a two-year high.

At the same time, feedlots in Texas and California were seeking a source of feed, since Midwest floods left the U.S. corn crop 3 billion bushels short.

Vince Goecke, Montana branch manager for Columbia Grain International Inc. in Great Falls, says the opportunity became obvious.

Columbia and other companies secured an affordable freight rate to ship wheat to major cattle feeding areas. In November, Montana and North Dakota grain elevators began sending Canadian feed wheat south. Some farmers already were

irritated that foreign wheat was being brought in while they were producing plenty. Sporting "Put a cork in Canada" stickers, they staged several demonstrations at Hi-Line grain elevators to express their frustration with increased traffic from the north and low prices for their own crop.

But Goecke figures local farmers will benefit from the shipments, which may represent a major component in a trade corridor from Canada to Mexico that includes stops in this state.

"This is one of the first big parts in that kind of trade relationship, and the grain coming into Montana is going to create jobs here," Goecke said.

Bold, who also serves as secretary for the Montana Grain Growers Association, agrees.

Montana could be developed as a shipping center, resulting in more local jobs, new markets for crops in the region and perhaps cheaper shipping rates, he said.

"You're going to see a whole new string of grain-handling facilities if we can be assured of a steady crop supply," he said.

Bold also believes that southern Canada eventually could be used to demonstrate that the region has a

large, steady supply of wheat to feed a proposed ethanol production plant in Great Falls. The Great Plains Ingredients Co., which is planning to build a plant, declined comment.

Jonathan Schlueter, executive vice president for Pacific Northwest Grain & Feed Association Inc. in Portland, said the wheat sales won't stop.

"Like it or not, Montana is part of a world grain market. The days of local producers marketing to local grain companies are gone forever; they're a myth of the nostalgic past," Schlueter said.

He said if Montanans keep protesting, they could destroy the state's chance to retain the niche market it's captured in sending wheat south to feedlots.

"Do the people living and working in Montana want to let that business go around your state or do they want to capture some of it? Either way, the grain's going in move," he said.

A group of private analysts has forecast Canadian imports for 1993-94 at a level equal to about 3.5 percent of U.S. production —

See GRAIN, 2G

... 1992, Canadians spent \$101 million traveling in Montana, while Montanans spent \$68 million traveling up north.

While the pace has slowed in recent years, Montana has benefited from cross-border shopping by Canadians.

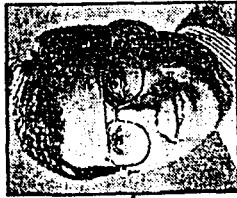
As trade develops, the state

1-20-94

Grain: Doesn't trouble area farmers

FROM IG
"a mere trickle that doesn't affect prices in Montana," Schlueter said.

Ledger farmer Walt Schlueter said a number of farmers agree, but most keep their opinions to themselves, not wanting to irritate neighbors.



"Trade is a back-and-forth thing; it doesn't just work one way," said Schlueter, who sells seed potatoes in Canada and also trades with his neighbors.

Other farmers note that while some in their ranks have protested the influx of Canadian grain, many use fertilizer produced from Canadian sources and have taken

says he would buy more Montana crude if it were available.

"They are just not maintaining the fields and keeping production up," Griffin said.

Canadian natural gas plays a big role in heating Montana homes and businesses.

wood-products trade surplus, Swanson says.

"We wouldn't be able to put out a newspaper every day if we didn't buy newsprint in Canada," said Barbara Henry, the Tribune publisher. "That's where the mills are and it's virtually the only place where it's available."

A spokeswoman for Agri-Distributing said "we probably see a few (Montana farmers) every week... It's enough so that their business is important to us."

Dick McLeod, of the agronomics division of Cenex Land O'Lakes in Invergrove Heights, Minn., said most of the fertilizer used on Montana farmland comes at least in part from Canada.

Canada is the closest source of potash, urea and nitrogen, key components for fertilizer, McLeod said.

advantage of lifted tariffs to purchase their farm implements from Canada.

Three implement dealers from Lethbridge, Alta., — Agri-Distributing, Australian Canadian Equipment Ltd. and Big Iron Farm Equipment — all said that it's not unusual to have Montanans buying implements and other equipment from their stores.

"They come up here regularly," Jim Wilson of Australian Canadian Equipment said of Montana farmers, noting they make up 3 or 4 percent of his business.

3-17-94 GF 1-26

Wheat, barley shipments up

Shipments of Montana wheat and barley to out-of-state destinations rose sharply last year over summer and fall of 1992, new figures indicate.

Wheat shipped out of state from June to November 1993, at 65.2 million bushels, was 65 percent above the amount for the same period last year, the Montana Agricultural Statistics Service said.

The big increases in shipments probably can be attributed to the size of Montana's 1993 grain crops. The wheat crop set a record at more than 200 million bushels.

Shipments to western destinations — mainly export facilities in Washington and Oregon — were 69 percent above the previous June through November period, the Agricultural Statistics Service said.

Rail movement amounted to 60.5 million bushels, up from 35.2 million shipped by during the same period in 1992. Trucks carried 4.7 million bushels, compared with 4.2 million the previous June to November period.

Meanwhile, Montana barley shipped out of state was 12.6 million bushels, up 59 percent from the same period last year, the Agricultural Statistics Service said.

