

Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

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Public Record

Attn: Rail Customer& Public Assistance Affairs and Compliance

RE: EP 704, Review of Commodity, Boxcar, and TOFC/COFC Exemptions, specifically STCC No. 40-211, iron or steel scrap, waste or tailing

To Whom It May Concern:

It has come to my attention that the STB has petitioned to revoke the class exemptions for STCC No. 40-211 (iron or steel scrap, waste or tailing). We need the oversight and assistance of the STB and continue to allow these class exemptions would be extremely detrimental to not only my company, but the metal recycling industry as a whole, as we as an industry are reliant on rail service.

I originally reached out to the STB to log a complaint regarding service w/ CPRR switching at my Minneapolis, MN yard, the CPRR services our scrap metal processing facility and we have gone from daily (weekday) rail service to four times per week (Sun, Mon, Wed, Fri), and effective June 1, 2019 we are now down to 3 times per week (Mon, Wed, Fri), this decision by the CPRR was made without any prior notification or notice, in fact we heard it through the grapevine from one of the train engineers talking to one of our yard crew. This decision severely impacts our ability to ship material, which not only limits our ability to grow, but moreover affects our ability to even maintain the status quo. Losing that day of switching effectively removes 20 cars per month from service, which equates to 1,800 tons per month of material. For example, for the month of June 2019, we received 9,316 tons into our facility yet only shipped 7,010 tons, in all the preceding months of 2019, we shipped out between 10,000 and 11,000 tons monthly. I can attribute a portion of the lack of outbound rail shipments to the removal of the 4th weekly switch and the remaining I can attribute to not receiving the cars that we ordered, hence cars demand is outpacing supply since they have reduced their fleets for carrying certain commodities. We also lease from a 3rd party 20 of our own private cars to alleviate some of the pressure. The difficulty in managing the logistics now with one less witch per week forces us to order more cars which then forces us to incur demurrage costs because the cars come in in big bunches, but we cannot receive more than 10 per switch, so if 20 come in, yet we can only bring in 10, we start getting charged immediately for those other cars.

Currently we are shipping 85% of our outbound volume via rail from our Minneapolis facility. We are not in a position to deliver scrap shipments via truck, virtually everything needs to be delivered by rail from our yards, as we do not have other alternatives such as truck or barge.

Other alarming trends that we are seeing with the rail roads that we utilize, CP, CN, BN and UP is increased freight and fuel service charges annually, decreased investment in equipment (specifically gondolas for hauling scrap iron), decreased rail service from the serving rail roads (CP in this case) and increased demurrage costs and fees.

I urge you to not allow the AAR to exempt these commodities from your purview, as we need help now more than ever, as our costs continue to rise and margin continues to shrink in our industry and we have absolutely NO leverage with the rail roads that serve our facilities, they have all the power to decrease service and increase rates.

I have included in the attachments aerial screenshot of our scrap metal processing facilities.

Regards,



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President

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