

**NATIONAL GRAIN AND FEED
ASSOCIATION**

**2014 ANNUAL COUNTRY
ELEVATOR CONFERENCE**

INDIANAPOLIS, INDIANA

**TOPIC: US RAIL SHIPPER SERVICE
ISSUES**

THOMAS BRUGMAN

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FIRST ISSUE: LEGAL RESTRICTIONS ON YOUR SPEAKER

APPLICABLE FEDERAL STATUTES (2)

1 YEAR RESTRICTIONS

2 YEAR RESTRICTIONS

FOREVER RESTRICTIONS

SENSITIVE TOPICS TO AVOID

- STB FORMAL ACTIVITIES**
- POSSIBLE STB ACTIONS WITH INVOLVEMENT**
- CONFIDENTIAL INFORMAL ACTIVITIES**
- ANYTHING THAT WOULD SUGGEST INFLUENCING THE BOARD**

SO, AFTER ALL THAT...

What can shippers having service or other problems realistically expect from the STB in terms of addressing their concerns?

SURFACE TRANSPORTATION BOARD

SHIPPERS HAVE THE OPTION OF:

- FORMAL COMPLAINTS**
- INFORMAL COMPLAINTS**
- ARBITRATION & MEDIATION**
- VISITS OR MEETINGS**
- SENATE – CONGRESSIONAL - STATE**
 - LETTERS FROM CONGRESS OR STATE**

WHAT ROLE CAN THE STB'S RAIL CUSTOMER AND PUBLIC ASSISTANCE OFFICE PLAY?

- CONFIDENTIAL**
- INFORMAL**
- GET ANSWERS**
- COST EFFECTIVE**
- BEST FOR SERVICE ISSUES**
- RATES – NOT SO GOOD**
- EASY TO USE**
- SUCCESS RATE**

OTHER AVENUES OPEN TO SHIPPERS

- CONGRESS**
- STATE GOVERNMENTS**
- BE HEARD**
- SILENCE IS INTERPRETED AS CONCURRENCE**

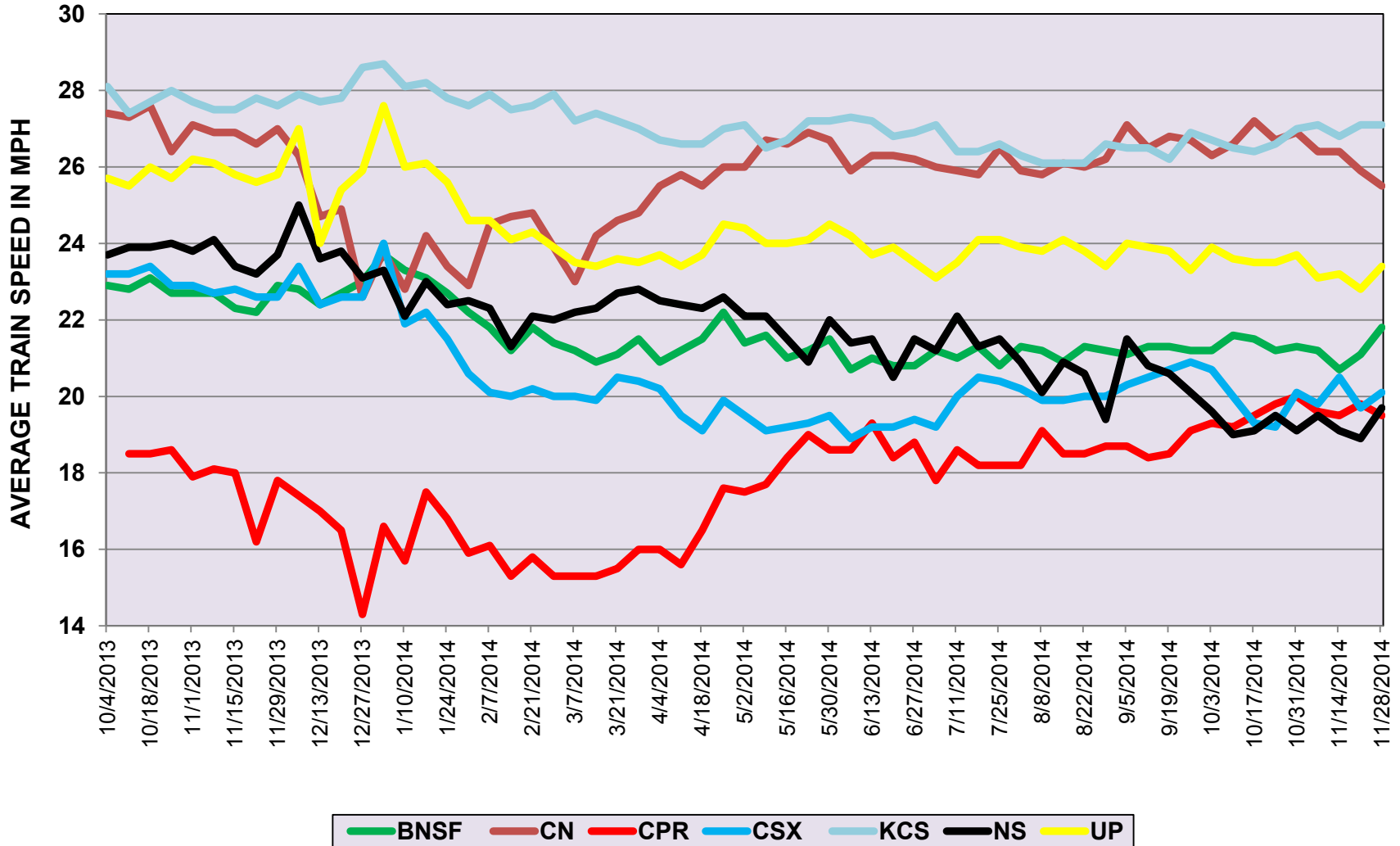
SHIPPERS ARE PERCEIVING A LOSS OF SERVICE QUALITY FROM SEVERAL OF THEIR RAILROADS

