



South Dakota Soybean Association

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March 14, 2005

MAR 21 2005
RECEIVED

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, D.C. 20423-0001

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ENTERED
Office of Proceedings

Re: **Finance Docket No. 34667**
BNSF Railway Company – Purchase and
Operation – State of South Dakota

MAR 21 2005
Part of
Public Record

Dear Secretary Williams:

My name is Ron Gorder. I am the President of the South Dakota Soybean Association (SDSA). On behalf of our members, SDSA strongly supports the efforts of the State of South Dakota to ensure that adequate rail service and market access is provided for grain shippers of all sizes within the state. We believe that the conditions requested by the State in connection with a sale of the State's "Core Lines" to BNSF Railway are necessary and appropriate to protect that important public interest. We encourage the Board to impose those conditions on any approval of BNSF's pending application to acquire the Core Lines.

SDSA is an association of more than 1500 producers and agri-business's located throughout South Dakota. SDSA members vary in size and utilize a number of different forms of transportation -- large railroads, small railroads, trucks -- to handle their commodities and products. Transportation is a critical component of grain prices, and the availability of reasonably priced and accessible rail service is absolutely essential to the survival and economic well-being of many of our members and the communities in which they operate.

BNSF is the major Class I railroad providing service to grain shippers in South Dakota. In recent years, BNSF has increasingly favored the movement of South Dakota grain via 110-car elevators on BNSF's main lines through the state and on so-called "shuttle trains." Such operations can provide benefits for a segment of the market and of our membership. But we believe such operations should not be allowed to squeeze out the rail transportation services needed by so many of the remaining smaller shippers in the state. In particular, it can be difficult for smaller elevators located on non-BNSF rail lines in the state to find viable markets in the face of a BNSF rate and service structure that penalizes them and seeks to push all grain to mega-elevators on BNSF's lines. Such policies undermine the existence of smaller elevators, and the economies of the small, usually rural communities of which they are a part. By their nature, such



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policies also increase the movements of grain by truck, with the attendant burdens on South Dakota's public infrastructure. We view these dislocations as important and serious matters.

The unique public-private partnership between the State and BNSF that has governed the Core Lines for the last twenty years provides a means to address undesirable developments such as these. BNSF operates the lines as a steward for the State, which has important contractual rights to protect the public interest in the operation of those publicly-owned lines. BNSF's acquisition of the Core Lines will eliminate those protections, leave behind several "orphaned" state-owned lines, and further threaten smaller elevators and their communities. Indeed, once BNSF invests significant capital dollars in a purchase of the Core Lines, BNSF may have even more incentive to force traffic to its lines and away from smaller elevators and communities on non-BNSF lines.

We believe the conditions sought by the State of South Dakota reasonably respond to these concerns, without harming BNSF or its further development of 110-car elevator and shuttle train programs on its own lines (including the Core Lines, if they are acquired by BNSF). BNSF remains free to pursue such programs, which should rise or fall on their own efficiencies. The conditions requested by the State simply permit smaller elevators and the rail carriers that serve them the opportunity to reach connecting carriers and markets and fight for their survival and prosperity. If a day is to come when only 110-car elevators dot the landscape in South Dakota, it should be because market forces favor that result -- not because BNSF's policies dictate it.

We appreciate the Board's consideration of our views on this matter. I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct, and that I am qualified and authorized to file this statement.

Very truly yours,



Ronald J. Gorder, President

cc: Adrian L. Steel, Jr., Mayer, Brown, Rowe & Maw LLP, 1909 K Street, NW, Washington, DC 20006
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