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Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

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Re: Docket No. EP 724

Montana Farmers Union (MFU) appreciates the opportunity to express on behalf of its statewide membership its concerns about the BNSF rail transportation delays in our state. As captive shippers, our grain producers have few options for moving their product, and the delays experienced over the past many months is a true economic hardship.

MFU understands that much of the delay problem experienced by Montana agriculture producers and others is tied directly to increased export coal volumes from the Powder River Basin (PRB) in Montana to the Pacific Northwest (PNW) and the very profitable Bakken oil traffic also traveling to the PNW.

According to a recent study by Terry Whiteside and Gerald (Trey) Fauth entitled *Heavy Traffic Still Ahead* (www.heavytrafficahead.org) published in mid-February by the Western Organization of Resource Council (WORC), current Powder River Basin to Pacific Northwest export coal volume has more than doubled since 2012, from 5 million tons to 11.86 million tons in 2013. The potential 5-year volume has also significantly increased, from 75 million tons to 98.92 million tons. In addition, the estimated 10-year potential volume is at approximately 170 million tons.

The voluminous and very profitable PRB to PNW export coal traffic and the profitable Bakken oil traffic to the Pacific Northwest appear to be consuming most of the existing rail capacity, displacing Montana grain shippers and others, with the result of higher freight rates for other rail shippers and increasingly deteriorating service.

BNSF's MT Rail Equipment Summary of March 31, 2014, shows the Central Montana District for all non-shuttle covered hopper orders having 147 cars being past due for an average of 24.3 days. The North Central and Northwest MT District has 1,775 cars past due for an average of 25.1 days. The total numbers for Montana are 3,369 cars past due for an average of 28.3 days. In this report they state: "We realize we are not meeting our customers (sic) expectations...and will be putting out podcasts to address shipper concerns."

In its March 28, 2014 Podcast, the BNSF representative informs agriculture producers that BNSF will have limited ability this season to pre-position cars in preparation for the winter wheat harvest.

Just knowing this information is not sufficient for Montana grain producers. They need – and deserve – better service and priority.

In conclusion, given the stated constraints and service choices being made by BNSF, i.e. providing priority to coal and oil, MFU makes the following recommendations:

1. Ask BNSF to share the loss costs with producers;
2. Ensure that BNSF dedicates and guarantees a stated portion of its rail traffic to agriculture, keeping in mind that it is imperative that the 48s and 52s are necessary to support crop diversity in Montana; and
3. Ask BNSF to address potential rail congestion and increased traffic through the state by financially mitigating the costs of local community infrastructure expenditures that could be triggered by large increases in rail traffic and cost taxpayers hundreds of millions, if not billions, while BNSF reaps record profits from coal and oil shipments.

Thank you for this opportunity to speak out for Montana agriculture producers.

Sincerely,

A handwritten signature in black ink that reads "Alan Merrill". The signature is written in a cursive, flowing style.

Alan Merrill
President