- WHAT IS CAUSING IT?**
- WHAT HAS TO CHANGE TO
IMPROVE THE SITUATION?**
- HOW LONG WILL IT LAST?**

ALL CLASS ONE RAILROADS TRAIN SPEEDS

OCT 2013 TO PRESENT

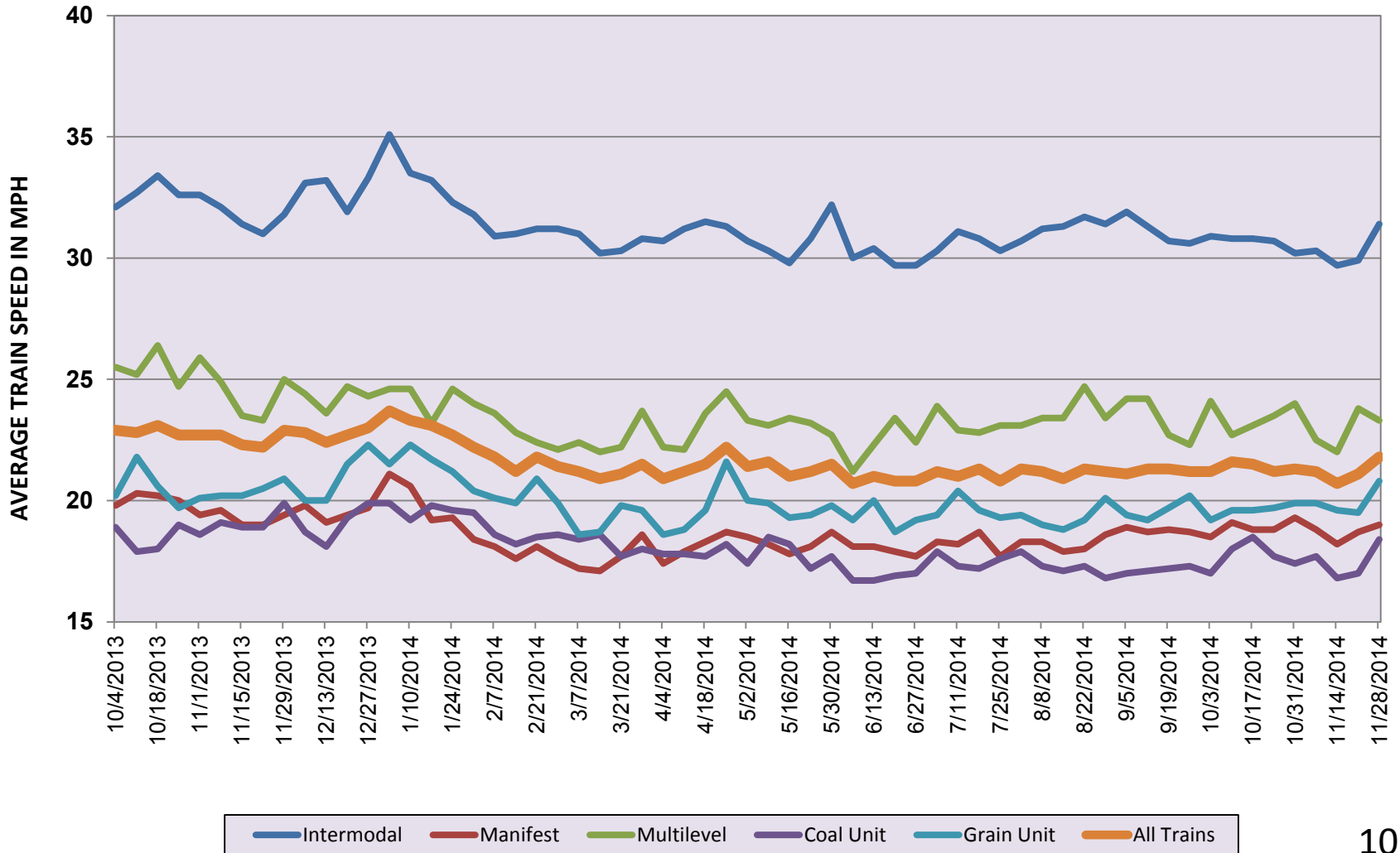
SOURCE: Public Data AR/RPM and CPR.CA



BNSF TRAIN SPEEDS