Barley shipped west amounted to 10.5 million bushels, up 56 percent, while 1.8 million bushels headed east, up 59 percent from the previous year.

EX
3-25-
HIGHWAYS
TRANSPOR

Calgary Herald Mar 1994
to other stores but "ended up leav- you.

Canada-Mexico sign truck pact

MEXICO CITY (CP) — Canadian and Mexican transportation officials have signed three agreements to improve commercial transportation between the two countries.

Meanwhile, Foreign Affairs Minister Andre Ouellet said Canada and Mexico had agreed to push for normalization of relations between Cuba and its hemispheric neighbors, and an end to the U.S.-imposed trade embargo against the Communist Caribbean country.

At the end of the day-long 10th Annual Mexico-Canada Ministerial Commission meeting in Mexico City, the transportation ministers signed agreements to share trucking facilities, recognize commercial drivers licenses from each country and increase technical co-operation and training for truck transportation as well as port pilots.

The three agreements are aimed at increasing trade between the two countries that, with the United States, enacted the North American Free Trade Agreement at the beginning of the year.

"We've opened a door for the

private sector," said Canadian Ambassador David Winfield. He said trade between the two countries, already up in the past couple of years, should grow because of the agreements.

In the first 11 months of 1993, two-way trade between Mexico and Canada reached \$4 billion Cdn, up from \$3.5 billion in 1992, according to the Canadian Embassy in Mexico City.

Canada plans to host a major trade fair with 450 Canadian firms in Mexico City March 23-25. Prime Minister Jean Chretien and other top Canadian officials are scheduled to attend opening ceremonies.

Ouellet and his Mexican counterpart, Manuel Tello, said they believe it is time to "turn the page" on the Cuban story.

"Clearly, we do not want to force the hand of the Americans," Ouellet said. "But we believe that a new era should be contemplated. It is the beginning of a process that could lead to a surprising change (in U.S. policy)."

ENTREPRENEURS!

exhibit 2
3/25/94
NAT

Mar. 25, 1994

To Whom it May Concern -

Why does the State of Montana continue to subsidize Canadian grain with the Montana - Alberta veget agreement to Shelly. It results in a direct transportation subsidy.

For example a Super can haul 42 tonnes payload to Shelly while only hauling 29 tonnes to destinations other than Shelly.

They are paid \$18 a tonne freight from the Red Deer area - 13 more tonne payload is \$234.00 extra. That amount divided by 1540 bushel of wheat amounts to .15 bushel subsidy. The same 13 tonne with barley amounts to .12¢ a bushel subsidy. \$11 a tonne is 9¢ wheat - 7¢ barley.

Also the interstate especially from Sweetgrass to Sunburst and vice versa is really deteriorating rapidly. That road was not designed for these weights or volume of traffic.

If Nata needs these weights for their facility, let the agreement be only used to that facility for which it was intended. Grain must be taken out of that agreement.

Mike Leum
Box 11

Sweetgrass MT 59482

SENATE COMMITTEE ON
HIGHWAYS & TRANSPORTATION

uph 3 3/25/94
high + Trans

March 24, 1994

To whom it may concern;

My name is Brad Munson, I am a small grains farmer in the Shelby area. I am very upset at the amount of Canadian grain that is entering our area.

At this time I would like to ask that we be extended a favorable freight rate that our Canadian friends are offered by our own government. For example, a Canadian "Superbee" can haul approximately eleven hundred(1100) bushels of wheat any place in the state. With the weight exemption that has been implemented between Sweetgrass and Shelby this same truck can haul approximately sixteen hundred(1600) bushels of wheat for a small fee of twentyone(21.00) dollars. The extra load that this truck is hauling is only costing one-thousandth(1/1000) of a cent per bushel per mile, over this stretch of highway.

This is a benefit that if offered to our local farmers would allow them to access a market at a reasonable freight rate. Our product could possibly be marketed in another location should we be able to get into that market.

To allow us into that market I ask that we be given a weight exemption, or overload permits at the same basic costs that our Canadian friends are given. To where you might ask; to as far away as Butte possibly where access to another railroad is possible.

Thank you for your time.

Brad Munson

106 Lohr Road
Shelby, MT 59474

EX 3
3-25-94
HIGHWAYS &
TRANSPORTATION

U.S./MONTANA REQUIRED Gvw FEES FOR VEHICLES USING WEIGHT EXEMPTION

84,000# <u>Farm</u>	84,000# <u>Commercial</u>	112,000# <u>Commercial</u>	137,500# <u>Commercial</u>
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Annual Fees

GVW Fees	\$294.70	\$ 842.00	\$1,486.00	\$2,084.00
Restricted Route		100.00	100.00	100.00
Special Overlength		75.00	75.00	75.00
Federal Use Tax		550.00	550.00	550.00

<u>\$294.70</u>	<u>\$ 1,567.00</u>	<u>\$2,211.00</u>	<u>\$2,809.00</u>
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Per Trip Fees

Overweight Permit Fees	21.00	21.00
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<u>Liability Insurance</u>	\$500.00	\$ 4,500.00	\$4,500.00	\$4,500.00
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CANADA/ALBERTA REQUIRED Gvw FEES FOR VEHICLES USING WEIGHT EXEMPTION

Trip Fee (over 5,000 per axle)	\$ 14.00
Alberta Trip Permit	15.00
Alberta Pro Rated Fee	1,600.00
Alberta User Decal	100.00
Alberta Length Permit	<u>30.00</u>
	<u>\$1,759.00</u>

HIGHWAYS & TRANSPORTATION

exhibit 4
3/25/94 H&T

SHELBY, MT

MAR. 25-94

TESTIMONY AT TRANSPORTATION HEARINGS AT
HAVRE MT.

