

STATEMENT OF MARK KNOY
PRESIDENT AND CEO, AMERICAN COMMERCIAL LINES AND JEFFBOAT
JEFFERSONVILLE, INDIANA
BEFORE
THE WATER RESOURCES AND ENVIRONMENT SUBCOMMITTEE
OF THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
APRIL 18, 2012

Good morning Chairman Gibbs, Ranking Member Bishop and Members of the Subcommittee. I am Mark Knoy, President and CEO of American Commercial Lines and Jeffboat. We are based in Jeffersonville, Indiana and have 2,250 employees – 1,450 in the barge transportation segment and 800 in the barge manufacturing segment.

I appreciate the invitation of the Subcommittee to appear today and the initiative of our Congressman, Todd Young, to bring perspective to the vital issue of reliable waterways transportation.

My testimony today will cover three key topics: accountability, reliability, and a plan for addressing the challenges of aging infrastructure which support operations on our most efficient transportation system- the inland waterways.

Where is the accountability today for stewardship of our taxpayer-provided funds for construction and rehabilitation of inland waterways infrastructure? In the private sector, a major cost overrun of a capital investment program would be subjected to rigorous management oversight and direct intervention when fiscal controls went awry. However, thus far our government treats a four- fold increase in the estimated cost of just one project as no big deal. For too long,

too little scrutiny has been provided to the construction technique of this project. Congress has only recently been informed that the project has increased in cost by 50%, a BILLION DOLLARS in the last year.

I am of course, talking about the Olmsted lock and dam project, on the lower Ohio River. Where is the outrage, where is the accountability when a 7 year project will now take 32 years to construct; or, perhaps longer? The new, twin 1200 foot locks were built using a traditional coffer dam technique. They will be 20 years old when the first barge locks through in the early 2020s.

The dam is another story. It is being built using an experimental technology-building "in the wet". Initially, this approach was envisioned as saving \$60 million dollars. However, the project is now woefully behind schedule and billions of dollars over budget. As a result, we have lost faith in the technology and in the investment in this project. Remember please that we – the industry and its customers - have absolutely no control over the decision making for this project. Yet we are expected to write a check for one-half of the project cost.

With an annual appropriation of \$150 to \$185 million for construction of inland navigation projects, the consequences of Olmsted's overrun mean that almost no other investments will be made for any of the 24 projects authorized by this Committee for modernization of the navigation system until 2022, at the earliest.

Reliability-how can you have any confidence in the reliability of a system when 56% of the infrastructure is beyond its design life? Where 34 locks are over 80 years old? When a significant failure at a lock could close a major freight transportation artery - a disaster for the local and national economy? When we are told by the agency managers that we are in a crises and heading for a catastrophe? When a new initiative is being rolled out this week to "do less with less" by shutting down locks or reducing hours of service with the sole criterion being the number of commercial lockages at the facility? Ironically, we are experiencing more problems with our newer locks, like Robert C. Byrd and Mel Price than the older locks. But we are on the brink of losing customers because of fear of unreliability. The industry is seeing the diversion in the smaller

shipper category first, but larger shippers are questioning more often the continued investment in water-side facilities. How inefficient does our government want our waterways to be? Replacing one 15-barge tow would require addition of new capacity of 216 rail cars plus 6 locomotives or 1,050 tractor trailer trucks to an already clogged surface transportation system.

I am sure you are thinking that I must be a heck of an optimist to be in this business. But for all the challenges, the inland waterways still serve as the Nation's best transportation system. What is lacking is the will to make change, to embrace a vision of investment in waterways transportation.

But, there is a plan. A good, solid strategy for reforming our current approach and replacing outdated project delivery methods with on-time and on-budget performance; a plan for prioritizing our work; for funding the project construction requirement through a combination of user fees and cost-sharing changes.

