

Surface Transportation Board
Docket No. EP 770
Urgent Issues in Freight Service
April 21, 2022

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Dear Chairman Oberman and Members of the Board:

I am writing you in representation of Landus Cooperative, the largest farmer-owned cooperative in the state of Iowa. We represent more than 7,000 farmer-owners throughout the state and account for 200 million bushels of grain movement in Iowa. In addition, we process soybeans into value-added products utilized by the dairy industry and biodiesel industry, serving customers worldwide.

I would like to bring to your attention the impact and urgency of the transit challenges currently taking place. Rail movement is dramatically backed up today and Landus has serious concerns about the ability to move grain and other essential agricultural products to end-users, including livestock producers in the Western United States and Mexico, who depend on timely and consistent deliveries. Current rail transit times from our facilities have more than doubled from average 7-10-day turn times, to 20-day turns at best. This delay in March consisted in a total five trains being delayed into April, which is a total shortage of grain shipments in that month alone of 2,250,000 bushels. If this slow down continues at this rate we risk not having space for the 2022 harvest for our 7,000 farmer members by an estimated total bushels of 15,750,000! The market impact of the additional cost of other freight shortages and an inverse grain market add considerable risk and uncertainty in our business. This comes at a time when we are also experiencing the strain of trucking shortages. The impact of these delays is compounding and causing increasing concern the closer we get to harvest season.

Some of our most pressing concerns today include the following:

- Landus is only able to load half the rate of shipments necessary today. With 450,000 bushels loaded in each train, this impact multiplies daily.
- Farmers trying to haul grain to us today are getting turned away because we cannot make the inventory space for them. This is an important and optimal window of time when farmers must haul remaining old-crop inventory in preparation for harvest.
- Disruption to inventory flow has led to increased handling costs and reduced customer service throughout Landus. We are experiencing lost business daily due to the disruption.
- Grain bushels are getting “trapped” in pockets of surplus supply, while shipping destinations are experiencing a growing deficit in access to supply.
- Our soy processing facility has experienced a 10% decrease in production over the past six months due to rail performance alone. This is in turn further impacting profitability and our ability to access markets where soybean meal is in highest demand.
- Trucking is not a viable alternative transportation mode today due to labor shortages.

If this situation is not resolved quickly, we risk:

- The potential for livestock producers in California and other states potentially running out of feed.

- Ethanol plants and soybean crush facilities potentially not having the ability to ship product.
- Farmers unable to deliver old crop grain to elevators or ethanol plants, which will place enormous pressure on harvest success this fall, only further disrupting the food and fuel supply chains in the months ahead.
- US grain exporters will be not be positioned favorably to compete in global marketplace.

We ask for support in taking swift actions to expedite the resolution of this transportation crisis.

Respectfully Submitted,

Jon Setterdahl

Product and Services Leader

Landus

2321 N Loop Dr. Suite 220

Ames, Iowa 50010

C: (515) 571-2644

Jon.Setterdahl@landus.ag