



CORPORATE HEADQUARTERS

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SURFACE TRANSPORTATION BOARD

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October 11, 2005

Surface Transportation Board
Chairman Roger Nober
1925 K. Street, N. W.
Washington, D.C. 20423-001

Ex Parte No. 658

Dear Chairman Nober:

The J. R. Simplot Company (Simplot) is a privately held food and agribusiness corporation based in Boise, Idaho. Annual sales are about \$3 billion, derived principally from food, fertilizer, turf and horticultural, cattle feeding, and other enterprises related to agribusiness. Simplot ships approximately 1.5 million tons on rail to end use customers and receives an additional 800,000 tons by rail from suppliers. As a western based business, Union Pacific is our primary rail carrier with whom we appreciate a shipper/carrier partnership.

Consistent rail service is critical to the success of the Simplot Company as well as our suppliers and customers. Simplot's dependency on reliable rail service continues each year as alternate transportation modes are not economically feasible or operationally feasible when transporting such large volumes. Our concern for a healthy rail industry cannot be underestimated. Simplot continues to invest significant amounts of capital in production facilities located on Union Pacific and continues to invest in private rail equipment.

The Staggers Act allowed many improvements in the rail industry which resulted in financially stronger rail carriers. Shippers benefited from rail carriers becoming customer focused. Mergers from the past decade produced a more consolidated industry that reduced redundancy.

Increased shipping demand due to a robust economy has resulted in constrained rail capacity. As Simplot continues to grow, the concern for adequate rail service increases. As in any industry, infrastructure investments must be made by the rail carriers to enhance capacity.

Simplot believes S919 will restrict rail carrier ability to obtain capital for infrastructure growth. We recognize the need to rationalize capacity and raise capital through pricing. In the true nature of our shipper/carrier partnership, Simplot expects rail carrier gains to be reflected in performance and future rate structures **as past failures have resulted in unfavorable conditions for Simplot and our customers.** Rail carrier performance gains will be monitored through participation in trade groups such as The Fertilizer Institute. Simplot will continue to support the rail carrier industry where accountability to the customers is demonstrated.

Sincerely,

Lawrence S. Hlobik
President and CEO
J.R. Simplot Company

cc: Dunn, Mark - Simplot
Zerza, Fred - Simplot
Basabe, Tom - Simplot
Storms, Kevin - Simplot
Whitacre, Bill - Simplot
Jim Young, Union Pacific



"Ross, Bonnie"
<Bonnie.Ross@simplot.com>

10/12/2005 01:01 PM

To <bednars@stb.dot.gov>

cc

bcc

Subject JR Simplot Company Surface Advisory Board Letter

Mrs. Bednar:

Per our conversation, please find the above referenced letter attached. Thank you for your help and cooperation. Please feel free to contact me if you have any questions.

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