I AM RONALD B. MUNSON AND FARM 9 MI.
NORTH OF DUNKIN, MT.

I FEEL THAT BURLINGTON NORTHERN
IS SO OVERLOADED WITH THIS CANADIAN
GRAIN THAT THE FARMERS SHOULD BE GRANTED
THE SAME OVERWEIGHT EXEMPTION THAT
THE CANADIANS ENJOY FROM COUS TO SHELBY.
THIS WAY WE COULD REACH A COMPETATIVE
RAILLINE IN BUTTE AND ~~DISPERSE~~ SOME OF THIS
GRAIN THAT IS BEING BOTTLED UP FOR LACK
OF GRAIN CARS.

I HAVE CALLED ELEVATORS IN CUTBANK,
CONRAD, TIBE & CHESTER WITH ALL THE SAME
RESULTS, WE'RE FULL AND WAITING FOR GRAIN
CARS. WITH ALL THE GRAIN UNDER LOAN AND
ALL THE INFUX OF CANADIAN GRAIN, OUR
BINS WILL STILL BE FULL WHEN HARVEST ARRIVES

PLEASE CONSIDER A WEIGHT EXEMPTION
FOR FARMERS.

Ronald B. Munson
760 N Marais
Shelby MT. 59474

Senate Highways and Transportation Committee
Public Hearing -- Havre, MT 3/25/95

There is no exhibit 5 for this set of minutes.

Exhibit 6

3/25/94

Highway & Transportation

Hedger, Mont.

March 24, 1994

To All Concerned:

This is to inform you that we have Contracts #54826 with Columbia Grain of Conrad. This grain was sold on 11/10/93 stating Nov. Delivery. Delivery has not been completed to this date because all they have wanted is feed grain and ours happens to have protein. Our other contract #54859 states Dec - Jan delivery and was made on 12/1/93. We have been unable to complete this contract due to lack of elevator room. Canadian Trucks are lining the street from morning till late evening and have flooded our markets. I guess the American farmer is of little value in eyes of our own Government.

Sincerely

Golden Grain Farms Inc.
Box 32 Hedger Mont 59456

8th 7 - 3/26/94
Highways + Transp.

MT. SENATE "HIGHWAYS AND TRANSPORTATION" COMMITTEE

PUBLIC HEARING -- HAVRE, MONTANA

MARCH 25, 1994

MR. LEO GIACOMETTO, DIRECTOR, MONTANA DEPARTMENT OF AG.:
REPRESENTING THE DEPARTMENT OF AGRICULTURE AND THE MONTANA WHEAT
AND BARLEY COMMITTEE.

MONTANA'S AGRICULTURAL INDUSTRY IS THE LARGEST USER OF BULK
TRANSPORTATION SERVICES IN THE STATE. WE PAY OVER \$100 MILLION IN
TRANSPORTATION COSTS ANNUALLY TO DELIVER OUR PRODUCTS TO MARKET.

MONTANA SHIPPERS STRIVE TO OBTAIN SOME ASSURANCE THAT WE CAN
HAVE ADEQUATE AND TIMELY ACCESS TO OUR MARKETS. AS WELL,
TRANSPORTATION CARRIERS WOULD LIKE ASSURANCE OF CONSISTENT
TRANSPORTATION DEMANDS. DURING TIMES OF HIGH AGRICULTURE
PRODUCTION IN MONTANA, WE COMPETE WITH TRANSPORTATION RESOURCE
DEMANDS FROM OTHER STATES AGRICULTURE SECTORS SUCH AS CORN AND SOY
BEANS, AS WELL AS ONGOING NON-AGRICULTURE INDUSTRY DEMANDS. WE ALL
STRIVE TO OBTAIN SOME ASSURANCE, ESPECIALLY DURING RAIL CAR
SHORTAGES, THAT WE CAN GET OUR PRODUCTS TO MARKET WITHIN CONTRACT
REQUIREMENTS.

THE CONFLICTS CAUSED BY EXPANDED SEASONAL DEMANDS ON LIMITED
TRANSPORTATION RAIL CAR RESOURCES EMPHASIZES THE EXTREME NEED FOR
EQUITY IN THE ALLOCATION OF RESOURCES. WE CAN EXPECT DELAYS IN

RECEIVING RAIL SERVICE, BUT THOSE DELAYS MUST BE MANAGED SO THAT THEY ARE NO GREATER THAN THE DELAYS RECEIVED BY OTHER SHIPPERS ON THE RAIL SYSTEM.

THIS IS A VERY DIFFICULT MANAGEMENT REQUIREMENT.

MONTANA'S RAIL INFRASTRUCTURE IS DOMINATED BY THE BURLINGTON NORTHERN RAILROAD. BN AND MONTANA RAIL LINK (MRL) CONTROL OVER 96% OF ALL RAIL MILES AND OVER 95% OF ALL GRAIN ELEVATOR AND TERMINAL SITES AND MOVES 98+% OF ALL WHEAT FROM THE STATE. MRL CANNOT REACH ANY MARKET FOR MONTANA GRAIN WITHOUT BN PARTICIPATION; THUS, THE BN REALLY CONTROLS RAIL MOVEMENTS FROM THIS STATE, EAST OR WEST.

