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By electronic mail

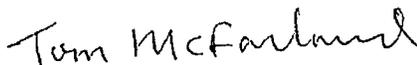
Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
Washington, DC 20423-0001

Re: STB Finance Docket No. 34802, *PYCO Industries, Inc. -- Alternative Rail Service*
-- South Plains Switching, Ltd. Co.

Dear Mr. Williams:

The Board is respectfully requested to take official notice of the attached article from the January 18, 2006 issue of the Lubbock Avalanche Journal headed "Lack Of Trucks Keeping Cotton From Customer." The article refers to an all-time record high cotton crop in a 41-county region that includes Lubbock County, Texas. The Board should take into account the record volume of cotton being tendered for transportation by PYCO Industries and other cotton shippers in evaluating the rail service being provided by South Plains Switching, Ltd. Co.

Very truly yours,



Thomas F. McFarland
Attorney for South Plains
Switching, Ltd. Co.

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Lack of trucks keeping cotton from customers

BY ELLIOTT BLACKBURN

West Texas cotton risks being beat to its most lucrative customers unless sellers find a fast way to move a record crop out of state.

Cotton shipments are off to a sluggish start. Warehouses across the region reported needing more than 1,700 trucks and were up to 17 days behind schedule last week, according to a report to the Texas Cotton Association published Monday.

The region will take more than a year to ship out all of its cotton at the current pace, well past a traditional Aug. 1 deadline.

Local buyers and warehouses were optimistic Tuesday that freight businesses would pick up speed, but Texas could have a lot of homeless cotton if its transportation does not turn around, stinging an industry that adds billions of dollars to the Lubbock economy, experts said.

"It's no one's fault," said Ron Harkey, president of Farmers Co-op Compress in Plainview. "It's just a lack of trucks right now."

High Plains cotton is up against international competition to fill the demands of China, Turkey and other major markets that want their cotton as soon as possible.

Brazil, India and Uzbekistan are offering near instant delivery of their crops, and there is no clear picture on how much cotton they have to sell, said Carl Anderson, Texas A&M professor emeritus and agronomist.

West Texas cotton is piling up at warehouses. If China can purchase cotton faster elsewhere, it will, he said.

"We end up being an exporter of last resort," Anderson said. "They're buying hand to mouth, and that puts you at a slight disadvantage if you take a little longer to get cotton to a foreign port than what another country can."

If big markets buy all they need and the Texas crop is stored, rather than sold, producers and sellers can knock about a penny off its price per pound for each month their crop stays in a warehouse, due to storage costs and fluctuating prices. Cotton still in storage after Aug. 1 is considered "carryover" and can affect next year's prices.

"We've got to move this cotton, as much as we can, by the first of August," Anderson said. "It needs to be on its way or already have a home."

The High Plains entered the ginning season with high expectations. A 41-county region including Lubbock County will harvest an estimated 5.6 million bales of high-quality cotton from the 2005 crop, a new record for the area.

The state will harvest an estimated 8.2 million bales, according to National Agricultural Statistics Service estimates, a new state record.

"This is definitely the biggest crop we've ever seen," said Mandred Schiefer, owner of M. Schiefer Trading Co. in Lubbock. "It's going to take some work."

Trucks, the most common method for moving those bales out of the region, can carry 80 to 90 bales a load, local marketers said.

More than 165,000 bales were stacked up and ready to ship from 21 warehouses across the High Plains last week, according to figures reported to the Texas Cotton Association.

Only 103,000 bales had been shipped from all of those warehouses the week before, according to the report. Farmers Cooperative Compress, one of the largest regional operations, needs to ship 17,000 to 18,000 bales a day, Harkey said.

Other warehouses were not encouraged by the numbers, either.

"At 100,000 bales a week, it's going to take a long time to ship 6 million bales," said Jackie Wiley, manager of Lov-Cot Warehouses in Lubbock.

Gins were delayed last year by a soggy 2004 harvest season - cotton must be dry to be cleaned and processed into bales.

Shipments that usually start rolling out of the region in late fall did not get started until February, said Kent Bennett, owner of the Cotton Services Co. in Post. The late start complicated logistics for an already huge 7.7 million-bale crop, he said.

"There were plenty of problems last year," Bennett said.

Weather was much more cooperative this year. Gins have been able to process more cotton in a timely matter, though many still expect to keep working into the spring because of this year's gigantic crop.

But shipments are still backing up.

Shipping and logistics experts did not return calls for comment Tuesday. Local businessmen believed heavy demand for materials in the hurricane-damaged Gulf Coast tying up trucks and rail cars, and higher fuel costs may explain why the trucks the High Plains needs are not here.

Harvests this large were also unusual, said Gary Chesnutt, president and chief executive of Chesnutt Cotton Co. It would take time for the freight companies to adjust, he said.

"The trucking companies will take care of our needs out there," Chesnutt

said. "The size of this crop and the way it's flowing so rapidly is just a little overwhelming for any infrastructure."

The region may use rail cars more than in recent years, Harkey said. The shipping industry has caught up with their needs in the past, he said.

"I'm pretty optimistic about it," Harkey said. "I think we'll be OK."

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