



201 W. Main Street, Suite 203
Chattanooga, TN 37408

To: Ms. Ann Begeman, Mr. Patrick Fuchs & Mr. Martin Oberman
From: Grain Craft, Inc.
Date: 3/4/2019
Subject: Rail Service Concerns

Grain Craft, the third largest flour miller in the U.S., is heavily reliant on rail service from all Class I railroads. As you know, both the UPRR and BNSF railroads are experiencing service issues from the recent winter storms. Because of the storms, both railroads are behind in spotting empty grain hoppers to be loaded with wheat. Our concern is that once the railroads get current, we will have 3-4 weeks of grain moving toward our mills.

This pattern happens one to two times each year; most recently in December and January. Railroads get even farther behind on spotting over the Holidays and then get caught back up the first weeks of the year. Because of this, we tend to have very large demurrage bills in January and February as we work through the cars that should have arrived sometimes weeks earlier.

I can understand the need for demurrage, especially when my company is at fault. What I can't understand, is why we would be liable for someone else's mistake or a weather issue.

Not only are we getting punished on demurrage, but to make sure that we do not run out of wheat, we must buy cars loaded in the spot market. Other millers and resellers are also forced into this option, bidding up this wheat that will move. This comes in addition to and at a higher rate than the wheat we have on open contract, but we take this hit to protect pipelines for our own customers.

The pattern then often follows to a large group of cars arriving at the mill and the railroad threatening embargo because there is a large group of cars at the mill. This keeps us from billing additional cars to the mill, resulting in a gap in our pipeline. Once the embargo is lifted, we again receive a backlog of cars, as well as the cars now arriving as scheduled. This in turn could cause additional demurrage...it takes a long time for the snow ball to stop once it starts rolling.

I would like to see more reciprocity between the shippers and railroads. The railroads are not held to the same standards that they force upon the shippers. If they are late or miss a switch, the shipper can not charge the same rate that the railroad charges the shipper.

We appreciate the opportunity to voice some of our complaints.