TO TRY TO ADDRESS AND ALLEVIATE RAIL CAR SHORTAGE PROBLEMS, THE GOVERNOR'S OFFICE, THE DEPARTMENT OF AGRICULTURE, AND THE GRAIN INDUSTRY HAVE WORKED TOGETHER WITH BURLINGTON NORTHERN TO PROVIDE FOR IMPROVED COMMUNICATIONS AND EQUITABLE RAIL TRANSPORTATION SERVICES IN MONTANA. EACH OF US REALIZE MONTANA COMPANIES, AND OTHERS WHO ARE CAPTIVE TO A SINGLE TRANSPORTATION SUPPLIER ARE SEVERELY IMPACTED WHEREVER RAIL EQUIPMENT IS IN SHORT SUPPLY. DUE TO MONTANA'S CAPTIVE SHIPPER STATUS, THE TRAFFIC WILL STILL BE IN MONTANA AFTER SERVICE HAS BEEN PROVIDED TO SHIPPERS IN AREAS WHERE COMPETITION EXISTS. COMMON BUSINESS SENSE WOULD TEND TO DICTATE THAT AREAS THAT ARE NOT CAPTIVE WOULD RECEIVE A PRIORITY IN SERVICE BEFORE THOSE THAT ARE CAPTIVE LIKE MONTANA.

FOR THESE REASONS, THE I.C.C. HAS DECLARED THAT THE BN HAS "MARKET DOMINANCE" IN MONTANA. LACK OF COMPETITION ENABLES THE ESTABLISHMENT OF RAIL RATES TO CHARGE LESS TO HAUL GRAIN FROM NEBRASKA TO THE PACIFIC NORTHWEST, THAN FROM EASTERN MONTANA, WHICH IS HUNDREDS OF MILES CLOSER. THESE KINDS OF PROBLEMS CAUSE GREAT CONCERN AND HAMPER OUR ABILITY TO BE PRICE COMPETITIVE IN CROP PRODUCTION. WE NEED TO CONTINUE TO WORK TOGETHER AS AN INDUSTRY WITH BN AND ALL OTHER TRANSPORTATION ENTITIES SERVING MONTANA TO ALLEVIATE THE PROBLEMS WE FACE.

IT IS INTERESTING TO COMPARE OUR TRANSPORTATION SYSTEM WITH THAT OF CANADA; CANADA HAS A MUCH LARGER PROBLEM THAT MAY VERY WELL IMPACT MONTANA.

THE CANADIAN TOTAL HOPPER FLEET OF 23,500 IS DRASTICALLY INADEQUATE TO HANDLE EVEN A NORMAL HARVEST IN THAT COUNTRY. OF THAT NUMBER, THE TWO CANADIAN RAILROADS ONLY OWN 5000 CARS. THE REMAINING 18,500 WERE PURCHASED IN THE EARLY 1970'S BY THE CANADIAN WHEAT BOARD, TOGETHER WITH THE FEDERAL AND PROVINCIAL GOVERNMENTS, DUE TO THE RAILROADS RELUCTANCE TO MAKE THE INVESTMENT.

TODAY, THE CANADIAN TAXPAYER CAN NO LONGER MAKE THAT KIND OF CONTRIBUTION. THE CANADIAN GOVERNMENT'S COFFERS FACE THE SAME REVENUE SHORTFALLS AS THE U.S. AS A RESULT, EVERY YEAR THEY MUST LEASE THOUSANDS OF COVERED HOPPER CARS FROM THE UNITED STATES.

THE U.S. LOOSES A SEGMENT OF OUR AVAILABLE CAR SUPPLY TO CANADA EACH YEAR. AT TIMES, LIKE THIS YEAR, THE CANADIANS PAY OUR RAILROADS LARGE LEASING FEES THAT EXCEED A CARS' REVENUE POTENTIAL IF IT IS USED IN THE UNITED STATES.

CANADA IS ALSO FACED WITH MASSIVE REDUCTIONS IN TRACKAGE, EVEN TO THE POINT OF ABANDONING MAIN LINES. THEY MUST DEAL WITH LIQUIDATION DECISIONS INVOLVING HUNDREDS OF LESS EFFICIENT SMALL ELEVATORS; THE CONSTRUCTION OF UNIT TRAIN LOADING FACILITIES TO REPLACE THEM; AND REHAB WORK ON KEY COMPONENTS OF THEIR INFRASTRUCTURE. IT SEEMS THE CANADIAN GOVERNMENT HAS ALREADY FIGURED OUT THAT IT WOULD BE MUCH CHEAPER TO UTILIZE THE TRANSPORTATION SYSTEM NEXT DOOR. TRANSPORTATION ISSUES COMBINED WITH CHANGES IN INTERNATIONAL TRADE AGREEMENTS HAVE RESULTED IN CANADIAN SHIPMENT OF 90-100 MILLION BUSHEL OF WHEAT INTO THE U.S. THIS YEAR. THIS 90-100 MILLION BUSHEL FIGURE IS DOUBLE THE AMOUNT FROM THE YEAR BEFORE AND THREE TIMES HIGHER THAN THE YEAR BEFORE THAT. THE U.S.'S INVOLVEMENT IN EXPORTING LARGE VOLUMES OF CANADIAN GRAIN FROM U.S. PORTS IS NOT AN UNLIKELY SCENARIO FOR THE FUTURE. ADD BARELY AND OTHER WESTERN GRAINS TO THE WHEAT NUMBERS AND IN A FEW YEARS, OUR DOMESTIC HOPPER CAR SHORTAGES OF THE PAST BECOMES MAGNIFIED MANY TIMES.

