

U.S. Senate
Committee on Environment and Public Works
Testimony of John Swearingen
Senior Vice President, Transportation and Logistics
Marathon Petroleum Corporation
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Marathon Petroleum is headquartered in Findlay, Ohio, and with our seven-plant refining network, we are the nation's fourth-largest transportation fuel manufacturer. We are also one of the largest marketers and transporters of petroleum products in the US. A key part of our business is our inland river fleet, which is one of the largest private domestic fleets of inland petroleum product barges in the US. Our fleet consists of 219 inland waterway towboats and barges that we wholly own, accompanied by another 22 towboats and barges which are leased. We also have another 30 boats and 100 barges under contract with third parties. Our fleet carries products primarily on the Ohio River between Pittsburgh and Paducah, Kentucky. Other movements are also regularly scheduled on the Mississippi, Illinois, Allegheny, Monongahela, Kanawha, Tennessee, and Cumberland rivers. All of these river systems have locks and dams built and maintained by the US Army Corps of Engineers. We also own distribution storage facilities throughout the Midwest and South, which are also accessed via water. Just recently the US became the number-one producer of oil and natural gas, and we are a net exporter of refined products. This has made energy more affordable and our country more energy secure. In order for Americans to fully realize the benefit of this abundant and affordable energy, investments in energy transportation infrastructure are absolutely critical.

Moving commodities by barge and tanker is extremely efficient. For example, moving the amount of liquid volume on just five 8-barge towboats is the equivalent of moving the same volume over the road with 5,000 semi-tractor trailers. However, inadequate investment can minimize these efficiencies and result in bottlenecks in commerce.

Unscheduled and unplanned lock outages, like those we have experienced on the Ohio River over the past decade, are extremely disruptive and lead to increased costs of everyday products, commodities, and raw materials for the end consumer. Nearly 40 percent of all domestic waterborne trade is crude oil or petroleum products, and 40 percent of the crude oil arriving at refineries is being shipped via water. Therefore, the longer it takes for a shipment to arrive due to backlogs at locks and dams, the more expensive petroleum products will become.

It is well-known the Army Corps of Engineers has billions of dollars of deferred maintenance activities due to insufficient funding. These maintenance projects are critical to our industry's operations. Today, we functionally have a "fix as fail" posture when it comes to our inland waterway infrastructure; we cannot afford to move towards a "fail to fix" posture.

Congress has already taken a number of positive steps forward in the long road toward recovery. The 2014 WRDA bill established a framework for authorizing full distribution of the revenues paid by the inland towing industry into the Harbor Maintenance Trust Fund. We appreciate that Congress included this provision and appropriated the authorized amounts last year. We now encourage Congress to maintain the WRDA authorized distribution levels, and to appropriate the authorized amount of 71 percent of Trust Fund revenues expected in Fiscal Year 2017. We also encourage Congress to appropriate the 3.1 billion dollars in the operations and maintenance account for the Army Corps of Engineers, and further appropriate the full use of the Inland Waterways Trust Fund, which is based on a 29-cents-per-gallon user fee assessed on vessels operating on the inland system. Lastly, there is currently a near final feasibility study for the Pittsburgh area to modernize Emsworth, Dashields, and Montgomery Locks and Dams. This study has been under development for more than 12 years, and has cost more than 17 million dollars. We strongly encourage the Committee to authorize the Upper Ohio River Navigation Study in the 2016 WRDA bill.

Marathon Petroleum Corporation stands ready to work with the Senate Environment and Public Works Committee, as well as other committees of jurisdiction and appropriators. We are a willing partner in the effort to build and maintain a 21st century energy infrastructure network. The American public deserves no less.