And, there are bi-partisan champions who have authored this plan- "The Magnificent Seven": Congressman Ed Whitfield, Congressman Jerry Costello, Congressman Jimmy Duncan, Congressman Russ Carnahan, Congressman Tim Johnson, Congresswoman Terri Sewell and Congressman Bob Aderholt. They have come together to propose legislation, H.R. 4232, Waterways are Vital for the Economy, Energy, Efficiency, and Environment. This is a farsighted vision for the future of our Nation's inland waterways transportation system. Four of these Members of Congress serve on this Committee and we urge this Subcommittee to act this year on H.R. 4232 as part of your Water Resources Development Act.

Mr. Chairman and Members of the Subcommittee, we indeed face daunting challenges and great opportunities. The administration has not brought forth a realistic, workable plan to address these challenges. Detractors of the current program offer no alternative. But, there is one plan out there [HR 4232] and a good place to begin the discussion on the path forward. I look forward to working with the Subcommittee to continue to provide the best transportation service to our Nation!

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:

Mark K. Knoy

(2) Other than yourself, name of entity you are representing:

American Commercial Lines Inc.

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES

If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

This is the only federal grant that I am aware of in 2010, 2011 or 2012: Jeffboat

Assistance to Small Shipyards program

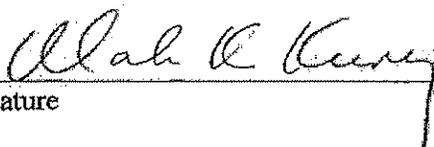
Grant Agreement signed 7/7/2009

\$2,552,000 received in 2010

American Recovery and Reinvestment Act of 2009

United States of America, administered by the Administrator of the Maritime Administration

Signature

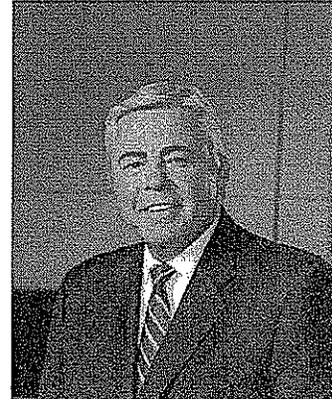


Date
4/11/2012

Executive Biographies

Mark K. Knoy

Vice President - American Electric Power; President - AEP River Operations LLC,
American Electric Power



Mark Knoy is vice president at American Electric Power's Fuel, Emissions and Logistics group and is president of AEP River Operations, which includes responsibility for Indiana & Michigan's River Transportation Division at Lakin, West Virginia; and River Operations' facilities in Paducah, Kentucky, Pittsburgh, Pennsylvania and seven facilities in greater New Orleans, Louisiana.

Headquartered in Chesterfield, Missouri, AEP River Operations includes a fleet of 3,273 barges and 93 towboats, along with a full-service shipyard and six barge repair and cleaning facilities on the lower Mississippi River in Louisiana. AEP is one of the largest dry-bulk barge companies on the inland waterways, transporting 77 million tons of commodities annually.

Knoy joined AEP with its purchase of MEMCO Barge Line in October 2001. He was senior vice president, boat operations from 1999 to 2001; senior vice president, sales and marketing from 1996 to 1999; vice president, transportation and logistics from 1995 to 1996; and southern regional sales manager from 1994 to 1996. From 1984 to 1994, he was owner/operator of The Mark Twain Towing Company and Delmar Marine, Inc., Pekin, Illinois. From 1973 to 1984 Knoy worked aboard towboats on the inland waterways, from deck hand through captain.

He attended Lindenwood University, St. Louis, Missouri.

Knoy serves as: a director of the Corps of Engineer's Inland Waterways Users Board, a Board of Trustees' member for both the Coast Guard Foundation and The Seamen's Church Institute and their Center for Maritime Education and Ministry on the River, Vice Chairman of National Waterways Foundation, board member for the H.T. Pott Inland Waterways Library at the University of Missouri -- St. Louis, and Treasurer of the Marine Transportation Council.

He is a past Chairman of both the Waterways Council, Inc. and the Midwest Region of the American Waterways Operators.

Mark is involved in the community as a member of the Board of Directors for the Greater St. Louis Area Council of Boy Scouts of America, and Chesterfield Arts.

Mark and his wife, Mary, have three children and reside in Wildwood, Missouri.