

Rep. Hageman Member Day Testimony

Thank you Chairman Graves and Ranking Member Larsen for welcoming me before your committee today. The issues within your jurisdiction are incredibly important to the State of Wyoming, our businesses, and our citizens, and I appreciate the opportunity to discuss our priorities.

Unfortunately, I come with an issue of great concern for multiple sectors of the Wyoming economy. This is the poor status quo of Western rail service which is deteriorating even further. Wyoming no longer has reliable rail service.

One agenda item on this hearing's notice of meeting is Addressing Supply Chain and Energy Crises. The Wyoming situation, unfortunately, fits perfectly within this category.

BNSF and Union Pacific provide freight rail service to Wyoming. Together, their trains service our coal mines in the Powder River Basin, trona mines in the southwest, bentonite operations across the state, as well as agricultural producers, and more.

Nearly 20% of the nation's electricity comes from coal. Wyoming is the top coal producer in the country, producing 40% of the nation's coal. Without Wyoming coal, the lights literally do not come on.

Yet, the Powder River Basin, where a large percentage of our coal is produced, witnessed severe disruptions to reliable rail service. In 2022, estimates from the Wyoming Mining Association show that the State of Wyoming lost roughly \$100 million in revenue, with about 50 million tons of coal not being shipped from our mines because train service slowed, and in some instances, the trains did not show at all.

This is \$100 million that was not available for our schools, our Budget Reserve Account, or for other state expenditures in Wyoming. And this doesn't count the losses to the federal treasury, as much of this coal is federally owned.

While early 2023 train numbers have been better, they are still not completely restored and there is no end in sight. We must be able to ensure stable and consistent train service to Wyoming.

One large coal company in Wyoming saw the variance of their shipments from the 2nd quarter of last year through the first quarter of 2023 down over 7 million tons from what was expected and nominated to its customers.

Another saw its quarterly average shipments drop by millions. Yet another witnessed shipments decreasing by the millions. During one particular cold snap, mines expecting 18 trains a day dropped to just one. Other mines had days during the same period where no trains arrived at all. Severe winters are not new to Gillette, just the reduced rail service.

These are the nation's top coal producers, with both eastern and western operations. Many of these companies report that they have been able to reach a resolution for the reduced service issues related to their eastern operations, but have found little to no relief in their Western operations.

Another major concern for our coal producers is that up until recently, the Surface Transportation Board's Rail Energy Transportation Advisory Committee, which is supposed to have 3 coal members, had none, essentially silencing this critically important voice.

Another sector seeing reduced service is our industrial minerals. Soda ash is Wyoming's top international export, yet our producers are reporting that their rail service is the worst it has ever been.

If we cannot deliver soda ash to customers, they will turn to our synthetic soda ash competitor, China. Such a development would be disastrous for Wyoming.

This is not from just the mining industry. Wheat and barley growers in our state have come to me to not just discuss the Farm Bill, but rail issues. In the Big Horn Basin, some ag producers rely more on rail to move their crops than they do trucks.

Agricultural inputs have also been jeopardized. Fertilizer prices have already skyrocketed and hurt farmers in my state and across the country. Yet, in 2022 rail providers began metering traffic in a manner further threatening reliable access to these agricultural resources.

Rail issues come and go from the national news based on events happening around the country. Unfortunately, this is a constant burden for Wyoming and one aspect of the railroad issue that is not often covered in the media.

I am concerned because access to RELIABLE rail has all but disappeared in my state. My concern is heightened by the fact that there seems to be solutions in the east, with a worsening situation in the west — a geographic area that may not be well known to the entirety of the country, but many of whom, whether they know it or not, rely on my state for their energy and food needs.

With that being said, I thank the Committee for welcoming me into the room today to discuss this ever growing issue for my state. I also want to thank Mr. Nehls for leading the Subcommittee overseeing rail. I have the great pleasure serving with you on the Judiciary Committee and look forward to working with you on another critical issue

I look forward to helping this Committee study and oversee this issue more so we can collaboratively determine the scope of the issue, the causes, and find legislative solutions to provide relief for all of Wyoming and others who are suffering from this worsening issue.