mittee includes representatives of all Class I railroads serving the area adjacent to the proposed Red River Navigation Project. I will briefly summarize my statement and request that the complete statement and supporting studies be included in the record of this hearing.

INTRODUCTION

The New Orleans District completed an interim report of the Red River below Denison Dam in March 1966. The report recommended, among other things, a navigation project from the mouth of the Red River to Shreveport, Louisiana, thence via Twelve Mile and Cypress Bayous to Lone Star, Texas. The navigation project recommended by the New Orleans District was 9 feet deep, 150 feet wide, with nine locks, all 84 feet wide and 600 feet long, and about 294 miles in length.

The railroads serving the area employed R. L. Banks and Associates, Inc., Washington, D.C., to review and analyze the navigation features of the New Orleans District's report. This firm computed the benefit-cost ratio to be 0.6 to 1 for the combined navigation-bank stabilization project to Lone Star, Texas. They also found that the benefit-cost ratio would have been even less if all commodity movements had been analyzed. Copies of the analysis made by R. L. Banks and Associates, Inc., were furnished the Chairman of this Committee on April 25, 1968.

The Board of Engineers for Rivers and Harbors recommended approval of the Interim Report on the Red River in October 1966. It qualified its recommendation by finding that the navigation project from Shreveport, Louisiana, to Lone Star, Texas, should not be initiated until it had been restudied. The Board also made a number of significant changes to the New Orleans District's report. For example, it recommended increasing the channel width from 150 to 200 feet.

Because of the significant changes made by the Board of Engineers for Rivers and Harbors to the New Orleans District's report, the AAR Overton Canal-Red River Waterway Project Committee made an extensive review of the Board's report. The analysis by the railroad committee was confined to the navigation project from the mouth of the Red River to Shreveport. It noted, however, that the extension of the project from Shreveport to Lone Star would be principally for the purpose of benefiting Lone Star Steel Company. Copies of the analysis made by the AAR Overton Canal-Red River Waterway Project Committee, dated April 15, 1968, were furnished the Chairman of this Committee on April 25, 1968. I request this analysis be made a part of the record of this hearing.

PRINCIPAL FINDINGS OF RAILROAD COMMITTEE'S ANALYSIS

The principal findings of the AAR Overton Canal-Red River Waterway Project Committee of the report by the Board of Engineers for Rivers and Harbors are summarized as follows:

Benefit-cost ratio.—The benefit-cost ratio for a navigation-recreation project was computed to be 0.7 to 1, and for a navigation-only project, 0.6 to 1, mouth of Red River to Shreveport, Louisiana.

Estimated traffic and transportation savings.—We made a careful analysis of the five principal commodities estimated to move on the proposed waterway by the Board of Engineers for Rivers and Harbors. The five commodities analyzed accounted for 567,000 tons of base year traffic, with transportation savings of $1,066,000, or 67 and 66 percent, respectively, of estimated traffic and transportation savings. Our analysis found 438,000 tons to be prospective waterway traffic, with estimated transportation savings of $795,000.

Except for a few commodity movements, for example, butane and creosote, most of the traffic expected to move on the proposed waterway is currently moving by rail. Tabulations of rail carload traffic, from, to, and within the area to be served by the proposed waterway show beyond any reasonable doubt that the Board of Engineers for Rivers and Harbors substantially overstated the traffic of some commodities. This was found to be characteristic of each of the five commodities analyzed, but especially of lube oil, iron and steel articles, and iron and steel pipe.

Our analysis also found that transportation savings per ton had been overstated by the Board of Engineers for Rivers and Harbors. For example, the Board estimated transportation savings on coal to be $1.36 per ton, whereas these cannot exceed $0.53 per ton.