OCTOBER 2013 TO PRESENT

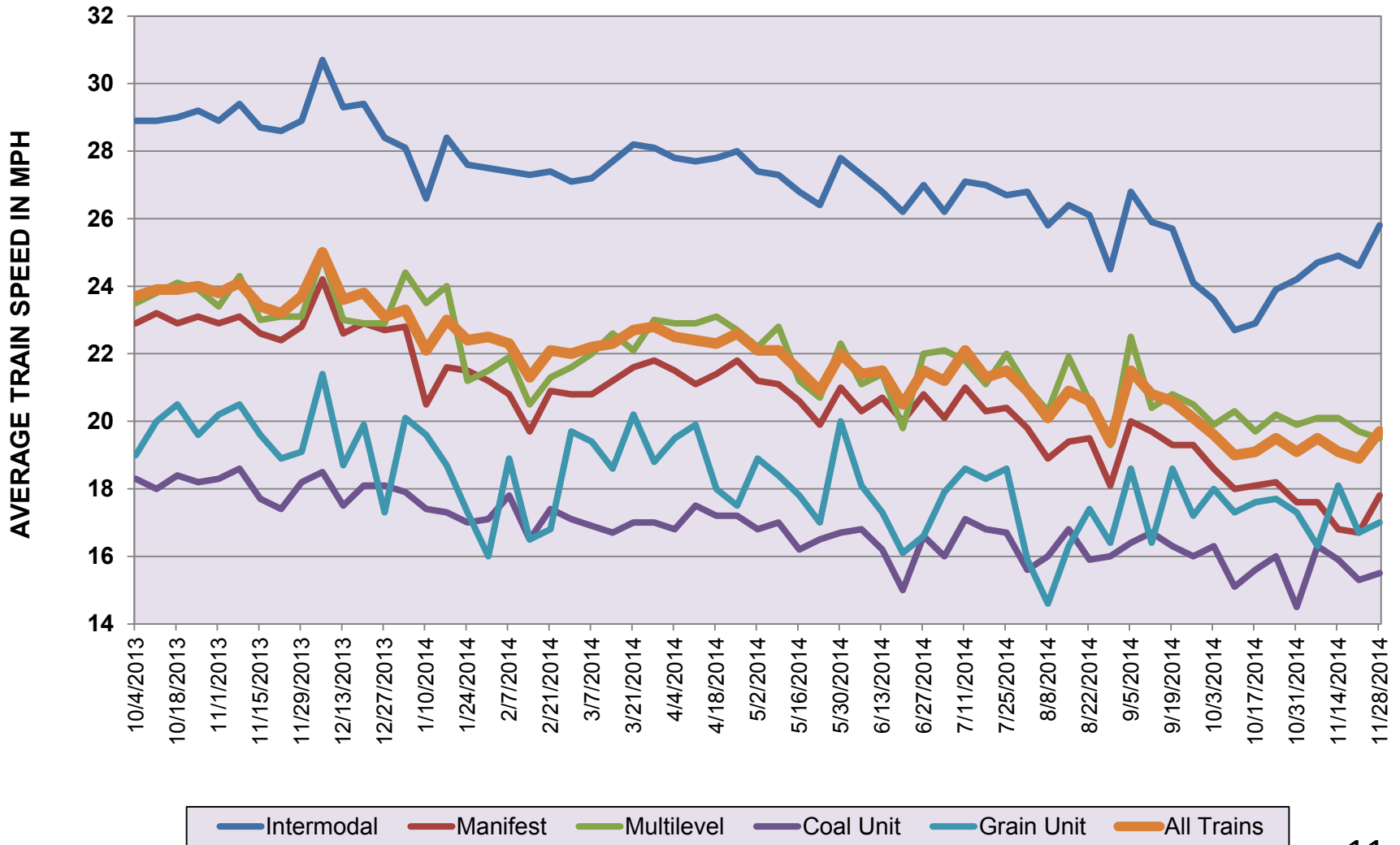
SOURCE: Public Data AAR/RPM.COM



NS TRAIN SPEEDS

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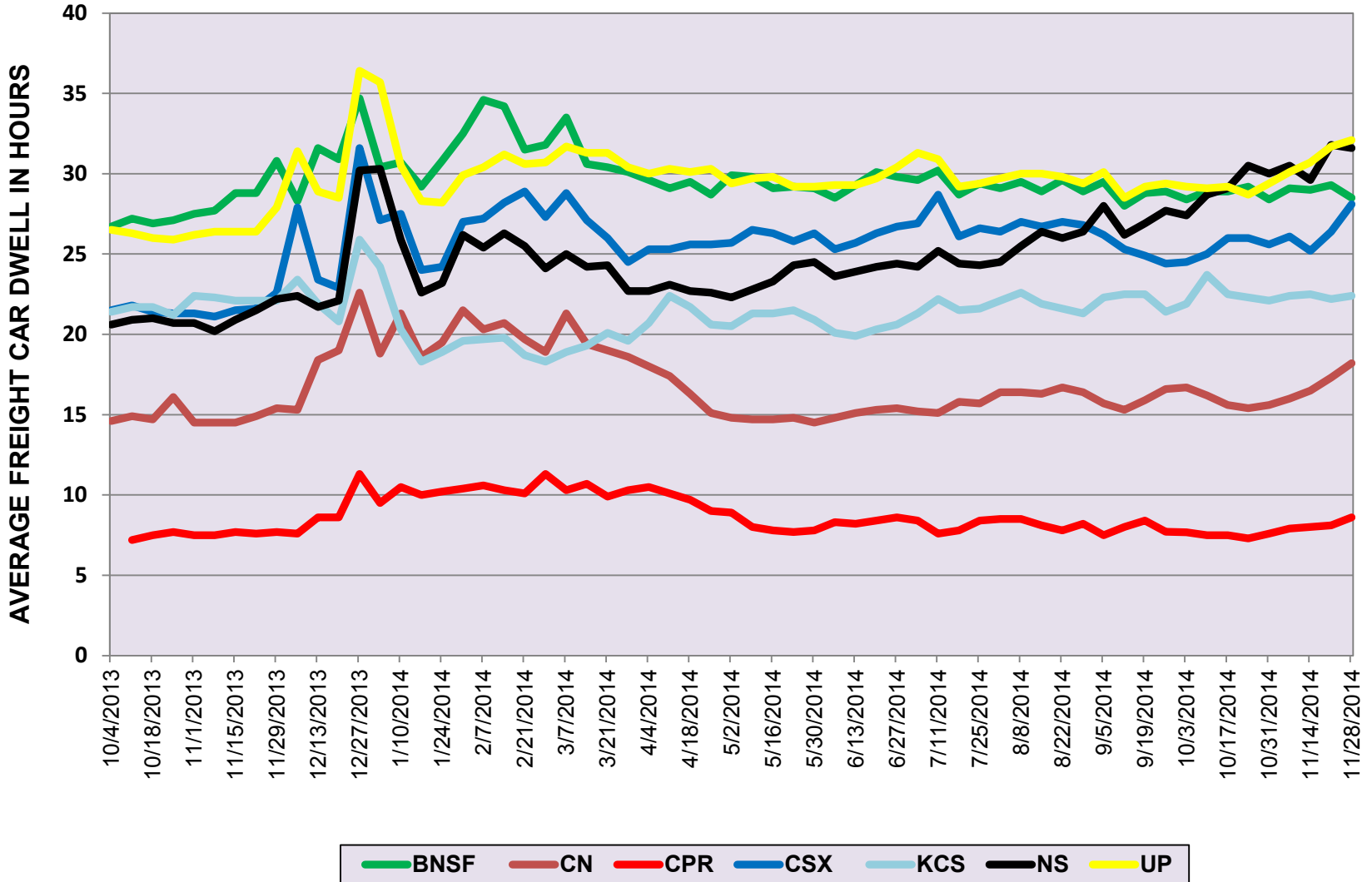
SOURCE: Public Data AAR/RPM.COM



