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April 22, 2022
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Public Record

April 24, 2022

The Honorable Martin Oberman
Chairman Surface Transportation Board
395 E St., S.W.
Washington, DC 20423-0001

Via email

RE: Rail Services Issues Affecting California Agriculture

Dear Chairman Oberman:

On behalf of the California Grain and Feed Association (CGFA), we request that the Surface Transportation Board (STB) use its full authority to restore and ensure that rail carriers provide fair, dependable and consistent rail service to California's feed industry. California has a significant livestock industry with top production in dairy, beef cattle, poultry, and eggs with more than eighty-five percent of our bulk feed commodities moved into the state by interstate rail carriers. We have serious concerns regarding the causes of significant controllable rail delays over the past 45 days which are resulting in unprecedented rolling mill shutdowns throughout the state, an inconsistent supply of feed and disruption to the two ethanol plants operating in California. These significant disruptions not only pose critical threats to the California agriculture economy and domestic production of meat, milk, and eggs, which the public that depends but more importantly pose devastating threats to animal health and welfare.

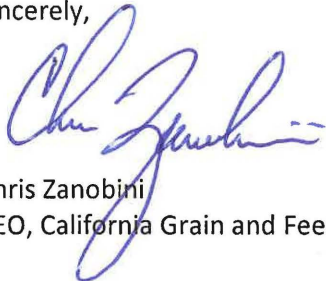
The CGFA has represented over ninety percent of California's feed industry for the last 98 years. Our members provide the much-needed nutrition to the livestock sector in California and moving these commodities by rail is the only logistical and economical way to transport corn, wheat and soybean across the country. California's livestock and livestock products are a \$12.1 billion industry, with dairy and dairy products leading the nation in total milk production of 41.3 billion pounds. Poultry and other livestock operations are also top agriculture industries in the state, with 130 million various poultry species, 1.5 million dairy cows, and 650 thousand head of beef cattle.

In our experience, recent rail service interruptions can be directly connected to natural or unintended consequences which were out-of-control of the rail carriers. For example, during the Winter of 2017 significant delays in rail service were directly connected to record levels of rain and snowfall which negatively impacted inter and intrastate rail routes. What we are experiencing

now is not related to a weather event or unintended consequences of uncontrollable events and is significantly impacting the industry's ability to provide feed in California. Our members have endured three-week delays in receiving unit trains which is nothing close to the three-to-four-day delivery schedule they have long relied upon. The industry has experienced unloaded, empty unit trains clogging lines at licensed feed facilities for up to four days with rail carriers claiming they cannot deliver new unit trains until the empty cars are picked up, yet state they have no crews available to do so and are still charging outrageous demurrage fees to licensees. We believe that purposeful business decisions made by rail carriers that are intended to enhance their profitability are the direct cause of the current poor interstate rail service to CGFA members. The California feed industry has been forced to pay tens of millions of dollars in fuel surcharges and demurrage fees just in March alone and are anticipating these costs to continue to rise to unprecedented heights in the coming months. California feed manufacturers and customers are paying higher fees for rail services, while receiving greatly diminished value for that service.

We support the April 21 letter from the National Grain and Feed Association and the 32 other members of the Agriculture Transportation Working Group regarding this situation. The California Grain and Feed Association echoes the issues raised in the letter and believes that the STB can help by adopting their proposals as recommended. Finally, given the significant issues we are experiencing in feed shortages, transportation prioritization must be given to the rail movement of human food and animal feed to protect California's animal and public health.

Sincerely,



Chris Zanobini
CEO, California Grain and Feed Association