September 3, 2011

Mr. Thomas J. Brugman
Section Chief
Office of Public Assistance, Governmental Affairs, and Compliance
Surface Transportation Board
United States Department of Transportation
395 E Street, S.W., Suite 1200
Washington, D.C. 20423-0001

Dear Mr. Brugman:

An unavoidable conflict requiring me to be out of the country has arisen that will preclude my attendance at the National Grain Car Council meeting scheduled for September 13 in Kansas City. Since my report this year is quite uncomplicated, it is provided below for a spokesperson to deliver on my behalf.

“This year’s winter wheat harvest was essentially a non-event from southern Kansas into central Texas. Extreme drought, reportedly the most severe since formal weather records were initiated in 1921, resulted from spotty rainfall averaging only about two inches over most of the region since last October. Those of you who regularly check the national weather map are aware of the huge, dark-red blob that covered much of the Southwest throughout the summer, indicating temperatures in excess of 100 degrees, difficult conditions for farmers and railroaders. In contrast, the northern plains states were under a totally opposite indicator.

Country elevators accessible to our railroads took in 66% less grain than last year, most of which remains in storage. As a result, car supply has not been a problem. I can’t even comment on observed car condition, because we have seen few other than our own fleet. For the first time in memory, no foreign hoppers were pre-positioned and none was on order by the start of the harvest. Worse yet, the continuing lack of precipitation is causing grower reluctance to plow for a new crop, and the region may be facing consecutive years of very disappointing production. Experts caution that the odds against achieving an average yield in 2012 are growing rapidly.”

Yours truly,

George C. Betke, Jr.
Chairman and Chief Executive Officer