THE CANADIAN IMPACTS TO MONTANA ARE ALREADY APPEARING; BOTH, FROM THE RAIL CAR SHORTAGE OF THE PAST MONTHS AND LOGISTIC TIE-UPS AT ELEVATORS ON THE HIGH-LINE ACCOMPANIED BY HEAVILY USED HIGHWAYS

COMING OUT OF CANADA.

THE SITUATION I HAVE OUTLINE IDENTIFIES THE NECESSITY FOR ALL OF US TO WORK TOGETHER WITH OUR RAIL AND TRUCK TRANSPORTATION INDUSTRIES. OUR STATE AND NATIONAL GOVERNMENTS MUST COMMUNICATE THE REALITIES OF THE SITUATION TO THE PEOPLE WE SERVE. THE RAIL CAR SHORTAGES WE HAVE SEEN MAY BE ONLY A SMALL SYMPTOM OF A BIGGER TRANSPORTATION PROBLEM.

IT WILL BE VERY EXPENSIVE FOR THE STATE IF A GOOD RAIL SYSTEM IS NOT MAINTAINED. SOME OF THE EXPENSES WILL INCLUDE HIGHWAY EXPENDITURES, AND REDUCED FARM INCOME DUE TO HIGHER TRANSPORTATION EXPENSES.

WE NEED TO IDENTIFY RESOURCES TO APPROPRIATELY PROVIDE FOR THE RAIL DIVISION IN THE DEPARTMENT OF TRANSPORTATION. THERE IS A NEED FOR A BALANCED REPRESENTATION OF ALL TRANSPORTATION INTERESTS IN THE STATE, FOR SHIPPERS AND CARRIERS ALIKE.

ALL MONTANAN'S NEED TO LOOK AT GOING BEYOND THE FEDERAL MANDATE FOR INTER-MODAL PLANNING. WE MUST PROVIDE INPUT AND PLANNING FOR FREIGHT MOVEMENT BY TRUCK AND RAIL. TO IMPLEMENT INTERMODAL FREIGHT PLANNING, AS A STATE WE ARE FACED WITH ISSUES WHICH INCLUDE WORKING COOPERATIVELY WITH BURLINGTON NORTHERN TO ADEQUATELY PROVIDE RAIL TRAFFIC TO ENABLE FUNDING THREATENED RAIL

BRANCH LINES WHICH INTERMODAL PLANNING HAS IDENTIFIED AS VITAL. IT MAY BE CHEAPER TO FIND WAYS TO ASSIST A RAIL OR SHORT LINE OPERATOR TO REHABILITATE A BRANCH LINE THAN TO REBUILD AFFECTED HIGHWAYS.

THE RAIL DIVISION, AN IMPORTANT AGRICULTURAL SERVICE UNIT IN THE DEPARTMENT OF TRANSPORTATION, IS OPERATING AT A MINIMAL LEVEL DUE TO TOUGH CHOICES OVER LIMITED STATE RESOURCES. WE'RE DOWN TO 550 MILES OF BRANCH LINES LEFT IN MONTANA. WE HAVE THE HIGHEST FREIGHT RATES ON AGRICULTURAL COMMODITIES ANYWHERE IN THE UNITED STATES; WE FACE THE PROSPECT OF BEING THE MAIN TRANSPORTATION ARTERY BETWEEN CANADA AND MEXICO AS A RESULT OF THE NAFTA AGREEMENT. THESE ARE ISSUES THAT MUST BE ADDRESSED.

ALTHOUGH EXTREMELY IMPORTANT, THE ISSUE OF HOPPER CAR SUPPLY MUST NOT CAUSE US TO LOSE SIGHT OF THE OVERALL TRANSPORTATION PICTURE WHICH HAS MANY AREAS OF CONCERN. MANY OF THE CHALLENGES WE FACE IN MONTANA'S TRANSPORTATION FUTURE ONLY HAVE RECOURSE AT THE NATIONAL LEVEL. WE NEED TO COMBINE AVAILABLE RESOURCES AND PROVIDE COORDINATED PRIVATE AND GOVERNMENT ACTIONS IN ADDRESSING THE TRANSPORTATION ISSUES WE FACE.

up 8
3/25/94
Highway & Transport

MONTANA SENATE HIGHWAYS AND TRANSPORTATION COMMITTEE

Senator Weeding, members of the Montana Senate Highway and Transportation Committee, for the record my name is Pat Keim and I am representing the Burlington Northern (BN) Railroad. Thank you for inviting us to this meeting and giving us the opportunity to present our views on the issue of grain transportation.

