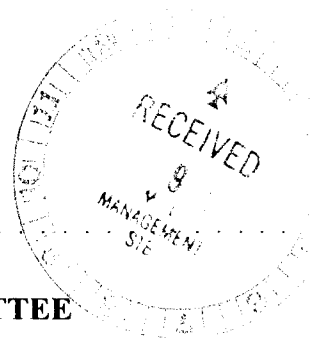


**DAKOTA  
MILL & GRAIN****ENVIRONMENTAL  
DOCUMENT**

**TESTIMONY BEFORE SURFACE TRANSPORTATION COMMITTEE  
Rapid City, SD. November 2, 2000**

My name is Ron Mitzel, general manager of Dakota Mill & Grain. Dakota Mill & Grain owns and operates 8 country grain elevators in Western South Dakota, with 6 of these 8 served by the DM&E Railroad. The 6 elevators served by the DM&E are located in Belle Fourche, Sturgis, Wall, Philip, Midland, and Ft. Pierre, South Dakota. The elevators in Wall, Midland, & Ft. Pierre have unit train loading capability.

We at Dakota Mill & Grain strongly support the DM&E expansion of its rail line to the coalfields of Western Wyoming and the upgrade of it's existing line. Having viable, long-term, efficient rail transportation is the key factor in the success or failure of grain elevators, grain processors, and grain producers in Western South Dakota.

The first thing I would like to address is the importance of the STB to stick to it's current timetable on public comment period the Draft EIS of January 5, 2001. Hopefully you will be able to issue a Record of Decision on the Project by early summer of 2001 (June or July). I think all of us; both proponents and opponents want to see some sort of closure and decision on this project. It is very difficult to do any meaningful business planning with the outcome of this project being an unknown.

This project will give the shippers, both existing and new, better service, access to new markets, and offer shippers more rail options by offering new and better connections with other Railroads, which all translates to a higher price to the producer than we can currently offer. And this project is environmentally friendly.

In addressing the environmentally friendly commit, it takes less fuel to move a ton of freight by rail than truck. According to the Army Corp of Engineer, the number of miles one ton can be carried per gallon of fuel by truck is 59 miles verses 202 miles by rail or over 3 times farther. This means less hydrocarbons, carbon monoxide, and nitrous oxide into our atmosphere. Currently Dakota Mill & Grain ship's approximately 3000 rail cars/year. If this project is not approved, shippers in Western South Dakota are very concerned about the long-term viability of the DM&E. Will we have rail service for one, two, five, ten years, or are we one Mother Nature disaster (flood) away from abandonment, like the CNW line in Northwest Nebraska from Crawford, Nebraska to Crandall, Wyoming. This project will insure a strong viable railroad in Western South Dakota, and will prevent the 3000-rail cars/year going to 12,000 trucks on our highway system.

**ENTERED  
Office of the Secretary**

**NOV 16 2000**

426 Omaha Street, P.O. Box 2340 • Rapid City, SD 57709-2340  
(605) 342-3834 • Fax (605) 342-8435 • 1-800-273-1627

**Part of  
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*Division of ConAgra Flour Milling Co.*

# **DAKOTA MILL & GRAIN**

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The approval of this project will save and increase the life of our highways and Interstate from excessive truck wear and tear. Grain will continue to be raised in western South Dakota, but how we get this grain to market in the future depends on how you, the STB decide. You can deny DM&E's application for construction permit outright (referred to in the EIS as "Alternative A" or the "No-Action" alternative), which will mean shippers and producers in Western South Dakota will have great uncertainties as to how long rail service will be here, in Western South Dakota. Or you can issue a permit on the preferred route (referred to in the EIS as "Alternative C", and "Action" alternative), which will insure shippers and producers in Western South Dakota a viable, safe, long-lasting Class I railroad for our generation and generations to follow.

The approval of this project will bring numerous safety features: (a) new rail infrastructure will end the derailments that currently plague the DM&E system today because of fatigued rail and worn out infrastructure; (b) new signaling and control system will replace current DM&E "dark territory" system where train crews must operate without computer and communications backup protection; (c) greatly improving grade crossings; and (d) these crossings will be blocked for a shorter amount of time because of faster moving trains, allowing for better emergency vehicle access (a maximum 2 minute ambulance wait vs. a wait today of running between 10-15 minutes).

The approval of this project will enable shipper to load an additional 26,000 pounds in each car because of the track weigh limits will be increasing from the current 263,000 to 289,000 pounds. This additional weight will lower the per bushel cost of shipping wheat, to traditional markets, by eight cents per bushel. Based on rail industry standards of the rail line increasing freight rates when heavier cars are allowed of half of the per bushel advantage, this would equate to an additional 4 cents/bushel to our producers. Using the past 3 year average of wheat production of wheat production in Western South Dakota in counties the DM&E goes through and adjacent counties (25 million bushel), the additional 4 cents per bushel advantage, of loading heavier cars, puts an addition \$1 million in producer pockets. This is only addresses the one commodity of wheat; you will have the same freight advantage on other heavier agricultural commodities of flour, millet, corn, milo, and soybeans. The additional weight is also very environmentally friendly, as the 3000 cars that Dakota Mill & Grain currently ships will be reduced to 2655 cars or 345 cars less, which is about 4 trains.

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Dakota Mill & Grain is in the further processing of wheat raised in Western South Dakota, with the 4000 cwt/day flour mill here in Rapid City, owned by ConAgra Flour in Omaha, Nebr. Corporate has had this mill on future expansion plans (doubling the size of mill) for years, but the current rail situation that we operate under (slow transit times and the DM&E long-term viability) has prevented this capital improvement. The approval of the project will assure Corporate that Western South Dakota will have a modern, up to date long-term Class I rail system to base their Capital investment decisions on, and makes the expansion of the Rapid City mill a viable business decision. The Rapid City mill will no longer need to take a backseat with service to other flour mills that we compete against. Being a rural low populated State, we need to be able to transport our finish product (flour) to bakeries in populated areas both efficiently and timely—which this project will enable the Rapid City mill to do competitively, not to mention any other Agriculture processor considering constructing in South Dakota.

In summary, this projects will be bring Improved rail and road safety to Western South Dakota, bring viable long-term Class I rail service to Western South Dakota; give access to new domestic and export markets; bring economic development, high paying jobs, generate millions of dollars of additional tax revenues; and reduce fuel emissions in our atmosphere (if we are forced to truck grain production that is currently shipped by rail). Currently, Dakota Mill & Grain operates two elevator is Western South Dakota that do not have rail service, in Murdo and Presho. On average, the prices that we are able to pay producer for grain at these two elevators is 10 to 20 cents per bushel less than neighboring towns that have rail service. This pricing will be the long-term reality for producers in all of Western South Dakota if this project is not approved. And as I stated earlier, give as some closure on this project, stick to your current timetable and give us your decision, so we in Agri-business can also make some long-term decisions.

Ron Mitzel  
General Manager  
Dakota Mill & Grain  
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