



State of Indiana

General Assembly

200 West Washington Street
Indianapolis, Indiana 46204

February 8, 2010

The Honorable Peter Visclosky
2256 Rayburn
House Office Building
Washington, D.C. 20515

Dear Congressman Visclosky:

It has come to our attention that two locks, with significant strategic importance to Indiana, are in jeopardy of failure. Such failure could lead to devastating economic consequences to Indiana.

- Fact 1: 624 million tons of cargo per year is shipped nationally on inland waterways. Of this 624 million tons, 260 million tons are shipped through the Ohio River Basin, and 160 million tons are shipped on the Great Lakes. The total national cargo is valued at \$70 billion.
- Fact 2: In 2007, Indiana's share of the 260 million tons shipped through the Ohio River Basin was 15% or 38 million tons valued at \$30 billion.
- Fact 3: In 2007, Indiana's share of the 160 million tons shipped on the Great Lakes was 19% or 31 million tons valued at \$13 billion.

What happens if the locks fail?

- Example 1: On September 27, 2009, two 250-ton lock gates fell off the main lock at Markland, between Madison, Indiana and Warsaw, Kentucky, creating five hours of additional daily delays.
- Example 2: In August 2004, the main lock at McAlpine, between Jeffersonville, Indiana and Louisville, Kentucky, was closed for two weeks to perform emergency miter gate repairs shutting down the Ohio River at McAlpine. Cost of the closure, including construction, was \$9 million.
- Example 3: In September 2003, between Greenup County, Kentucky and Scioto, Ohio, the main lock, during a planned three week maintenance closure and inspection, revealed gate deterioration and a clear risk of gate failure, extending the closure to eight weeks. Industries depending on shipping through Greenup incurred a \$10 to \$15 million increase in alternative transportation costs.

Each of these lock failures were minor in comparison to the negative consequence that would occur from failure of the Olmsted Locks that provides access to the Mississippi River and Gulf of Mexico from the Ohio River and the Soo Locks that provides Indiana's access to Lake Superior and Huron.

Project 1: Olmsted Locks Project in Pulaski County Illinois and Ballard County, Kentucky (Mount Vernon, Indiana area)

Description/Summary: Waterway Infrastructure Improvement. Lock 53 was built in 1929, is 80 years old, is deteriorating structurally, has no steel reinforcements and is 50 to 100% stressed under normal operating conditions. The temporary locks are inefficient, often shut down and are past their 15-year life. Water is seeping from the locks.

While the actual project is located in Illinois, it is a regional problem. If the locks burst, Indiana would lose access to the Gulf of Mexico via the Mississippi River. Ohio River Basin commercial vessels include iron/steel; coal; and grain, and many other Indiana raw materials products would not be able to move down the river – causing Indiana companies to lose millions. 89.6 million tons of cargo moved through these locks in 2008. 25% of all coal shipped on the Inland Waterways transits the Olmsted site.

In order to complete the dam construction, it is critical that contractors mobilize and fabricate the necessary shells to allow the contractor to begin river work in 2011. To reach this goal requires the purchase of equipment, construction of the precast yard and beginning to fabricate shells. The remaining equipment would be purchased; the first set of shells would be placed in FY11. Efficient funding for FY11 is **\$114 million**.

Congress has enacted authorizing legislation for the project at a cost of \$1.4 billion, but funding has **not been appropriated**. If the \$114 million is appropriated for FY11, the U.S. Army Corps of Engineers will start the project immediately ensuring the continuation of future funding.

Project 2: Soo Locks Project at Sault Ste Marie on the St. Mary's River Connecting Lake Superior and Lake Huron in Northern Michigan

Description/Summary: Waterway Infrastructure Improvement. Owned and operated by the U.S. Army Corps of Engineers, the lock infrastructure is old and in need of repair and replacement. It is in major jeopardy of catastrophic failure. The two operating locks at Sault Ste Marie were constructed in 1948 and 1968. Congress first authorized construction of a new replacement lock at Sault Ste Marie in the Water Resources Development Act of 1986, however, due to uncertainties over local cost sharing requirements, the project stalled shortly thereafter. The locks complex at Soo Locks enables ships to navigate the St. Marys River, which connects Lake Superior and Lake Huron. Through this critical infrastructure, Great Lakes commercial vessels carry coal; grains; petroleum; iron/steel; aggregates; ores/minerals; and other raw materials that feed Indiana's steel industry. Each year, 80.6 million tons of cargo passed through the Soo Locks.

Northwest Indiana is home to 22 % of all U.S. raw steel production. Iron ore mined in Minnesota is transported to Northwest Indiana steel mills via large commercial vessels navigating the Great Lakes. This is the primary source of iron ore for Indiana steel mills.

Congress has enacted authorizing legislation for the project at a cost of \$341 million, but adequate funding has **not been appropriated**. In 2009 and 2010, Congress only appropriated \$18 million, not enough to ensure continuation of future funding. If the \$100 million is appropriated for FY11, the Corps would be insured continued future funding to complete the project. The Corps has indicated that with funding they could start reconstruction of these two locks immediately.

What is the impact of inaction?

- Olmsted Locks: Indiana would lose access to the Gulf of Mexico via the Mississippi River. It would cost Indiana's agricultural, coal and industry millions.
- Soo Locks: Indiana would lose access to the St. Mary's River which connects Lake Superior and Lake Huron. It would cost Indiana's steel, agriculture and shipping industries millions. It would also cause major disruptions to all U.S. raw steel production, and since the Northwest Indiana/Chicago region is the largest raw steel producing region in the United States as of November 2009, it would cause our mills to be uncompetitive, further exacerbating economic uncertainty for Hoosiers.

FY 11 Project Recommendation Summary:

\$114 million for Olmsted Locks Project

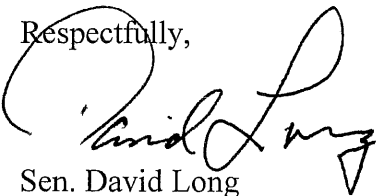
\$100 million for Soo Locks Project

TOTAL Recommended U.S. Army Corps of Engineers Request \$224 million

Being a Federal issue of vital importance to Indiana, the Indiana General Assembly would request that these two locks receive your highest priority during the upcoming appropriations process and that you work to ensure the **\$224 million** is appropriated and included in the FY11 Energy and Water Appropriations Bill.

Thank you for your attention and action in regard to this vital economic issue facing Indiana.

Respectfully,



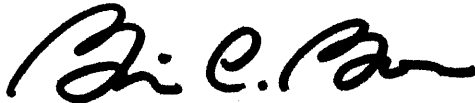
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