



June 26, 2024

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Via Electronic Filing

Ms. Cynthia Brown
Chief, Section of Administration
Office of Proceedings, Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

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June 26, 2024
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Public Record

RE: Docket Number FD 36501

Dear Ms. Brown:

Commercial Metals Company (CMC) is the largest manufacturer of steel reinforcing bar in North America and a key supplier for construction of buildings, bridges, roads, and infrastructure in the United States. CMC has previously submitted two statements supporting the proposed Pecos Industrial Rail Access and Train Expansion (PIRATE) rail line—one submitted to the Surface Transportation Board (“STB” or “Board”) on June 30, 2022 as Exhibit A to Union Pacific’s petition for exemption, and another on June 30, 2023. Additionally, CMC submitted an environmental comment on January 25, 2024, urging the Office of Environmental Analysis to continue to move the process of review forward expeditiously.

Since the petition for exemption was filed, CMC has completed a major expansion of its operations in Mesa, Arizona and brought online a second state-of-the-art steel micro mill and added an additional 220 quality jobs. As one of CMC’s ten steel mills in North America, the new facility plays a significant role in CMC’s ability to domestically manufacture steel products essential for infrastructure and construction projects such as those provided for in the Infrastructure Investment and Jobs Act and the CHIPS and Science Act.

This recent expansion required a substantial capital investment by CMC. Following an extensive multi-state site selection process, the selection of the Mesa, Arizona site was based in part on the expectation that direct rail service would be initiated in the near term. Rail service to CMC’s Arizona steel mills would reduce the transportation costs of both inbound raw materials and outbound finished goods as well as allow CMC to access critical raw materials and finished goods markets that are too distant to reliably access by truck.

Today, obtaining direct rail service through the PIRATE project is as critical as ever to realizing the full potential of CMC’s investment in its Mesa mills and ensuring maximum production at

some of the most environmentally friendly steel manufacturing facilities in the world. Further, available rail transport is a competitive advantage that would meaningfully contribute to CMC's ability to potentially expand the output at these facilities and create additional jobs in the local economy.

Regrettably, however, the STB's exemption proceeding has been in limbo for nearly a year while the STB evaluates whether there has been "anticipatory demolition." CMC appreciates that it is important for the STB to investigate this issue. Unfortunately, the briefing scheduled on "anticipatory demolition" has been postponed and the timeline for rescheduling it and completing the environmental review is unknown. This delay and the continued lack of rail access have resulted in significant and detrimental impacts to PIRATE's many prospective beneficiaries, including CMC.

We highlight the harmful economic effects of this delay below, but the key point is that CMC, its employees, and its customers, have not been involved in any way in the activities that are now being questioned or investigated. Yet CMC, its employees, and customers, are now being deprived of substantial economic benefit as a result of the continued delays in the regulatory process. While the STB's investigation may be necessary, the STB should be aware of the pressing need for rail service in this area and the impact that continued regulatory delays have on important manufacturers like CMC.

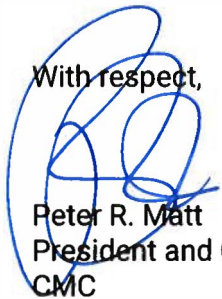
CMC chose Mesa, Arizona as the location for its third micro mill partially due to the potential availability of lower-cost rail freight options that would be provided by the PIRATE rail project. Without direct rail access, and with the addition of a second steel mill, the amount of inbound and outbound trucks on local roads will exceed 75,000 truckloads to annually service the expanded facility. Without rail service, over-the-road truck activity will result in increased traffic congestion and vehicle emissions. In addition, without rail as a competitive option, CMC anticipates significant increases in transportation costs in 2024 and each successive year thereafter. These additional costs could have harmful effects on our employees and our surrounding community.

Union Pacific's rail project would not only provide economic benefits, but it would also benefit the local community by reducing road congestion and improving air quality. This project also would allow CMC to deliver important domestically produced steel products to a broader set of markets.

CMC recognizes, respects, and supports adherence to all federal regulations as the STB oversees the environmental review process for the construction and operation of Union Pacific's new rail line. Nonetheless, the continuing regulatory delays have created hardship for CMC. Accordingly, CMC respectfully urges expedited completion of the Environmental Assessment, expedited completion of any evaluation relating to "anticipatory demolition," and expedited approval of the proposed exemption. Ultimately, the construction and operation of this new rail line will benefit CMC and its employees, will serve the public interest, and will benefit the surrounding community.

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With respect,

A handwritten signature in blue ink, appearing to read "Peter R. Matt", is written over the text "With respect," and the printed name "Peter R. Matt".

Peter R. Matt
President and CEO
CMC

cc: All Parties of Record



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I certify that I have this day served copies of this Letter upon all parties of record in this proceeding by electronic mail, consistent with 49 C.F.R. 1104.12.

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