ALL CLASS ONE RAILROADS TERMINAL DWELL

OCT 2013 TO PRESENT

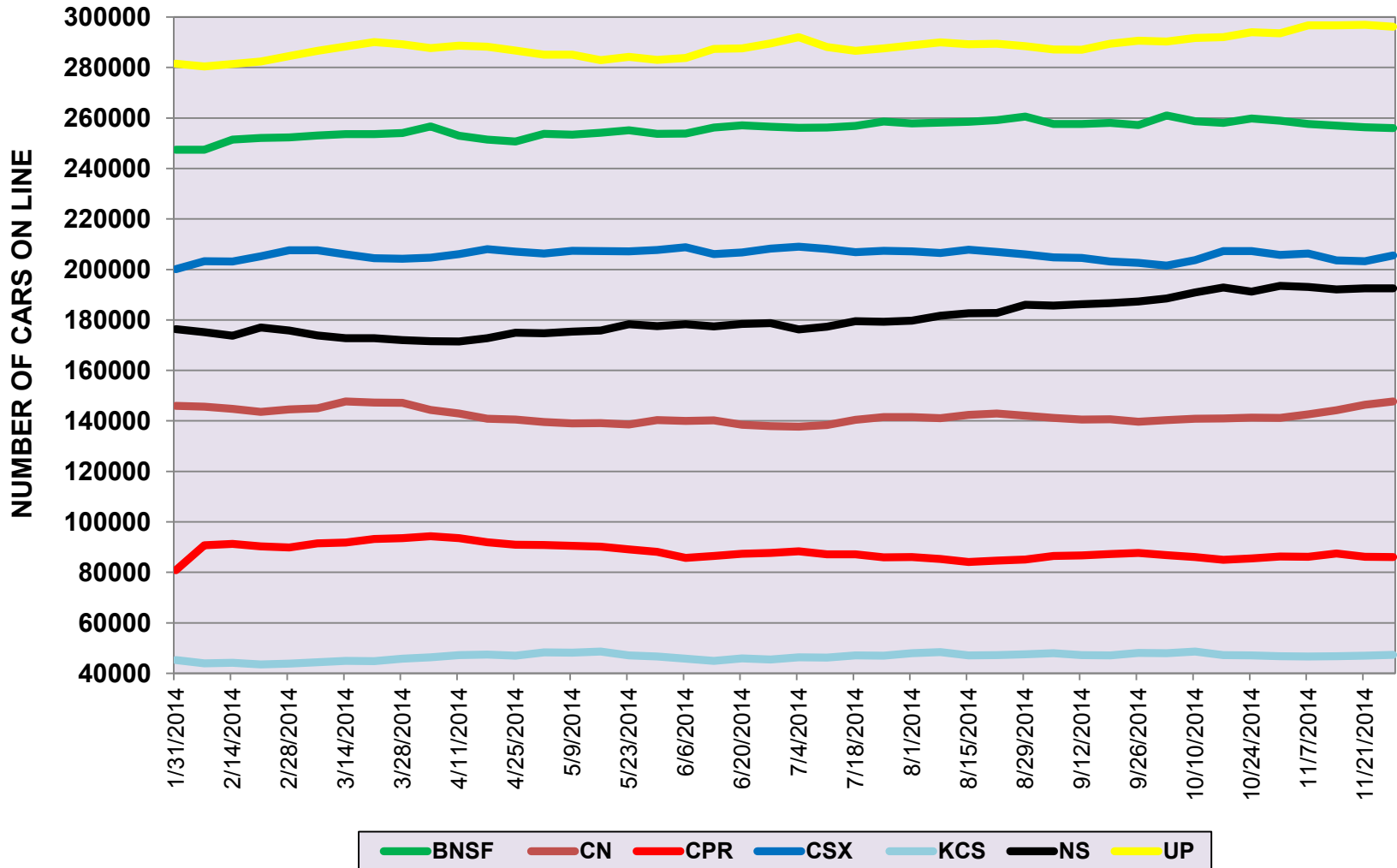
SOURCE: Public Data AAR/RPM and CPR.CA



ALL CLASS ONE RAILROADS CARS-ON-LINE

