



STATE OF SOUTH DAKOTA  
DENNIS DAUGAARD, GOVERNOR

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September 4, 2014

Surface Transportation Board  
Attn: Docket No. EP 724  
395 East Street, S.W.  
Washington, DC 20423-0001

Dear Chairman Elliot, Vice Chairman Miller, and Board Member Begeman,

Thank you for coming to the Dakotas today and for your continued attention to our state's shipping needs. We are thankful for the work that you have done to date.

The recent orders issued by the Surface Transportation Board have given South Dakota and other states the critical information we need to communicate the magnitude of this problem to the public, advocate for shippers and farmers, and work with the railroads to find solutions. Further, the reported information has allowed us to prepare our farmers for the reality that grain is not likely to move as quickly as it has in the past. They can now prepare for expected lags in shipping times, which will necessitate the need for greater grain storage capacity. Even as I continue to encourage the railroads to do everything they can to provide reliable and efficient service, I am also urging producers to do everything they can to prepare their own operations while we await the expanded rail infrastructure necessary to transport our ever-larger harvests.

Agriculture is South Dakota's largest economic sector and without reliable rail service, our producers cannot get their products to market. Unlike some other agricultural states, South Dakota relies almost entirely on railroads to move our agricultural products, in many cases to markets hundreds of miles from our borders. Our state does not have multiple Class I carriers, which means our farmers do not have the option of utilizing competition to select a lower-cost service. We do not have a barge transportation system that other top agriculture states utilize when railroads experience delays and harvests outpace rail capacity. And we consume a modest amount of the grain we produce, so the majority must be sold to out-of-state buyers.

As a result, South Dakota is almost entirely dependent upon the Burlington Northern Santa Fe and Rapid City, Pierre & Eastern railroads to move our grain to market. If they cannot carry the load, our South Dakota farmers have few remaining options. In recent

Surface Transportation Board  
September 4, 2014  
Page 2

years, we've been blessed with plentiful harvests, now, more than ever, our producers need timely, reliable rail service. Thank you for doing what you can to help them get optimum performance from the railroads that service the Dakotas.

Thank you again for your time and attention to this critical issue.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Daugaard". The signature is written in a cursive style.

Dennis Daugaard

DD:nn