

SENATE COMMITTEE ON
TRANSPORTATION

Hearing Room
Tapes - 12

SENATE COMMITTEE ON TRANSPORTATION MEMBERS PRESENT:

Sen. Ken Baker, Chair
Sen. Mae Yih, Vice-Chair
Sen. Marylin Shannon
Sen. Dick Springer

SENATE MEMBER EXCUSED:

Sen. John Lim

HOUSE GENERAL GOVERNMENT AND REGULATORY REFORM SUBCOMMITTEE ON
TRANSPORTATION MEMBERS PRESENT:

Rep. Cedric Hayden, Chair
Rep. Lonnie Roberts, Vice-Chair
Rep. Jerry Grisham
Rep. Mike Lehman
Rep. Bill Markham
Rep. Ken Strobeck

STAFF PRESENT:

Janet Adkins, Senate Committee Administrator
Anne Tweedt, House Committee Counsel
Gina Rumbaugh, Senate Committee Assistant

MEASURES HEARD:

Informational Overview of Small Community Freight Service
SB 318 Public Hearing

These minutes contain materials which paraphrase and/or summarize
statements made during this session. Only text enclosed in quotation marks

report a speaker's exact words. For complete contents of the proceedings,
please refer to the tapes.

Joint meeting of the Senate Committee on Transportation and the House
General Government and Regulatory Reform Subcommittee on Transportation.

TAPE , SIDE A

004 CHAIR BAKER: Calls the meeting to order (1:06PM).
-Introductory remarks

INFORMATIONAL MEETING

Witnesses: David Barenberg, Senior Staff Associate, League of Oregon Cities
Ed Immel, State Rail Planner, Oregon Department of Transportation (ODOT)
Steven Kale, Senior Planner/Economist, ODOT

Mike Meredith, President, Oregon Trucking Associations
Weldon Sloan, TNT Reddaway Truckline

020 DAVID BARENBERG, SENIOR STAFF ASSOCIATE, LEAGUE OF OREGON CITIES:
Submits and summarizes written testimony [EXHIBIT A].

098 REP. MARKHAM: What thoughts are you going to bring to the committee so
we can help?

100 BARENBERG: The major issue is that we are limited in what we can do
with rates and routes due to federal preemption. On a broader scale,
there's a need for infrastructure improvements.

135 ED IMMEL, STATE RAIL PLANNER, ODOT: Submits and summarizes written
testimony [EXHIBIT B].

165 REP. ROBERTS: How many short line independent railroads are there?

172 IMMEL: 21 short line carriers, which make up 40% of the rail mileage.
178 -Continues summary of Exhibit B

175 Rep. Roberts leaves the meeting.

230 CHAIR BAKER: Is there any thought to the three major lines buying back
short lines?

233 IMMEL: They'd probably not want the really low density lines back.

239 CHAIR BAKER: Do any other states have similar problems and perhaps
solutions?

242 IMMEL: Many states have lost low density lines. It's a mixed bag of
how they were able to preserve the lines.

255 REP. STROBECK: Do you have any long range projections about if these
rail lines will be needed? Will some perhaps be put back into service?

260 IMMEL: We anticipate a 30% increase in rail traffic in the next six
years.

280 REP. STROBECK: What's happening to those rail beds that are being
abandoned now?

288 IMMEL: Some are used for interim trail use. Without that, the right of
way disintegrates into whatever title was held by the railroad.

306 CHAIR BAKER: What is the reason for expecting a 30% increase in rail
traffic?

310 IMMEL: We've seen the railroads upgrading the track to get into the
intermodal business. Oregon has become a net importer of rail goods.

328 CHAIR HAYDEN: Are weight-mile and fuel taxes reasons for transporting
trucks on rail?

332 IMMEL: It might be in some cases; it's all economics. The biggest
issue is trucking companies using rail for the jobs their drivers don't
want to do, in order to slow driver turnover rates.

350 REP. MARKHAM: Series of questions regarding the status of rail lines in
Astoria and Tillamook.

396 CHAIR BAKER: Do you anticipate any changes due to growth factors or the different intermodal contacts that are going on now?

405 IMMEL: Mainline railroads is where most growth is going to occur, and they are in pretty good shape.

430 STEVEN KALE, SENIOR PLANNER/ECONOMIST, ODOT: Submits and summarizes written testimony and maps regarding intermodal transportation [EXHIBIT C].

TAPE 12, SIDE A

060 MIKE MEREDITH, PRESIDENT, OREGON TRUCKING ASSOCIATIONS: 66% of all Oregon communities are served only by trucks; as of January 1, the service and price will probably be affected. OTA has been one of the leading opponents of deregulation.

080 Sen. Springer joins the committee meeting.

110 WELDON SLOAN, TNT REDDAWAY TRUCKLINE: Company is a large general commodities LTL (less-than-truckload) carrier; notes general size and routes of shipments.

130 -Has served every small point within and around the I-5 corridor

140 -Strongly believe it's in the best interest of the public and Reddaway to maintain regulation

220 -Most new competition in Oregon will probably not be interested in serving smaller points

242 CHAIR BAKER: Do you anticipate any communities that may not be served in the future, thus putting their local industries in jeopardy due to loss of freight service?