OCT 2013 TO PRESENT

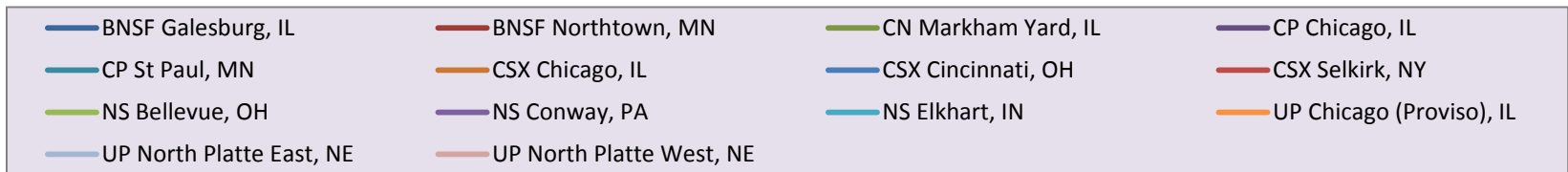
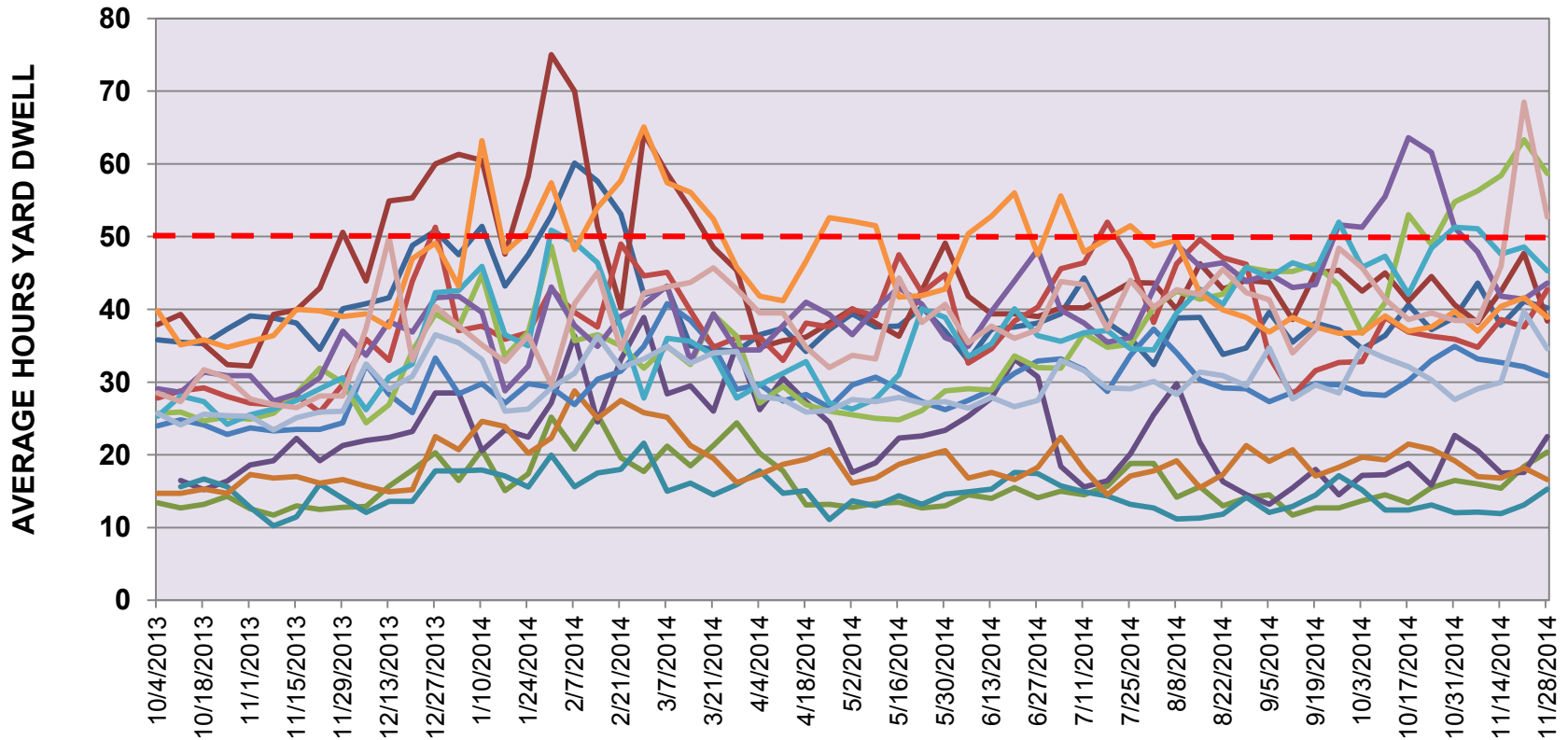
SOURCE: Public Data AAR/RPM and CPR.CA



