



October 10, 2016

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**Via Electronic File**

Ms. Cynthia T. Brown  
Chief, Section of Administration, Office of Proceedings  
395 E. Street S.W.  
Washington, DC 20423

ENTERED  
Office of Proceedings  
October 11, 2016  
Part of  
Public Record

RE: GWI/PWRR Acquisition

Dear Ms. Brown,

As a very active shipper across several Genesee and Wyoming Inc. ("GWI") shortlines, the GWI and its subsidiaries are crucial to American Rock Salt Company LLC ("ARS") and its three hundred plus employees. Therefore, we are writing to voice our reservations about the acquisition of the Providence and Worcester Railroad ("PWRR") by the GWI as indicated on Finance Docket No. 36064, Genesee & Wyoming Inc. – Acquisition of Control Exemption – Providence and Worcester Railroad Company.

ARS is a supplier of road salt deicing product; we take pride in our product being made in America and used to keep people safe during the winter months. Each year 116,000 people are injured due to winter driving conditions. Road Salt has been credited with reducing winter related car crashes by 88%, injuries by 85%, and with saving states as much as \$700 million per day in both direct and indirect costs of impassable roads. Our product is distributed throughout the Northeast providing safe driving conditions for a population of 75 million Americans. In the past, the vast majority of our product has always been shipped via Rail. However, as the Rail industry has continued to consolidate we have begun to see pricing that has pushed us more and more towards other forms of transportation and has decreased our market area as foreign salt that is shipped in from South America and Africa has been able to push further into our market.

We have worked with the GWI for almost 20 years and have watched over the years as they have grown through acquisitions and consolidation. Unfortunately this growth has had the unfavorable consequence of making ARS captive to the GWI's draconian rate structures. For instance, last year ARS held rate negotiations with the Rochester and Southern Railroad ("RSR"), a GWI subsidiary and our originating carrier, to discuss our Rail Rates which have increased over 100% from when we began doing business with GWI 15 years ago. During these negotiations ARS argued that given the precipitous drop in Fuel Prices of over 50%, ARS should be able to enjoy some of this savings through a fair and balanced Fuel Surcharge Program. This savings would have allowed ARS to compete with the foreign boat salt that has been enjoying the benefits of lower fuel costs for years and allow us to regain some market share we had lost during these years. However, the GWI instead kept our rate flat, taking all of the fuel savings for themselves while simultaneously forcing on ARS a higher minimum requirement for us to ship. This double edged sword not only cost ARS market share, but also forced us to pay a penalty for not meeting the increased minimums. This lost market share, along with a milder than normal winter later forced us to lay off the majority of our workforce for an extended period earlier this year further showing how the GWI is able to hold ARS captive to their demands.

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In addition to the GWI being our originating carrier, ARS is also finding that a GWI Company is more and more ending up as our servicing carrier at many of our distribution points. This gives the GWI an incredible amount of power in determining where ARS is allowed to conduct business. Many of our competitors in the United States are not bound by this same monopolistic structure and in fact have many servicing railroads which allow them to receive a fair market price. This captive move where the GWI controls the first and last move is exactly what ARS faces with their proposed acquisition of the PWRR railroad. The PWRR currently serves several ARS distribution points. Should this acquisition go through, ARS would face the same captive move that we face at several other locations giving the GWI an incredible amount of power to determine where ARS is able to market its product and potentially hold ARS and our customers hostage.

Over the years ARS has gone to great lengths to increase our ability to serve our customers with our life saving product. One of these projects included an ARS expenditure of over \$1.5 million dollars with the support of the NYS taxpayers to increase our rail loading abilities from 72 railcars per day to in excess of 90 railcars per day. The hope was that with the cooperation of the GWI, we would be able to further our market reach and provide our extremely important, Made in America product to even more customers. However, as soon as the project was completed, the GWI refused to give ARS any meaningful volume incentive and we have never been able to fully utilize the expansion to the detriment of ARS, the NYS Taxpayers, or our customers. As the GWI continues to expand its business through the acquisition of short lines, they will continue to lose the short line mentality and move closer to running their business like a Class 1 with all the monopolizing power that goes with it. This has already begun with GWI bypassing our Rail Management Agreement to unilaterally attempt to implement a Demurrage charge of \$25 a day per car when the Rail Management Agreement allowed for free storage of railcars. One begins to think that the GWI's long term plan is to put ARS and its three hundred plus employees out of business so they can again own the mine that is now ARS as they once did.

Very Truly Yours,

Joe Bucci  
Co-CEO



Neil Cohen  
Co-CEO



Gunther Buerman  
Chairman, Co-CEO



Phil Saunders  
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Cc: All Parties of Record

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