



ECONOMIC DEVELOPMENT CORPORATION

s e r v i n g T u l a r e C o u n t y

242146

November 14, 2016

The Honorable Daniel R. Elliott, III
Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

ENTERED
Office of Proceedings
November 29, 2016
Part of
Public Record

Re: STB Docket No. NOR 42149, Richard Best Transfer Inc. v. Union Pacific Railroad Company

Dear Chairman Elliott,

The Tulare County Economic Development Corporation (EDC) is the regional leader of economic development and focuses on bringing and retaining businesses and industry that serve and support Tulare County. We support the preservation of full and fair supplier competition and rail access which are vital to Tulare's economic development and its agriculture industry.

The EDC supports Richard Best Transfer Inc. (RBT)'s Petition for Preliminary Injunction in the above-referenced proceeding. RBT's transload facility in Ivory, CA and the proposed expansion at Hollis, CA, are critical to the economic development and agriculture industry in the region. The Union Pacific Railroad Company's (UP) new discriminatory rate increases on feed ingredients at Ivory and continuing discriminatory rates at Hollis not only compromise RBT's business and its future success, but harm Tulare County's substantial investments in the San Joaquin Valley Railroad (SJVR). The UP-tariff actions also damage competition and capacity in the supply of dairy feed products critical to the local dairy industry, and prevent the expansion of transloading operations and the creation of much needed jobs.

Tulare County, together with other nearby cities and governments, have long fought for the survival of the SJVR, and have made substantial investments in the short line to create more business opportunities, and to also reduce local air pollution. The SJVR also relieves local service congestion on UP's congested nearby main line and helps take trucks off the road or otherwise reduces truck driving distances needed to serve local industry. Specifically, the San Joaquin Valley Air Pollution Control District, together with the local cities and governmental entities, invested \$14.2 million in 2002-2003 to upgrade 47 miles of rail on the SJVR. There are also smaller projects on the SJVR that have been sponsored because of the economic and environmental significance of rail development for the region, and the lack of available rail stations on the nearby Class I railroad mainlines.

UP's new discriminatory tariff actions that target RBT's transload facilities on the SJVR will immediately harm the local agricultural industry and could ultimately strand substantial local investments in the SJVR. Tulare County has a

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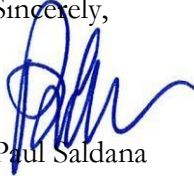
Dan Zoldak
Lars Andersen & Assoc.

high rate of unemployment, which at 10.2 percent in September 2016 is greater than twice the national rate. UP's tariff actions jeopardize 60 jobs at RBT. UP's discriminatory rates are also preventing planned investment at Hollis, California by RBT and the Gavilon Group, LLC (Gavilon), which would generate new jobs and additional competition and capacity for the agriculture industry in the region.

This is a matter of critical importance to our regional economy. Tulare County leads the nation in dairy production, worth \$1.7 billion in 2015. Agriculture is the largest private employer in the county, and the cost of feed is the single highest cost of dairy production. UP's discriminatory tariff actions pose significant, immediate threats to regional capacity and competition in feed ingredients.

For these reasons, EDC respectfully urges the Surface Transportation Board to grant RBT's preliminary injunction and to provide relief from UP's discriminatory rates to locations on the SJVR.

Sincerely,



Paul Saldana
President & CEO

cc: Deb Miller, Vice Chairman, Surface Transportation Board
Ann D. Begeman, Member, Surface Transportation Board
Congressman Bill Shuster, Chairman, Committee on Transportation & Infrastructure
Congressman Jeff Denham, Chairman, Subcommittee on Pipelines, Railway, and Hazardous
Peter Pfohl, Slover & Loftus for Richard Best Transfer, Inc.
Michael Rosenthal for Union Pacific Railroad

CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of November, 2016, I caused a copy of the foregoing document to be served by electronic mail on all parties of record in Docket No. 42149.

A handwritten signature in blue ink, appearing to read 'Paul Saldana', with a stylized, cursive script.

Paul Saldana