CHICAGO CENTRIC YARD DWELL TIMES

OCT 2013 TO PRESENT

SOURCE: Public Data AAR/RPM and CPR.CA



COMMON CARRIER OBLIGATION

- **LEGALLY – SERVICE UPON REASONABLE REQUEST**
- **REALITY – SIGNIFICANTLY DILUTED BY EXEMPTIONS, AND PAST DECISIONS**
- **RAILROADS CAN PILE ON COSTS TO INHIBIT REQUESTS FOR SERVICE**

REGIONAL DUOPOLIES

- **FAIT ACCOMPLI**
- **ON THE VERGE OF NATIONAL DUOPOLY**
- **WSTB WILL TRY TO MAKE IT HAPPEN**
- **NO ONE CAN PREDICT HOW THE STB WOULD TREAT SUCH AN APPLICATION**

COMPOSITION OF THE BOARD

- **BOARD MEMBERS PAST AND PRESENT HAVE BEEN DEDICATED, HARDWORKING PEOPLE**
- **CURRENT APPOINTEES PRIDE THEMSELVES ON BEING FAIR AND BALANCED**
- **STATUTES AND PAST DECISIONS UNFORTUNATELY PLACE THE BURDEN OF PROOF ON SHIPPERS**
- **NO ONE CAN PREDICT HOW ANY BOARD MEMBER WILL SEE A PARTICULAR ISSUE**

CONGRESS

- **IS CONGRESS A DEAD END?**
- **ROCKEFELLER-THUNE RAIL BILL**
- **PAST POWER OF THE FARM LOBBY**
- **ECONOMIC IMPACT OF POOR RAIL SERVICE ON AGRICULTURE**

THE FUTURE

- **GRAIN PRODUCING STATES NEED TO EXPLORE GRAIN CAR OWNERSHIP TO ASSIST SHIPPERS**
- **MERGER MAY OFFER WIDER MARKET ACCESS, BUT CAR SUPPLY POLICIES AND COMMON CARRIER OBLIGATION MATTERS WILL BECOME EVEN MORE IMPORTANT**
- **SMALLER GRAIN SHIPPERS NEED TO BE TREATED FAIRLY WITH LARGER SHIPPERS**

STRATEGIES FOR SHIPPERS

- KEEP THE PRESSURE ON CONGRESS TO LEGISLATE CHANGES**
- CHANGE LEGISLATIVE MARCHING ORDERS FOR THE BOARD**
- MAKE THE BOARD MORE PROACTIVE AND LESS REACTIVE**
- INCREASE PAY FOR BOARD MEMBERS AND STAFF**
- END TERM LIMITS FOR BOARD MEMBERS**
- THE IMPORTANCE OF RAILROAD DATA**

