

Ex Parte 704, *Review of Commodity, Boxcar, and TOFC-COFC Exemptions*  
Template for Company Written Testimony to STB

Written Testimony Due at STB on November 29, 2010  
Notice of Intent to Participate in Hearing Due at STB on November 29, 2010

Identification of Witness and Company

- Kent Mikkelson, Senior Procurement Forester
- Thilmany Papers
  - Packaging Papers - We offer a leading selection of paper-based packages for both food and non-food applications. From grease resistant products and laminating bases to upscale opaque glassines, our packaging papers offer simple business solutions.
  - Pressure Sensitive Papers - Our robust pressure sensitive offerings can be tailored for use in label, tape, hygiene, medical, fiber composite and sealant applications. And our customized options remain a specialty.
  - Industrial & Technical Papers - Our industrial and technical paper grades are some of the most vital, hardest-working options we design for our customers' end product use.
- Part of Kent's responsibility is to order and/coordinate railroad-owned and company-owned rail cars for transporting pulpwood and residual sawmill chips

Description of Company's Product and Use of Rail Transportation

- Our use of rail is primarily on inbound receipts, representing over 95% of total rail usage
- Inbound cars per year: > 4,000. We use very little rail on outbound shipments.
- Exempt products include:
  - Pulpwood
  - Logs
  - Residual sawmill chips
  - Purchased pulp
- Rail provides the most cost-effective and efficient means of transportation for long-distance and high volume products

## Current Effectiveness of and Rationale for Applicable Exemption(s) in the Marketplace

We currently are serviced by Canadian National, and are **highly** dependent on rail. Our issues are as follows:

1. Several sources of our wood supply come from long distances, and those areas are essential for Thilmany to remain a viable business. Without the availability of rail, those sources would be immediately targeted to be phased out, if possible. Many attempts have been made to find viable ways to ship from these areas by truck, but rail is still the most efficient and cost-effective way to ship wood from these sources. We also feel that we do not have any reasonable alternatives to replacing most of these sources of wood, therefore we must adhere to whatever is dictated to us by the railroad, whether it is price or service.
2. Service has been curtailed to most public sidings that were historically used to load log cars. While we understand that reducing sidings is a strategic plan to the railroad's growth as a business, and saves maintenance costs for the railroad, too many have been removed or are in the process of being removed from service. At least a few local businesses have suffered from this reduced service. Trucking distances become much further (increased hauling costs), and more time is need to haul loads (meaning extra trucking power is needed, or the business will have to slow production to maintain logistical balance) to sidings, which ultimately reduces overall production. Before service was discontinued, sidings could be found less than 30 miles apart. Although there are exceptions, current available public sidings can be more than 100 miles apart.
3. At one time the customer had 72 hours to load a placed car before incurring demurrage cost, but now we are only allowed 24 hours. We do recognize that this makes existing equipment more productive, but conversely, it has added cost (longer truck hauls and reduced production) and frustration to our side of the business as a wood receiver, and to the business of our wood suppliers.
4. We support rail cars being fully utilized to maximize their efficiency, but there has been a history of the railroad not making known empty cars available when there is strong demand. Also, the railroad needs to be sensitive to seasonal demand, as our business dictates.

Thank you for requesting input on this issue.