As you know, 1993 has been a challenging year for farmers, elevators, and BN, particularly from a weather perspective. First, the northern tier states experienced very cold weather in January of 1993. Second, the cool and wet summer weather forced an abnormally late fall harvest (many areas more than five weeks later than normal). Third, the great flood of 1993 is well documented including the havoc it inflicted on the railroad industry and especially BN, which was hit the hardest of all railroads. And fourth, this weather-influenced crop created large quality and protein variations which significantly increased the cycle time for both the origination and destination elevators, as well as for the BN.

On the positive side, Montana has harvested a record crop for 1993 - 94 of almost 200 million bushels of hard red winter and spring wheat. This crop compares with 150 million bushels in 1991 - 92 and 139 million bushels in 1989 - 90. With this anticipated increased demand, BN has expanded its active grain car fleet by 2000 cars to a record of over 27,000. Further, over the last three years, BN has purchased 3000 new jumbo (C6X) covered hopper cars (286,000 versus 268,000 pound capacity) at an investment in the BN grain transportation of \$110 million. A high percentage of these more efficient cars (10 percent higher capacity) have been committed to the Pacific Northwest Corridor including Montana. Adding to our commitment, BN last month purchased 500 more C6X covered hopper cars to be delivered early this spring. We will soon announce the acquisition of 1000 more. The total acquired since 1990 is 4500.

BN's hopper car fleet has increased significantly during the last four years as outlined by the following numbers:

- February 1990 --24,741
- February 1991 --23,736
- February 1992 --27,717
- February 1993 --25,987
- March 5, 1994 --29,067

At the same time the portion of the fleet under load has also risen:

- February 1990 -- 58%
- February 1991 -- 52%
- February 1992 -- 48%
- February 1993 -- 60%
- February 1994 -- 65%.

That is a 7% improvement over 1990 and a 17% improvement over 1992. These positive numbers show significant growth in the size of BN's grain fleet to serve our customers.

Along with the additional hopper cars, BN has embarked on the largest single purchase of locomotive power in the history of the railroad industry. In March, 1993, BN ordered 350 of the SD70MACs for more than \$675 million. Starting in January, ten have been added to the fleet per month, freeing power used for coal to other commodity units such as grain. The new AC traction technology allows 3 SD70MACs

to replace 5 existing locomotives. BN anticipates 108 new SD70MACs by October 1, 1994. In particular, note that the fleet size will grow to 2627 locomotives by April 1, 1994 as compared with 2570 locomotives in 1991.

Despite the weather (a cold winter last January, summer floods, late harvest, and numerous storms the last few weeks) and associated quality product issues, BN moved record amounts of Montana's record '93 harvest to market. Of the 25 states served by the BN in 1992, 11 percent of the total grain car originations occurred in Montana. In 1993, the percentage increased to 13 percent. In fact the last quarter of 1993 was a Montana record for grain movement from the state with over 16,000 carloads and an average of 16 percent of all BN originations in Montana. Just last month, over one fifth of BN's entire fleet was loaded in Montana.

Montana's grain car loadings on BN increased from 42,336 in 1992 to over 48,500 in 1993 or a 15% increase. This reflects Montana's record, but late harvest of approximately 204,400,000 bushels -- up 64.9 million bushels over 1992. By the way, despite the late harvest, BN set records for Hard Red Spring and Hard Red Winter wheat exports for 1993 (over 138 million bushels) and the months of October, November, and December were a record quarter for the BN as well.

It is interesting to note that car loadings did not increase as much as the harvest. The car fleet was there and ready in September, October, and November, but unfortunately the wheat was still in the field or at the farmer's on farm storage. This is normally the months of large movements of wheat and barley. For a variety of reasons this crop season, the movement did not occur in early fall. Late harvest? Quality problems? Backlogs at the ports? Slow developing markets? Regardless of the particular factors, the harvest started significantly later than usual.

With all the gains, one could ask why more grain has not moved from Montana. Grain car utilization, or fleet velocity, shows some discouraging information:

In January of 1992, the "number of round trips per month" (fleet velocity) for a grain hopper car was 1.72: while in January of 1994, the number was 1.26. March, 1994 remains at 1.26.

"Customer unloading cycles" expressed as days reflects that in February, 1992 versus February, 1994 it took 2.9 versus 4.0 days to unload our hopper cars. That figure as of March 12 this year has improved slightly to 3.6.

"BN load cycle" times have climbed from 7.6 days in 1990 to 10.9 days currently. This is at least partially attributable to crop quality leading to congestion at the destination elevators causing cars to be held enroute.

While it is extremely unusual for the exceptional Montana grain crop to be damaged by rain, the rain delayed harvest lowered the normally high quality Montana wheat in 1993. BN has worked with its Montana customers by providing competitive rates for the shipment of Montana feed quality grain to Southwest markets, thus opening a new destination for Montana produced products. These longer route miles has also lengthened the cycle times.

Another statistic of interest is the average lag time on a unit train order between "want date" and "placement date." As an example:

On February 8, 1994, that figure was 22 days;

On February 4, 1992, the figure was 25.9 days;

On February 5, 1990, the figure was over 60 days.

While some of the improvements are due to changes in our car order system, changes suggested by the grain industry, the larger portion represents real improvements in fleet management. Along the same line, we believe overall

SENATE COMMITTEE ON
HIGHWAYS & TRANSPORTATION

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customer focus has been enhanced with the integration of marketing, equipment, and billing and accounting functions in one combined location.