THANK YOU FOR LISTENING

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NGFA 2014 Country Elevator Conference

Jon Samson
Executive Director

Agricultural and Food Transporters Conference
of the American Trucking Associations (ATA)

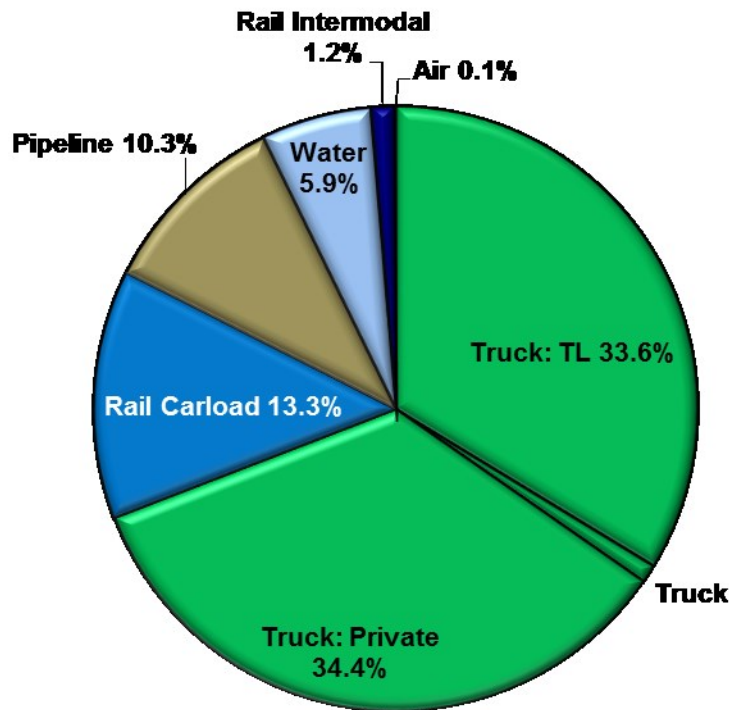
Founded in 1995, is the national organization representing motor carrier and allied members of the American Trucking Associations (ATA) on critical issues affecting agricultural commodity and food transportation.

Overview of Challenges for Trucking

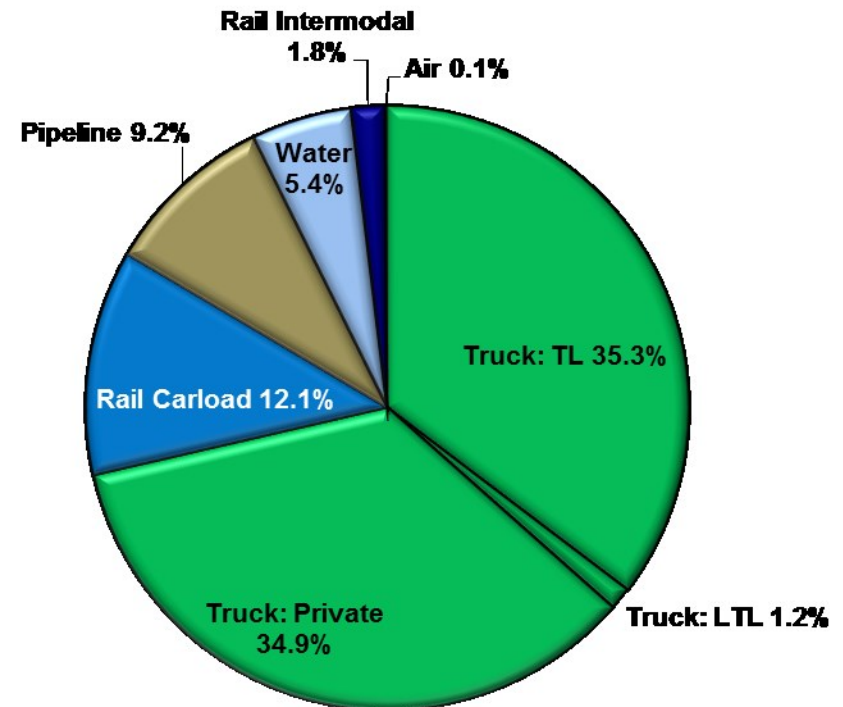
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- Capacity issues
- Safety
 - HOS
 - ✦ 34 hr restart
 - ✦ 30 min livestock exemption
 - ✦ Ag Exemption from HOS rules
 - Food (FSMA)
- Other issues of importance
- Upcoming Highway Bill
 - Key to success - Funding

