



December 16, 2014

Via E-mail

Ms. Cynthia Brown,
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

RE: STB EX PARTE NO. 724
US RAIL SERVICE ISSUES

Dear Ms. Brown:

Please accept our letter of comment with regard to the issues before the STB in the referenced matter.

Sincerely,

A handwritten signature in cursive script that reads "Carol Freysinger".

Carol Freysinger
Executive Director

237258

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December 16, 2014

The Honorable David R. Elliott III, Chairman
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

The Honorable Debra M. Miller, Vice-Chairman
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

The Honorable Ann D. Bregeman, Commissioner
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

RE: EX PARTE NO. 724
UNITED STATES RAIL SERVICE ISSUES

Dear Chairman Elliott and Members of the Surface Transportation Board:

The National Pasta Association is the voice of its members, who are the leading independent millers and producers of pasta and macaroni products in the United States. As you can see from the attached list of our members and the nationally known brands they place on America's grocery shelves, they play an important role in our nation's food supply chain. Many of our members also produce key ingredients for the nationally branded soups, snacks and other packaged foods produced by major US food suppliers.

Thus our NPA members play an essential role in taking the grain harvest from the heartland and producing food for the American table. The wheat, flour, and the finished products all rely on timely and cost effective rail transportation to achieve this important task.

Unfortunately, our members also have experienced first-hand the excessive costs and difficulties associated with the substantial deterioration in US rail service that has been the subject of your review and attention pursuant to this Docket. This has resulted in economic hardship to our members at a time when the railroads are enjoying record profits, and will also lead to higher grocery bills for Americans.

So far all the attention has been directed to the agricultural sector, and most recently to the electric utilities and other consumers of coal. However, our members have experienced the same increased costs, plant shutdowns and customer problems nationwide that have been reported to the Board during the Board's hearings of April 10 and September 4 of this year.

For example, our members' flourmills and pasta plants have experienced increased costs of raw materials, as well as increased costs of securing alternate means of transportation, usually by truck. In addition, our members often have been forced to obtain alternate sources of product supply to cover customer requirements and avoid contract defaults. Appallingly, they have been subject to demurrage charges from the railroads due to rails cars idled at the plant awaiting railroad- delayed service. All of these extra costs have impacted our members by millions of dollars over the past year.

Harder to quantify, but resulting in even greater financial impact, are the increased costs of disruptions in production due to total and partial plant shutdowns, downed lines, short runs, excessive changeover and rescheduling costs.

Sadly, members' employees also have shared in this disruption and financial impact due to loss of hours. Heading into the holiday season their shortfall in income is even more acute.

These adverse effects have occurred throughout the rail system, not just the central grain producing states, reaching west to Washington State and extending east to the seaboard states of New Jersey and Pennsylvania, involving a number of rail carriers.

One of the particular issues faced by the downstream producers is the fact that they invariably use shorter trains and individual cars, unlike the large shuttles employed for the other commodities, such as grain, coal, and of course oil. In such a situation, the food processors' transportation needs are often ignored or simply lost in the shuffle. Moreover, they are normally captive common carrier railway customers, without large service contracts, who have no practical or economical alternatives to the rail service on which their livelihood depends.

While it is tempting to ask for a formal service recovery plan on behalf of the downstream processors like our NPA members, we understand that fairness to all groups suffering from lack of adequate rail service may well prevent the Board from granting such relief, as indeed some others have requested. We also understand the difficulties in network planning interconnection due to the sheer amount of railway congestion.

However, we do want to ensure that our members' interests are understood and acknowledged along with all the other groups and interests that have appeared before the Board. While NPA has not earlier appeared before your public hearings to present its particular issues and concerns, we do respectfully request that any relief provided by the Board pursuant to this Docket or any service recovery Orders issued by the Board encompass the critical service needs of the downstream food processors like our NPA members. **The Board may also wish to consider amending its current data reporting requirements to include metrics applicable to smaller food processors such as NPA members.**

We understand from the various railroad reports and shipper comments that the backlog situation is likely to persist through 2015, and that the long-term solution will require significant infrastructure investment by the railroads and others.

However, the Board might consider some short-term remedies in light of the current oil oversupply situation which has developed since the summer and which promises to have long term effect, including a

significant impact on shale oil production in the Bakken field and elsewhere. We would urge the Board in its decisions to take into account this oil glut and attendant declining need for oil train movements, and to take the opportunity, in so far as possible, to clear the backlog of transportation requests for other commodities such as ours.

If the NPA can be of assistance in providing you with additional information, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Carol Freysinger". The ink is dark and the signature is fluid and legible.

Carol Freysinger
Executive Director