Be assured, our commitment to Montana has been and will continue to be substantial. We will continue to dedicate a large portion of a finite resource of hopper cars, locomotives, and crews during peak periods of the year to the producers and shippers of Montana.

Contact: Jim Sabourin
(817) 333-1428

Rusty Jesser
(817) 333-2152

FOR IMMEDIATE RELEASE

EX 8

3-25-94

HIGHWAYS &
TRANSPORTATION

BURLINGTON NORTHERN TO ADD 500 COVERED HOPPERS TO GRAIN FLEET

FORT WORTH, Texas, February 23, 1994 -- Burlington Northern Railroad (BN) today announced that it has purchased 500 jumbo covered hoppers to add to its grain-hauling fleet, already the largest in the railroad industry.

The cars, to be delivered beginning in April, will have 286,000 pound gross-weight capacity, allowing them to handle approximately 11 tons more grain than the 100-ton capacity standard jumbo covered hopper.

Trinity Industries, of Dallas, Texas, was selected to build the cars, which feature the latest functional designs as approved by the Grain Elevator & Processing Society.

Including this latest order, BN has purchased 3,500 of these higher-capacity cars since 1990.

"This investment in new covered hoppers shows BN's continued commitment to serving our grain customers and reducing our reliance on leased equipment," said Roger Sperry, equipment team leader for BN's covered hopper car fleet. "Our customers have responded favorably to the 3,000 new cars already in service and we are extremely pleased to add another 500 to this unique fleet."

Currently, BN is operating a fleet of more than 26,000 grain cars. This order will further increase the ratio of BN-owned cars in its overall grain car fleet and provide more flexibility to increase the fleet to meet peak demand.

BN is the largest rail transporter of grain in North America, hauling nearly 40 million tons in 1993.

Headquartered in Fort Worth, BN is a world leader in providing rail transportation services. It operates the longest rail system in North America, with more than 23,000 miles of track. BN reported revenues of \$4.69 billion in 1993.

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WIFE Women Involved in Farm Economics

COMMENTARIES ON RAIL CAR SUPPLY AND THE EFFECTS ON SHIPPERS AND PRODUCERS.....FEBRUARY 22, 1994

exh 9
H+T 3/25/94

Source: WIFE survey sent out Jan. 1994.

* The only cars that are available are for COT's.

* Several said that cars were ordered in November are still not delivered.

* Had to turn sales away because elevator full, and no cars.

* You can buy all of the COTs you want at a premium of \$200 to \$500 per car over tariff rate.

* Had 3 25 car tariff units ordered since Nov. All COTs we've prepaid come most of the time.

* Because of the shortages of cars, we have been FORCED to use the more expensive COT cars.

* Additional engines are needed to move the cars in this cold weather, and they are not being used.

* Car shortages are worse since the F.T.A.- November orders still not delivered.

(Some commented that the FTA had made no difference-- always a shortage of cars.)

* Warehouse gets backlogged and elevator has increased interest expenses on money paid out to farmers.

* We wait 3 weeks to a month for cars. Shortages have been like this for some time.

* Canadian grain going out on 52 car COTS seriously affect the American farmers who want to haul their grain. I beleive we should serve our own farmers. Think of how many people would be out of a job in rural areas, if all smaller elevators close.

* Cars running approximately 40 days late. Cars would have been later if derailments east of us had not left many cars immediately available.

* Have seen several 3-week delays while we were plugged this year. Because of the protein and quality concerns, farmers wanted to deliver wheat before selling. They could not because we had no room. During this time prices were at the yearly high. Wheat that could not be delivered is still in bins, and worth much less now.

* In any normal year, we depend on at least one tariff train



WIFE Women Involved in Farm Economics

BEFORE THE SENATE TRANSPORTATION COMMITTEE.
HAVRE, MT. 2.24.1994

eph 10
NYT
3/25/94

My name is Mary Nielsen, and I thank the committee for the opportunity to comment on the situation which is unfairly adversely affecting our farmers marketing opportunities.

HIGHWAYS
TRANSPORTATION

On behalf of Montana State WIFE, a limited survey was taken by WIFE members of the smaller (i.e. not the major international grain companies) elevators across parts of the Hi-Line. A Survey sheet was given them, and a synopsis of those that took the time to answer is attached.

WIFE has worked on the problems of rail car supply and the cost of shipping grain (which is absorbed by the producers themselves) for the past 16 years, and have repeatedly been told by elevators that they dared not make public complaints because this affected their grain car supply even more, so the survey responders were promised anonymity.

The Staggers Act made an effort to limit the use of private contracts as Congress wrote in the clause that "not more than 40% of carrier owned or leased equipment utilized on the average during the prior 3-year period (i.e. prior to the passage of the law) without prior authorization by the Commission." (can be dedicated to private contracts..M.N.)

Since that time, there have been many changes, but there was no question that Congress intended that all shippers should have access to reasonable service at a reasonable cost.

With the institution of the Free Trade Agreement, it appears that the tremendous increase in the importing of grain from Canada, on which both the Railroad and the shippers can reap higher profits, is increasing both the cost and the availability of COT and tariff cars for our smaller elevators.

Some commented that, because they tried to get tariff cars as well as COT trains, their facility was full, robbing farmers who wanted to take advantage of higher grain prices the chance to sell their grain. This was an important point which must be made over and over again. This directly affects the agricultural producers' income, and therefore the State's.

