

National Farmers

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Sep. 24, 2014

Chairman Daniel R. Elliott III
Surface Transportation Board
395 E St. SW
Washington, DC 20423-0001

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Dear Chairman Elliott:

National Farmers Organization markets corn, soybeans, wheat, cattle and milk for thousands of agricultural producers, primarily in the Midwest, Plains, Northeast and California. We assist producers with cash sales, including group marketing, and contracts through the CME and other exchanges. We're involved in representing producers through the time of delivery of their products to the world's major ag buyers and regional commodity purchasers.

As such, at National Farmers, we are fully aware of our producers' reliance on transportation for smooth business transactions, and ultimately consumers' needs to see their products used in products on grocery shelves. As you know, historically, agriculture and the rail system have enjoyed a productive business relationship. We anticipate that will continue.

However, we have major concerns about the rail backlog for transporting grain commodities, particularly with a projected record corn and soybean harvest, and wheat already piled on the ground in areas of South Dakota, for example.

We are aware the situation has improved in recent weeks. BNSF reported average days late for North Dakota, Montana, Minnesota and South Dakota range from 21.5 to 8.9 and, past due orders were down 14.1% for the week from 4,066 to 3,492, based on an Aug. 7 update to your Board. (*Farm Futures*, Aug. 13, 2014)

Still, many elevators in North Dakota are reporting cash corn prices to farmers well under \$2 per bushel, about \$1 per bu. below prices in Missouri, for example, and also far below Iowa cash prices and contract prices on the Chicago Mercantile Exchange. These prices are also dollars per bushel below farmers' production costs. Further, we have observed this price pressure starting to affect commodity prices outside the most-affected areas.

Commodity price basis for each of the crops we market for producers is wide-ranging, as well. This, of course, is due to concerns about barge, as well as rail access, and costs of those forms of transport for agricultural commodities.

As leaders in agriculture, we would request two measures to alleviate the issue. First, we formally request that grain transport via the rail system be prioritized, with the Surface Transportation Board directing rail companies to transport a certain amount of grain daily from North Dakota, South Dakota and other affected areas. Second, we respectfully request to remain fully informed of measures taken to alleviate this problem and prevent this circumstance in the future.



We would also appreciate conversation from your Board about the agricultural rail access topic, in the interest of full discovery of the factors that have led to this issue. We understand root problems include crew and engine shortages, rather than rail cars themselves.

Six months ago our South Dakota state level organization contacted congressional representatives, however the rail access problem is growing, from our grain grower members' perspectives. More needs to be done, and we trust your authority to step in and lead a practical solution.

We appreciate your serious and timely consideration of this matter. Our top concern is for the profitability of our producers and fair treatment of them. However, financial repercussions for this spread quickly from grain operations to those businesses they patronize throughout their areas.

Sincerely,



Paul Olson
President
National Farmers

cc: Mr. Tom Giovinazzi

OFFICE OF CHAIRMAN
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