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BEFORE THE  
SURFACE TRANSPORTATION BOARD

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Ex Parte No. 724 (Sub-No. 4)

UNITED STATES RAIL SERVICE ISSUES-PERFORMANCE DATA REPORTING

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**Comments**

submitted by

**THE FERTILIZER INSTITUTE**

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*On Behalf of:*  
The Fertilizer Institute

Dated: March 2, 2015

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Pursuant to the Notice of Proposed Rulemaking ("NPRM") of the Surface Transportation Board ("Board"), served December 30, 2014, The Fertilizer Institute ("TFI") hereby submits its comments pertaining to the Board's proposal to require all Class I railroads and the Chicago Transportation Coordination Office ("CTCO") (collectively referred to as the "Class I Railroads") to report certain service performance metrics on a weekly basis. TFI strongly supports the Board's proposals, but respectfully requests that the Board require the Class I Railroads report fertilizer performance metrics in addition to the other commodities included in the NPRM.

**Statement of Interest**

TFI is the national trade association of the fertilizer industry. TFI, which traces its roots back to 1883, represents virtually every primary plant food producer, as well as secondary and micronutrient manufacturers, fertilizer distributors and retail dealerships, equipment suppliers and engineering construction firms, brokers and traders, and a wide variety of other companies and individuals involved in agriculture. The mission of TFI is to represent, promote and protect

the fertilizer industry. Fertilizer nutrients provide the “food” plants need to grow, insure there is an adequate supply of nutritious food and animal feed, and a bountiful supply of fiber and biofuels to help meet the nation’s energy needs. Without fertilizer, the world would be without forty percent of today’s food supply.

TFI’s members depend heavily on railroads to transport their fertilizers to the farming regions where they are consumed. Fertilizer shippers are customers of all Class 1 railroads and many short line railroads. Fertilizer shippers also utilize the service of other modes of transportation, but at some point nearly all the fertilizer shipped in North America is transported via a railroad. Because much of the recent service problems have been in major agricultural regions, TFI members have a particularly strong interest in this NPRM.

TFI appreciates that the Board recognizes problems caused by poor rail service. TFI supports the Board’s NPRM to require Class I Railroads to report rail metrics and respectfully requests the Board also require that Class I Railroads report fertilizer performance data.

### **BOARD REPORTING REQUIREMENTS**

This NPRM follows the Board’s recent orders requiring performance data collection in response to rail service problems. After hearing from the agricultural shipping community at the April 10, 2014 public hearing in Washington, D.C., the Board required the BNSF Railway Company (“BNSF”) and the Canadian Pacific Railway Company (“CP”) to report “their plans to ensure delivery of fertilizer shipments.” United States Rail Service Issues, STB Docket No. EP 724 (Sub-No. 1), slip op at 1 (Served Apr. 15, 2014). The Board recognized that fertilizer rail service issues could lead to missed planting deadlines which would have “potential long-lasting and widespread effects.” Id. at 1.

The Board next issued an interim data collection order requiring all Class I Railroads to report system average train speed for a variety of commodities including grain and ethanol; however, the Board omitted fertilizer from the list of reported commodities. United States Rail Service Issues – Data Collection, STB Docket No. EP 724 (Sub-No. 3)(Served Oct. 8, 2014)(“Interim Data Collection Order”). TFI expressed concern with this omission in a letter filed on October 24, 2014. This NPRM will make permanent the temporary Interim Data Collection Order. In the NPRM, the Board “invite[s] public comment to...receive constructive input to revise, as necessary, and improve the existing data reporting structure.” United States Rail Service Issues – Performance Data Reporting, STB Docket No. EP 724 (Sub-No. 4), slip op at 3 (Served Dec. 30, 2014).

TFI urges the Board to use the NPRM as an opportunity to re-examine its omission of fertilizer from the Interim Data Collection Order. The Board recognized the long-term importance of the fertilizer shipments in April 2014. TFI urges the Board to recognize that the fertilizer supply chain requires consistent monitoring in order to avoid a repeat of the April 2014 crisis and therefore, TFI requests the Board include fertilizer as a reported commodity.

### COMMENTS

**I. The Board should include fertilizer within the scope of its order requiring Class I Railroads to submit performance metrics.**

The fertilizer supply chain depends on reliable year-round rail transportation, which is essential to food production. If fertilizers were produced and transported only during planting season, the supply chain could not satisfy the enormous demand. Fertilizer producers manufacture nitrogen, phosphate, potassium, and other fertilizers throughout the year and ship these products to intermediate storage facilities and then to distribution centers for ultimate sale to farmers. This supply chain ensures that fertilizer products are readily available to farmers

during peak application periods. Fertilizer shippers require consistent rail service to ensure that distribution centers are adequately stocked for farmers to draw on during the narrow application window. Although, the peak spring and summer months are important, fertilizer manufacturers need reliable rail service throughout the entire year to properly distribute fertilizer across the country.

Reliable year-round rail service is not only essential for the purpose of staging sufficient inventory at distribution centers, it also is critical to the ability of fertilizer producers to manufacture fertilizer year round in order to meet peak demand. If fertilizer inventory accumulates at the production facilities, production will come to a halt when the facilities' storage capacity is exhausted. Therefore, fertilizer producers must be able to reliably ship product away from manufacturing facilities to ensure adequate storage for continuous production. If poor rail service causes producers to shut down their facilities for lack of storage capacity, not only will fertilizer product not make it to the farmers that need it, but fertilizer suppliers will not be able to manufacture a sufficient amount of product to meet the needs of farmers throughout the country.

