

CAPTIVE SHIPPER DILEMMA

Palouse Grain Producers and Lower Snake River (LSR) Corridor Shippers must have 3 things:

- 1) **GUARANTEED TRANSPORT**
Farmers must have a certain transport method/means/option for agricultural commodity transport in perpetuity between Lewiston-Clarkston and Tri-Cities.
- 2) **SHIPPING COMPETITION**
Farmers must continue to receive the competitive barging rates between Lewiston-Clarkston and Tri-Cities.
- 3) **MAINTAIN OR INCREASE COLUMBIA RIVER BARGING TONNAGE**
Must put an equal or greater amount of lower Snake River barge tonnage on barges from Tri-Cities area to Lower Columbia ports.

Concept for Agriculture Transport Trust

\$5 billion Trust in 2030

\$188 million Annual Shipper Annuity

- Trust Structure and Organization:
 - Board members will include State Agriculture Directors (WA/ID/OR/MT), Farmers, Producers, Shippers, Deans of the four NW Land Grant University Departments of Agriculture (or their designee).
 - Trust board shall determine amounts and disburse annual transport payments (premium) to compensate LSR corridor producers/shippers.
 - Trust board shall work with agricultural economists from the NW State Departments of Agriculture and NW Land Grant Universities.
 - Trust board shall ensure protection of trust principle.

- Trust Principle:
 - \$3.75 billion principle placed in a non-profit trust in 2021.
 - Dams are not removed until 2030.
 - Compound \$3.75B @ 3.75% over 8 years = \$5 billion in Year 2030.

- Annual Annuity:
 - \$5B trust principle @ 3.75% = \$188mmmonth/year.
 - 2030 forward= \$188 million annual annuity.
 - Trust board may allocate and distribute annual annuity to:
 - Compensate traditional LSR corridor barge shippers between Lewiston and Tri-Cities including agricultural goods, fuel, fertilizer and other commodities.
 - Retain proceeds to grow the trust.
 - Direct trust proceeds to agriculture research at Northwest land grant universities.
 - For any other purposes as deemed by the trust board as commensurate with this concept.

Scenario A- Direct Producer Transport Payment Model

What could a barged bushel be worth to producers?

- Army Corps reports there are 95 million bushels average barged on Lower Snake River (2016-20).
- \$188 million Annual Annuity to Grain Farmers for Barging
 - 95 million bushels = \$1.99 a bushel to farmers
 - 142.5 million bushels = \$1.32 a bushel to farmers
 - 190 million bushels = \$.99 a bushel to farmers
- Under this scenario, producers could receive \$1.99 for each bushel of grain that is “Certified Barged”.
- To be “certified barged” a bushel:
 - Must be shipped from the traditional Palouse barging area of the Lower Snake River corridor (Lewiston-Clarkston down to Ice Harbor Dam).
 - It must be loaded onto barges in the Tri-Cities area.
 - It must be delivered by barge to the Lower Columbia River Ports (coast).
- According to shippers, \$1.99 a bushel premium would be two to three times more than it currently costs to barge a bushel of wheat from Lewiston, Idaho to Lower Columbia River Ports (coast) (\$.50/.75 cents a bushel).

Scenario B

Hybrid Infrastructure Buildout Model

- \$1.5 billion would be invested in building out and updating Rail, storage, barge, and ports infrastructure from Lewiston-Clarkston to the Lower Columbia River.
 - Infrastructure buildout would begin in 2022 and be completed by 2030.
 - Areas of priority include:
 - Unit Trains- 480 Rail Cars
 - Rail Track
 - Rail Unit Loaders
 - Grain Storage Expansion
 - LSR Corridor Ports from Lewiston downriver
 - Tri-Cities Ports
 - Barge loaders/mooring areas
 - Lower Columbia Ports Grain Handling Expansion
- \$2.3 billion would remain and be placed in the Agriculture Transport Trust in 2022.
- Compound \$2.3 billion @ 3.75% over 8 years = \$3.0 billion in Year 2030.
- \$3 billion @ 3.75% = \$114 million annual annuity to shippers in perpetuity.
- \$114 million Annual Annuity for “Certified Barged” bushels:
 - 95 million bushels = \$1.21 a bushel to farmers
 - 142.5 million bushels = \$.81 a bushel to farmers
 - 190 million bushels = \$.60 a bushel to farmers

- Under this scenario, producers could receive \$1.21 for each bushel of grain that is “Certified LSR Transported”.

HIGHLIGHTS OF AGRICULTURAL TRANSPORT TRUST

- There are hundreds of possible options that shippers/farmers/producers could create. Listed above are two options.
- Representative Simpson wants to ensure that stakeholders have the resources to develop tailormade solutions that will provide them with the certainty and security that they need for now and future generations.
- The Agriculture Trust Principal is protected in perpetuity for current and future generations.
- Producers/Farmers/Shippers can have control over the annual allocation and distribution of the annuity through the Agriculture Transport Trust Board of Directors.
- The barging premium should be set at a rate that equitably compensates LSR corridor shippers for lost barging between Lewiston and Tri-Cities while maintaining the competitiveness of all shipping options including agricultural goods, fuel, fertilizer and other commodities.
- The “Certified Barged” program would ensure that Palouse/LSR corridor agricultural shipping is being compensated and that they will retain the barging competitive rate from Tri-Cities.

- The “Certified Barged” program could increase the net barging tonnage of agriculture goods from the Columbia River to the Tri-Cities to the Lower Columbia ports by up to 100%.