



Lake Carriers' Association

The Greatest Ships on the Great Lakes

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Docket Management Facility
U.S. Department of Transportation
1200 New Jersey Avenue SE
West Bldg., Room W12-140
Washington, DC 20590

**Proposed Policy: "Other Relevant Criteria" for Consideration When Evaluating the Economic Soundness of Applications under the Title XI Maritime Guaranteed Loan Program
Federal Register, February 24, 2014
Volume 79, Number 36, Pages 10075-10077**

Dear Sir or Madam:

Lake Carriers' Association ("LCA") represents 17 American companies that operate 57 U.S.-flag vessels ("lakers") on the Great Lakes and carry the raw materials that drive the nation's economy: iron ore and fluxstone for the steel industry, aggregate and cement for the construction industry, coal for power generation, as well as salt, sand and grain. Collectively, our members can transport more than 115 million tons of dry-bulk cargo per year and employ more than 1,600 men and women, all of whom are U.S. citizens or legally admitted aliens, and provide annual wages and benefits of approximately \$125 million. In turn, the cargos our members carry generate and sustain more than 103,000 jobs in the eight Great Lakes and have an economic impact of more than \$20 billion.

We fully support the proposed policy under which the U.S. Maritime Administration ("MARAD") would consider various environmental initiatives that are likely to increase efficiency and lead to future cost savings as "other relevant criteria" in its evaluation of Title XI loan guarantee applications. Such initiatives could include alternative fuel system designs, fuel cells, hybrid propulsion systems, air emissions reduction technologies, ballast water treatment technologies, or other environmentally friendly designs.

Waterborne commerce is already the greenest form of transportation. A U.S. Army Corps of Engineers report published in 2009, *Great Lakes Navigation System: Economic Strength to the Nation*, determined that a Great Lakes dry-bulk carrier travels 607 miles on one gallon of fuel per ton of cargo carried. Using that same yardstick, a train travels 202 miles, a truck, 59.

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The Association Representing Operators of U.S.-Flag Vessels on the Great Lakes Since 1880

AMERICAN STEAMSHIP COMPANY ♦ ANDRIE INC. ♦ ARMSTRONG STEAMSHIP COMPANY ♦ BELL STEAMSHIP COMPANY
CENTRAL MARINE LOGISTICS, INC. ♦ GRAND RIVER NAVIGATION COMPANY, INC. ♦ GREAT LAKES FLEET/KEY LAKES, INC.
INLAND LAKES MANAGEMENT, INC. ♦ THE INTERLAKE STEAMSHIP COMPANY ♦ LAKES SHIPPING COMPANY
LAKE MICHIGAN CARFERRY SERVICE ♦ PERE MARQUETTE SHIPPING ♦ PORT CITY MARINE SERVICES ♦ PORT CITY STEAMSHIP SERVICES
SOO MARINE SUPPLY, INC. ♦ UPPER LAKES TOWING COMPANY, INC. ♦ VANENKEVORT TUG & BARGE INC

The Corps report also found that a cargo of 1,000 tons carried by a Great Lakes freighter produces 90 percent less carbon dioxide as compared to the same cargo transported by truck and 70 percent less than the same cargo transported by rail.

Our members continually reinvest in their vessels to keep them as safe and efficient as possible. During the winter of 2013/2014 our members will spend more than \$70 million preparing their vessels for this year.

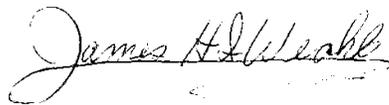
Recent years have seen several vessels been repowered with more fuel-efficient engines. These are significant investments. The cost of repowering a steamer with diesel engines ranges from \$15 million to \$25 million.

Our members are actively investigating fueling their vessels with LNG in the foreseeable future. Another member has been testing systems that could treat ballast.

Another reason this proposed policy is so important to LCA's members is that since the Lakes are fresh water, it is not necessary to build new vessels every 25-30 years as is the case in the salt water trades. A properly maintained hull can last indefinitely. That means our members can incorporate technological advances into existing hulls. For example, several vessels currently enrolled in LCA were built in the 1950s. Since their christenings they have been lengthened, converted to self-unloaders, and several have been repowered. Other vessel self-propelled vessels from that period have been converted to articulated tug/barge units.

As we are all painfully aware, our nation and industry suffered a terrible recession starting in late 2008. Cargo movement on the Lakes plummeted. The iron ore trade in 2009 fell to its lowest level since 1938. However, our members have maintained their assets for the economic revival that followed. The industry will greatly benefit from having the option of using the Title XI program to finance future vessel upgrades that further lessen the industry's already small carbon footprint.

Very respectfully,

A handwritten signature in cursive script that reads "James H. I. Weakley". The signature is written in black ink and is positioned above the printed name and title.

James H. I. Weakley
President