Distribution of Tonnage by Mode: 2013 vs 2025

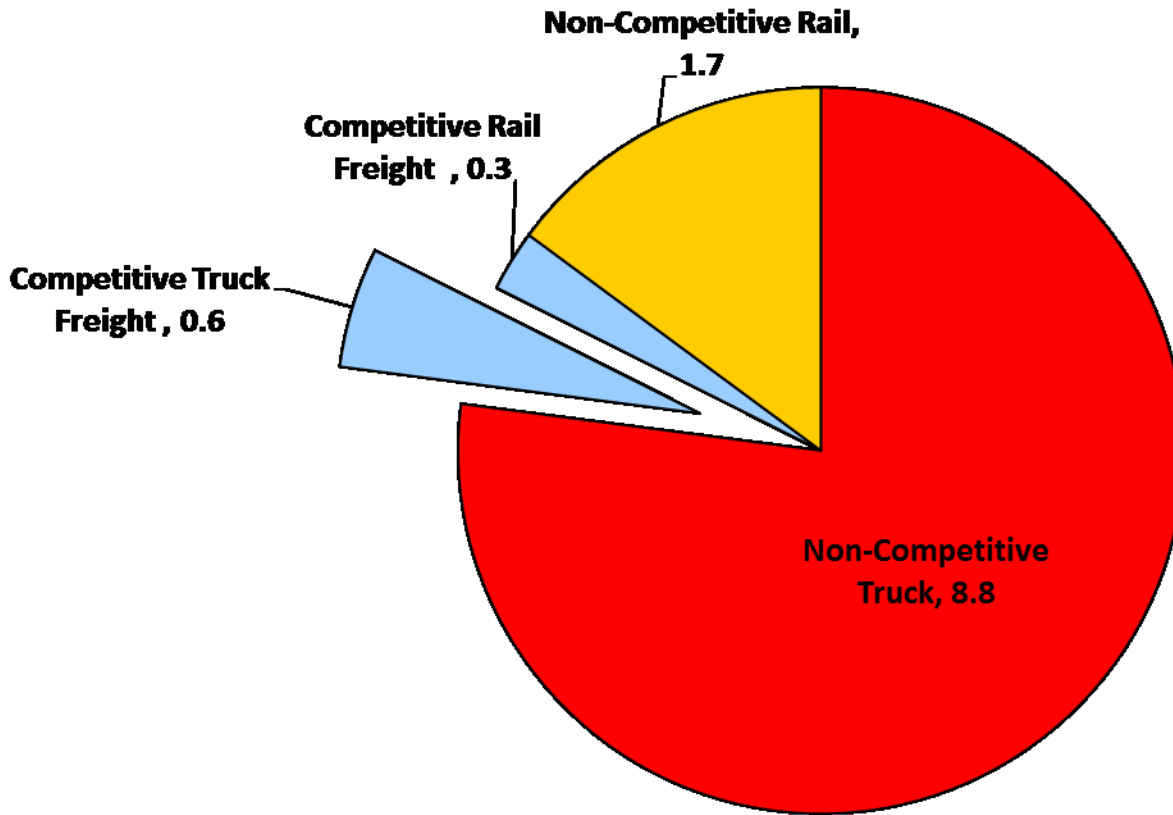


2013



2025

Rail



Competitive
1 billion
at (truck
4 billion
10%.
Includes all
at least 500
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significant
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cluded.
Competitive
er than

Capacity

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- Rail issues impact on trucking
 - Extra supply ≠ extra capacity
- Size and Weight
 - 88k lbs on 5 axles and 97k lbs on 6 axles
 - MAP-21 study delayed until 2015
- Driver Shortage
 - Housing starts/construction
 - Driver pay
 - Hiring Vets – 100k in 2 years

Safety

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- HOS
 - Recent changes made in July 2013
 - ✦ 34 restart provision (2 night rest periods) & 30 min rest break
 - 34 hour changes being questioned in Congress
 - ✦ Included in Senate Approps
 - ✦ To be included IF Congress chooses Omnibus package
 - Livestock exemption to 30 min rest break
 - ✦ July 2013 – 90 day waiver
 - ✦ June 2014 – 1 year exemption for “livestock”
 - ✦ Extension likely

Agriculture exemption to HOS rule

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- Exemption within 150 air miles of farm, ranch, retail or wholesale/distribution point
 - All commodities, livestock and farm supplies; prior to being processed
 - Significant positive changes made in MAP-21
 - States must adopt and are allowed to modify rule (planting and harvesting season)

Food Safety Modernization Act

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- Main focus – Sanitary transportation of human and animal food (STF)
- Broad coalition working with FDA
- Key Concerns
 - Understated Cost estimates w/out the benefit
 - Use of “Adulteration” leading to increased cargo claims
 - Recordkeeping requirements
- Crucial Messaging – Shipper communication with carrier and receiver

Other Issues

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- **ELD Mandate**
 - FMCSA projecting October 2017
- **Minimum Insurance Requirements**
 - ANPRM released on Thanksgiving
 - FMCSA looking to increase and index
- **Cargo Securement**
 - Exception for agriculture products (tub, bins, bales, etc.)
- **Horse Trailer Ban**
 - Proposed for any trailer with 2 or more levels

Highway Bill

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- **Timing**
 - Current extension expires May 2015
- **Funding**
 - Increase in the fuel tax and index to inflation
 - ATA task force backs menu of other options
 - ✦ Indexing based on price, CPI
 - ✦ Per-barrel tax on oil
 - ✦ Annual “highway access fee”

Questions?

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