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Hon. Martin Oberman
Chairman
Surface Transportation Board

Hon. Michelle Schultz
Vice Chairman
Surface Transportation Board

Hon. Patrick Fuchs
Member
Surface Transportation Board

Hon. Robert Primus
Member
Surface Transportation Board

Hon. Karen Hedlund
Member
Surface Transportation Board

RE: Rail Services Issues Affecting Agriculture

Dear Chairman Oberman, Vice Chairman Schultz, and Members Fuchs, Primus, and Hedlund:

The U.S. Department of Agriculture (USDA) writes to request urgent action to improve rail service for agricultural commodities in general, and particularly for critical livestock feed markets. The Surface Transportation Board's (STB or Board) weekly service metrics show signs of deteriorated rail service, and a number of concerning issues were raised in a March 24 letter from the National Grain and Feed Association (NGFA). From equipment shortages to congestion, disruptions to agricultural shippers have become a constant, and current rail service disruptions are at a breaking point as railroads have cut assets in locomotives and crews and focused on operating ratios and profitability.

The grain and feed industry are experiencing significant issues affecting agriculture at rail-served origins and destinations, and other West Coast stakeholders are describing the situation as a complete collapse of rail service. For example, because of a lack of outbound train service, some grain elevators report they are unable to purchase new grain from farmers. Flour and animal feed mills have reported shutdowns because they could not source grain. Communications from industry suggest that some livestock operations project an inability to feed their animals by this time next week, if not earlier. These disruptions pose critical threats to American agriculture broadly, and domestic meat and poultry production in particular.

Given the high cost of disruptions to producers and agricultural stakeholders alike, USDA urges the Board to take immediate action to improve service. USDA supports recommendations that the Board obtain plans from the railroads to improve the current service situation and weekly updates from them to ensure they follow through with their plans. USDA also supports the recommendation to collect annual service assurance plans from the railroads.

Recommended Board actions include:

- Move forward with Ex Parte (EP) 767 and collect first-mile/last-mile data.
- Collect more frequent and granular service data in EP 724 than is currently collected.
- Move forward with EP 768 to allow owners of private railcars to assess delay charges on the railroads for inefficient use of cars. Shippers have reported trains waiting to be picked up for more than a week.
- If conditions continue to worsen, use the authority, given by the STB Reauthorization Act of 2015, to investigate the cause and impact of the service issues, especially in light of railroads' shift to precision scheduled railroading and their significant cuts in train and engineer crews, and the effects these changes have had on the railroads' common carrier obligation.
- Finalize a reciprocal switching rule in EP 711 that provides shippers with relief in the form of an alternative rail option in the face of poor service from their incumbent railroad.

More generally, it is important to point out that the current shortage for feed related to poor rail service is not a new phenomenon or limited just to feed. Over the past few years, USDA has consistently heard from shippers of poor rail service, and we have shared those concerns through various comments on behalf of the agricultural community.

As an immediate step, USDA asks that the STB use any available authorities to restore adequate service for agricultural shippers, including by suspending increases to rates and additional fuel surcharges. I also ask that you investigate whether demurrage is being unjustly applied to rail customers without any recourse for railroads not making new, or failing to meet, existing commitments. The railroads should not be allowed to continue to raise rates, charge additional fees, all while providing inadequate service and failing to meet their common carrier obligation.

USDA appreciates the Board's urgent attention to the concerns raised in this letter.

Sincerely,



Thomas J. Vilsack
Secretary