245 SLOAN: No change for those communities that have industries shipping on a regular basis; concern is for the small business that receives the minimum shipment (retailers)

255 -Options including reducing the frequency of service and raising rates

280 -It's going to be 6-12 months before we know where we stand in terms of profitability

293 REP. MARKHAM: Was California or Washington deregulated earlier?

297 SLOAN: Washington no, but California has been for some time; we don't serve either intrastate.

PUBLIC HEARING ON SB 318

Witnesses: Joan Smith, Chair, Public Utility Commission (PUC)
Bob Russell, Assistant Commissioner, PUC Transportation Program
Mike Meredith, President, Oregon Trucking Associations

315 ADMINISTRATOR ADKINS: Explanation of SB 318.

390 JOAN SMITH, CHAIR, PUC: Submits written testimony [EXHIBIT D] from which she reads, beginning with Federal Preemption.

TAPE 11, SIDE B

060 SMITH: Continues reading from Exhibit D, Analysis of the Bill.

065 Rep. Roberts returns to the committee meeting.

100 SMITH: In answer to Rep. Markham's question about why we need the bill,
it is to make sure our statutes conform to federal preemption.

115 -Continues reading from Exhibit D, Small Community Studies

200 REP. ROBERTS: Is it true that federal deregulation of intrastate
trucking passed a conference committee on a voice vote?

212 SMITH: Yes, that's correct; no public hearing was held.

245 SEN. YIH: Why should truckers get a new permit?

245 SMITH: It demonstrates that insurance is paid, safety audits have been
performed, and weight-mile/weight-distance taxes are up to date.

270 SEN. YIH: Does the \$300 permit fee actually cost that much for
administration?

272 SMITH: It is our best estimate for what it costs for the audit,
database input, check on taxes, and to make sure they are properly bonded
and insured.

280 CHAIR HAYDEN: References page 3, second paragraph of Exhibit D, and
asks for specific numbers regarding abolished and transferred personnel.

290 SMITH: Walks through specific numbers.

335 CHAIR HAYDEN: Requested the PUC to draw up some scenarios about what
would happen if the entire economic regulation program were gone, and how
you would deal with that in the most positive manner.

393 REP. GRISHAM: References page 15, section 21, and asks why it is
necessary to double the fee from \$150 to \$300.

400 SMITH: Some carriers had been charged \$150 while others \$500; the
one-time across-the-board fee of \$300 assures that no one group in the
motor carrier industry would be subsidizing anyone else.

425 REP. STROBECK: Regarding safety, do you inspect all of a company's
vehicles they propose to use as well as certify the drivers are adequately
trained?

433 SMITH: Yes, for companies that have not formally done business as motor
carriers in the state of Oregon. Our compliance people visit the company
to confirm there is a safety plan, inspect their vehicles, and make sure
each driver has a commercial driver's license (CDL).

450 REP. STROBECK: Once the certificate is issued, can those companies
begin operating in Oregon immediately?

453 SMITH: Yes.

455 SEN. SPRINGER: Do you think Congress might reconsider the preemption
legislation?

465 SMITH: No.

TAPE 12, SIDE B

025 SEN. SPRINGER: Should we be concerned about the two recent accidents
and safety issues? Does this point to anything we need to be cautious of
in terms of the state's new role?

032 SMITH: Statistics show that plated trucks with driver-at-fault accidents have declined dramatically; we credit that to the partnership in safety between PUC, ODOT, and OSP.

092 CHAIR BAKER: References page 1, lines 19 and 28/29 of bill, and asked what is meant by the term "financial responsibility".

097 SMITH: It has nothing to do with economic regulation; it refers to being bonded and insured.

100 CHAIR BAKER: How are you going to enforce the optional regulations noted in Section 3?

103 SMITH: Allows PUC to field complaints from shippers.

112 CHAIR BAKER: Will that increase your hearings process then?

113 SMITH: It shouldn't, but we really don't know.

115 CHAIR BAKER: References Section 3, and asks what the PUC's role will be regarding joint line rates.

118 SMITH: We could oversee the rates set by two trucking companies that agree to service remote areas; optional for the trucking companies.

128 CHAIR BAKER: Please explain what you do currently in regulating passenger transport.

130 SMITH: We regulate where they can go, routes, and rates.

148 REP. MARKHAM: What does the wood pellets do in section 40?

153 BOB RUSSELL, ASSISTANT COMMISSIONER, PUC TRANSPORTATION PROGRAM: This particular section of the law only reflects the change in definitions; since we no longer have that specific classification of authority, we had to list the commodities.

165 REP. MARKHAM: Do we need a special bill for peeler cores?

172 RUSSELL: I believe you have a bill that would add peeler cores to the flat fee option. If you want to affect this particular statute which has to do with association's ability to provide insurance, then you would need to add that to this statute as well.

205 MIKE MEREDITH, PRESIDENT, OREGON TRUCKING ASSOCIATIONS: We can survive deregulation, perhaps even prosper providing we have an assurance that others operating trucks are subject to the same laws and regulations that everyone else is; we must have more enforcement on the highways with all the new competition that will be coming in, or deregulation will turn into a disaster.

225 CHAIR BAKER: Adjourns the meeting (2:50PM).

Submitted by, Reviewed by,

Gina Rumbaugh Janet Adkins
Committee Assistant Committee Administrator

EXHIBIT SUMMARY:

- A - Testimony on freight service -- David Barenberg -- 2 pages
- B - Testimony on rail service -- Ed Immel -- 4 pages
- C - Testimony on intermodal facilities -- Steven Kale -- 12 pages
- D - Testimony on SB 318 -- Joan Smith -- 6 pages