To: Chairman Weeding, Members of Senate Highways & Transportation
From: Rep. Dore Schwinden Dist. #20 Wolf Point, MT

February 14, 1994

exhibit 11
N & T
3/25/94

The grain growers in Northeastern Montana support the demonstrations and blockades by farmers across the Hill and other border states to protest the record importation of Canadian grain. We urge President Clinton to impose immediate emergency Section 22 action against Canada. While the Canadian government seems unwilling to discuss reasonable import quotas, most Canadian farmers concede that they would consider the situation unfair if the current roles were reversed.

Our years of experience under the Canadian Free Trade Agreement have clarified the issues which must be addressed before "Free Trade" could become fair trade. These issues include voluntary import restraints, removal of transportation subsidies, equal access to transportation and markets and full disclosure of Canadian pricing. Until the U.S. and Canadian negotiators show significant progress on these issues, we will intensify our demonstrations, blockades and boycotts on U.S. companies that contract exclusively for Canadian grain.

We intend to organize on behalf of the proposed U.S. - Canada Grain Trade Settlement Act of 1994 which has been introduced in the U.S. Congress and Senate. The legislation would terminate both the Canadian Free Trade and the North American Free Trade Acts until many of the previously mentioned issues were resolved. It would place an immediate duty on imports of durum, wheat and barley giving American producers a chance to compete.

Traditionally, U.S. farmers have had little or no control over the price of the commodities we produce. Our Government's desire to maintain a cheap supply of food for mostly urban consumers has furthered public misunderstanding about the cost of production and availability of foodstuffs in this nation. While "buying American" has become popular in acquiring factory goods and other services, importing cheap, low quality agricultural products seems to satisfy the American government and consumer at the

expense of local producers. Japan and other Pacific Rim countries purchase most of our high protein wheat, Americans consume the leftovers. Meanwhile, the threat to our existence as producers and as families on the land will provide us the means to unify in a common effort. It's time that President Clinton and the members of Congress paid attention to rural America rather than corporate America.

Name	Address	Representing
Lanny E. Munson	Shelby, MT	Self-employed Farmer
Gerald M. Smith	Idaho, MT.	self
RONA W. B. MUNSON	SHELBY MT	SELF
MIKE LERUM	SWEET GARD MT	SELF
Ron Jensen	Ferdia	FARMER ch
Bradley K. Munson	Devon MT	Self farmer
Harry Kiefer	Shelby, MT.	SELF
Bob Hellingner	Devon, MT.	Self-Farmer
DOUG HELLINGER	"	"
Brent Stangelle	Great Falls	KMON Radio
Valerie Zach	Choteau	Lib. Co. Treasurer
Steve Anderson	Haure	Stone Farms Inc
John McHose	Haure	Apple Creek Power
Robert B. McIntosh	Haure	Self Farmer Rancher
Henry E. Zell	Shelby	Henry Zell Farm
Dick Swenson	Cut Bank	Self - Farmer
Ron Daniel	Box 686 Haure	Self Farmer
DAVID A. GALT	Helena	Mont. Dept. TRANSPORTATION
PATRICIA SAINDON	HELENA	MDT
Thomas J. Barnard	Helena	MDT
Lyb Knigson	Haure mont.	Self Farmer
Red Solomon	Haure, MT.	Self Farmer
ROGER JERGESSON	CHINOOK MT	SELF
CONN HELLEBUST	HAURE	SELF
Jacquie Long	Great Falls	Great Falls Tribune
Bob Hockett	Haure	Senate Dist 7
Elmer Huryn	Haure MT.	SELF FARMER

<u>Name</u>	<u>Address</u>	<u>Representing</u>
Fred Eling	Rudyard Mt	Self
Boys Henke	Chinook, MT.	Self
Neil Vanneer	Chinook MT.	Self
Curtis C. Moxley	Chinook Mt.	Blaine County
Art. Kleinjan	Chinook Mt.	Blaine County
GORDON HERRINGTON	4704-147 ST EDMONTON	ALBERTA AGRICULTURE
CLIFF WEBER	*300-7000-113 ST EDMONTON	✓
Victor Hamm	4499-48 Ave, Edmonton AB	ALBERTA TRANSPORT
Ron Eley	302-Waller Holt Building Regina	Sask Reg
BERNIE CHURKO	519 Broad St. N. Regina, Sask.	Sask Hwy 17
DWAYNE IRVIN	815 MAIN Shelly, MT	DICK IRVIN, I
MARK Cole	P.O. Box 906	DICK IRVIN, I
John Havanagh	Box 610	NETA
BARBARA	HELENA	A.P.
Arlys Williams	RR 71, Box 48A Chinook MT	Blaine County WIFE
MELISSA HAGEN	RR 71 Box 48-A Chinook, MT	Self
PAT Koim	HOLONA	BN
LARRY Johnson	Krentlin	Montana Grain Grow.
Jon Stoner	Haure	Self
ART Wrayth Jr	Haure	SELF
George Paul	Great Falls	Farmers Union
RALPH POMNICHOWSKI	" "	" "
Norman Sullivan	" "	" "
Alma	Big Sandy	Self
	Helena	MT Dept. of AG
	Helena	MT Dept. of AG