



August 6, 2014

Chairman Daniel R. Elliott, III  
Vice-Chairman Deb Miller  
Surface Transportation Board  
395 E Street SW  
Washington, DC 20423

Dear Chairman Elliot and Vice-Chairman Miller:

I write to you regarding the massive delays in grain and ethanol rail shipments plaguing the upper Midwest states of Montana, North Dakota, South Dakota and Minnesota. National Farmers Union (NFU) represents roughly 200,000 family farms nationwide, with a large concentration of members located in these states.

NFU is pleased by the ruling on June 20, 2014, directing BNSF Railway (BNSF) and Canadian Pacific (CP) to issue weekly progress reports and create a plan for dealing with the massive backlog of grain shipments in the Upper Midwest. We also appreciate your ruling in April directing all necessary railcars and locomotive power to move fertilizer into position to avoid planting delays in the spring. Despite these steps forward, we remain deeply concerned about the recent performance of CP and BNSF.

We believe that BNSF's and CP's will and ability to deliver grain shipments in time for the upcoming harvest are substantially inadequate. We are especially concerned regarding wheat, since harvest has already started and grain remains in the bin from last year's harvest. While BNSF claims that the total number of late shipments of wheat has declined nationwide, 95.42 percent of all past-due cars are concentrated in Montana, North Dakota, South Dakota and Minnesota. BNSF has promised to improve its performance, but we are still subject to delays and Average Train Speed at yearlong lows.

Grain shipments in North Dakota are critical. BNSF reported in its latest weekly update that there have been 2,399 delayed rail cars with an average delay of 23.6 days. CP reported 22,457 open requests with an average of 11.71 weeks. Elevators are routinely penalized 50 cents per bushel for deliveries that are two weeks late. Anecdotal evidence from four different grain elevators indicates that their oldest orders are from early March, and shuttle orders are up to 2,000 cars behind. These numbers are staggering and simply unacceptable.

In South Dakota, our members are hearing about significant delays directly from local grain elevators across the state. In a recent article in "AGWEEK" Midwest Cooperatives, which has locations in Pierre, Onida, Blunt, Philip, Kadoka, Draper and Highmore, reported that all the grain elevators are full. Due to

the backlog, elevators and farmers are now dumping wheat on the ground.<sup>1</sup> At one particular elevator that handles 15 million bushels of grain per year, 3 million of those bushels will not move before this year's harvest. In some cases elevators have stopped ordering new rail cars at all because they know it is not worth the risk. We are concerned that this latest development of elevators simply losing faith and not ordering cars may be skewing the railroad's reported deficiencies such that, as bad as they are, they may actually be even worse.

We are also concerned for the ethanol industry. According to Growth Energy, an ethanol trade association, over 61 percent of ethanol is delivered to market by rail. While the June 20 decision rightfully addressed grain shipments, we encourage STB to consider shipments of ethanol as a priority as well. Earlier in 2014, ethanol prices dramatically increased due to lack of supply brought on by the shipping delays. Failure to bring ethanol to market will hurt consumers because of higher gasoline prices and will work against our efforts to offset imports of foreign oil.

Thank you very much for your consideration of our concerns. We look forward to continuing to work with you to address the delays in rail shipments in the Upper Midwest.

Sincerely,



Roger Johnson  
President

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<sup>1</sup> Pates, Mikkel. "SD elevator full, shuts doors as a result of poor rail service." AGWEEK.  
<<http://www.agweek.com/event/article/id/23776/>>