The addition of fertilizer as a reported commodity would not burden the Class I Railroads. First, the Board already required BNSF and CP to report fertilizer performance metrics in its April 15, 2014 order and both railroads demonstrated that fertilizer reporting is feasible. Second, the Board is already requiring the Class I Railroads to report total rail cars on line. This reporting requirement includes both covered hoppers and tank cars. Because these types of rail cars are also utilized for fertilizer shipments, the Class I Railroads would not be burdened by providing this additional information.

The Board should include fertilizer as a reported commodity so that railroads do not neglect fertilizer shippers in favor of other reported agricultural commodities that use the same car types. While TFI recognizes the importance of transporting grain, it also is essential to note that next year's harvest depends upon timely application of fertilizer during the planting season, which in turn also requires consistent rail service. TFI is concerned that the disparate reporting requirements between grain and fertilizer could cause railroads to focus resources on grain shipments to the detriment of fertilizer shipments because many fertilizer products move in the same types of rail cars as grain. The Board can rectify this potential problem by adding fertilizer to the list of reported commodities.

The addition of fertilizer to the list of reported commodities would provide benefits to the fertilizer shipping community. First, a fertilizer metric will establish data for the industry to understand trends. Data is important during those times when rail service is poor. However, the fertilizer shipping community will also benefit from data when rail service eventually improves. This information will help shippers understand long-term rail service trends that will assist fertilizer shippers, farmers, and the Class I Railroads to foresee future rail service problems and permit all interested parties to plan accordingly.

Second, fertilizer reporting will provide data useful for short-term forecasting and planning. As the Board stated, performance data assists "rail shippers in making logistics decisions, planning operations and production and mitigating losses." *Id.*, slip op at 2. Access to information allows shippers to forecast, and thereby plan for contingencies, which then may prevent the need for shippers to come to the Board seeking emergency service orders. During the most recent rail service backlog, TFI members had to change fertilizer movements from rail to truck wherever possible. However, trucks are a poor substitute for rail because truck capacity

is limited and more expensive at the longer distances. A requirement for the Class I Railroads to report fertilizer shipments will help shippers foresee rail delays and will enable shippers to plan different transport modes farther in advance so that fertilizer shippers may obtain equipment and more favorable transportation rates.

Finally, requiring fertilizer as a reported commodity provides fertilizer shippers transparency and shines a light on fertilizer shipments which will encourage railroads to maintain consistent service. TFI members report that following the Board's April 15 order requiring CP and BNSF to report fertilizer metrics, these railroads in fact improved service to fertilizer shippers.

**II. The Board should require fertilizer car reporting similar to that of grain car reporting under proposed § 1250.3(a)(7)-(8).**

In the NPRM, the Board requested comment regarding the data reporting structure. Under the Board's order requiring fertilizer reporting, the Board requested BNSF and CP provide information regarding the "number of cars placed during each prior week." United States Rail Service Issues, STB Docket No. EP 724 (Sub-No. 1), slip op at 1 (Served Apr. 15, 2014). TFI members report that the weekly car order metric lacked precision. This metric failed to capture data related to percentage of orders placed and filled by BNSF and CP per week. Instead, TFI members would place orders during a week, and if left unfilled, the orders would drop off at weeks end. TFI members had to then re-order a train the following week. The reporting metric only provided the number of cars placed during each prior week. The data failed to provide the necessary context to allow either the Board or fertilizer shipper's to fully understand the current state of BNSF's and CP's performance.

In the Interim Data Order and in this NPRM, the Board appears to have rectified this issue for grain cars. Under proposed § 1250.3(a)(7)-(8), the Board requires a variety of reporting metrics including:

- the total number of overdue car orders (a car order equals one car; overdue means not delivered within the delivery window);
- average number of days late for all overdue grain car orders;
- the total number of new orders received during the past week;
- the total number of orders filled during the past week; and
- the number of orders cancelled, respectively, by shipper and railroad during the past week.

If the Board adopts fertilizer reporting requirements, TFI respectfully requests that the Board require such reporting be in the same manner as currently collected for grain cars under proposed § 1250.3(a)(7)-(8).

**III. If the Board does not include fertilizer reporting in this NPRM, the Board should clarify that the exclusion of fertilizer does not prevent the Board from requiring future reporting.**

TFI respectfully requests that the Board require the Class I Railroads to report fertilizer performance metrics along with the other required commodities. However, if the Board chooses not to include fertilizer as a reported commodity, then TFI respectfully requests the Board to clarify in its final order that the exclusion of fertilizer in this rule making does not prohibit the Board from requiring fertilizer reporting in the future through interim orders as it did in 2014. The Board should clarify that any future reporting requirement could be temporary as urgency might require or that the Board may add fertilizer permanently without requiring an additional notice and comment period.

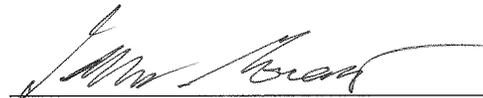
## Conclusion

TFI applauds the Board for seeking to make permanent performance data metrics that enable shippers and railroads to better understand the status of the national rail network. Fertilizer reporting will advance the Board's goal of readily available transparent rail data that will assist the Board, Class I Railroads, and fertilizer shippers to coordinate the movement of this valuable commodity. In summary, TFI would like to emphasize the following points:

- The fertilizer supply chain relies on consistent rail service all year to ensure that sufficient fertilizer is available to farmers throughout the country for the application seasons.
- Reporting fertilizer metrics would not burden the Class I Railroads.
- BNSF and CP have demonstrated that Class I Railroads are capable of providing fertilizer performance data.
- Fertilizer reporting would not only benefit fertilizer shippers, it would also benefit farmers.
- Fertilizer reporting should be conducted in the same manner as currently collected for grain cars under proposed § 1250.3(a)(7)-(8).

TFI appreciates the opportunity to offer comments in this NPRM. TFI's comments reflect the consensus of the fertilizer ammonia industry on these important issues.

Respectfully submitted,



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