



"Improve the economic well-being of agriculture and enrich the quality of farm family life"

July 9, 2008

Surface Transportation Board
395 E Street S W
Washington D C 20423-0001

**RE: Docket EP 677; Common Carrier Obligation of Railroads
— Transportation of Hazardous Materials**

Members of the Board

On behalf of the Illinois Farm Bureau[®] (IFB[®]), I submit these comments regarding the Common Carrier Obligation of Railroads – Transportation of Hazardous Materials

IFB is a non-profit membership association representing more than 80,000 farmers and farmland owners in Illinois. Our total membership in Illinois tops 400,000. IFB is by far, the largest general-purpose farm organization in the state. Our 20-member board of directors is made up exclusively of farmers from across Illinois and our policies are established through an extensive grass-roots policy development process. Those policies, revised/renewed annually, guide our activities and provide the foundation for this commentary.

Illinois is a leading state in the use of agricultural ammonia. Illinois farmers utilize an annual average 1.6 million tons of nitrogen fertilizer. Of the total used for the 13.2 million acres of corn planted in Illinois in 2007, 46% (735,000 tons) was in the form of anhydrous ammonia.

The versatility of corn and the essential role it plays in the food and fuel industries of these United States—and our balance of trade in world markets—continues to drive increased demand.

The majority of Illinois corn farmers choose anhydrous ammonia as their nitrogen source because of its economic and agronomic advantage of being suitable for application in either the fall or the spring. Though nitrogen migrates through the soil, when applied in the fall, nitrogen in the form of anhydrous binds to the soil and is held in place throughout the winter. This provides alternate purchase and fieldwork options not available with other forms of nitrogen. Anhydrous is also the only form of nitrogen that fertility researchers have determined is agronomically acceptable to apply in the fall prior to the next spring's planting season.



ILLINOIS AGRICULTURAL ASSOCIATION[®]

1701 Towanda Avenue • P.O. 2901 • Bloomington, Illinois • 61702-2901
Phone 309.557.2111 • Fax 309.557.2559

Another benefit of fall application is the ability of the transportation and supply industries to spread out over time the equipment and logistics needed for supplying agriculture with anhydrous. The distribution system in Illinois and the Midwest is designed as a two-season system. Transportation by pipeline, barge and rail is critical to re-charge the terminals and ag retail locations after each season. Besides its detrimental affects on corn production, attempting to supply all nitrogen needs to Midwest agriculture in a single (spring) season would overwhelm an already stretched infrastructure and would be thwarted by a single-season ultra-high demand for a qualified labor force—likely followed by off-season layoffs. Anhydrous allows more efficient and effective farming operations and far better utilization of the nation's transportation and distribution infrastructure through its dual-season accommodation, including the personnel needed to operate that system.

Despite the high agricultural demands here, Illinois has only one ammonia production plant in the state. We do, however, have a diverse distribution system for nitrogen fertilizer. We are capable of handling that tremendous demand through Illinois' 11 ammonia storage terminals. Most of these are supplied by pipeline and barges along the Illinois, Mississippi and Ohio Rivers. However, with the decreasing reliability of barge traffic due to a crumbling locking infrastructure, anhydrous terminals that can be fed by rail do so when possible.

The Illinois Fertilizer and Chemical Association estimates that rail supplies 60-70,000 tons yearly to Illinois terminals. Aside from rail's importance to the terminal system, rail is a critical part of the distribution system for ag retailers. Approximately 10% of the ammonia purchased by ag retailers for their farmer-customers is transported to them by rail. This amount is roughly 75,000 tons each year. In total, approximately 120,000 tons of ammonia in Illinois is transferred within the system by rail each year.

If rail service were to be eliminated, Illinois agriculture would suffer because the trucking industry could not meet the added demand for highway freight. An estimated 3,700 additional tanker truck loads would have to make their way across Illinois highways to replace what is currently transported by rail this state. The equipment challenge alone would be a barrier, as would the inability to find qualified drivers.

The USDOT has projected dramatically rising demand for freight transportation in this nation for the foreseeable future. Among all modes of freight movement, the escalating demand will be highest for trucks. Forcing yet another 120,000 tons of specialized, seasonal cargo into that demand mix would be inefficient and would raise safety issues.

We ask that the Surface Transportation Board to work to develop policies so that rail transportation of anhydrous ammonia will continue.

Sincerely,

Kevin B. Rund
Transportation Specialist