



March 23, 2018

The Honorable Ann D. Begeman
Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

The Honorable Deb Miller
Vice Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: Rail Service Challenges in North America

Dear Chairman Begeman and Vice Chairman Miller:

On behalf of The Fertilizer Institute (TFI), I write to thank you for your interest and oversight of rail service challenges that are negatively impacting TFI members, which includes companies that are engaged in all aspects of the fertilizer supply chain. Rail service challenges have been ongoing and increasingly pervasive.

Fertilizer is a key ingredient in feeding a growing global population, which is expected to surpass 9.5 billion people by 2050. Half of all food grown around the world today is made possible through the use of fertilizer. The U.S. fertilizer industry generates more than \$154 billion in economic benefit each year and provides approximately 89,000 direct jobs and 406,000 indirect jobs for a total of 495,000 U.S. jobs.

The majority of fertilizer (56 percent) moves by rail throughout the year. Over the past year, rail service has been a serious problem in North America. As you are well aware, CSX Transportation, Inc. (CSX) has had its share of service challenges in the past 12 months. While service on CSX has improved recently, occasional problems still arise as CSX settles into its new “normal” service levels. Service problems, however, are no longer the exclusive purview of CSX. As outlined by the enclosed March 6 letter, serious service disruptions in Canada, particularly with Canadian National Railway (CN) and Canadian Pacific Railway (CP), are now impacting the operations of TFI’s members in both Canada and the United States. TFI members also have reported service problems on Norfolk Southern Railway (NS) over the winter months that caused NS to recently “reset” most of its network. The fertilizer industry has also experienced service problems with Union Pacific (UP).

Unfortunately, these service challenges are becoming increasingly pervasive. As we shift into the Spring months, TFI is hopeful that many of these problems will be resolved soon. The fertilizer industry has positive working relationships with the rail industry. We rely upon the rail industry year-round to move the necessary nutrients our farmers need to grow the crops that feed the world. As you know, approximately two-thirds of all railway stations are served by one railroad. Having few, if any, competitive options to move traffic over a long distance, we have had to increasingly rely on your oversight.

The increase in service problems over the past 12 months has brought to the forefront long latent concerns over the lack of viable options when poor rail service jeopardizes the operations of TFI members. As such, TFI is pleased the Surface Transportation Board (STB) announced last week that its

staff will hold informal stakeholder meetings on the STB's directed service regulations, which have been an ineffective and inadequate remedy for service problems despite that being their primary intent. This is an important opportunity to review the existing regulatory framework for service remedies, and how potential changes could benefit the U.S. economy. We advocate a system where railroads are encouraged to proactively work to prevent service disruptions before they happen. But when problems do occur, we need effective directed service regulations that will benefit everyone.

Thank you again for your ongoing oversight of rail service challenges. For more information, please reach out to Justin Louchheim of my staff by email or phone at jlouchheim@tfi.org or 202-515-2718.

Sincerely,

A handwritten signature in blue ink, appearing to read 'CJahn', with a long horizontal flourish extending to the right.

Chris Jahn
President
The Fertilizer Institute

Cc: The Honorable Elaine Chao, Secretary, U.S. Department of Transportation
The Honorable Sonny Perdue, Secretary, U.S. Department of Agriculture
Senate Committee on Commerce, Science, and Transportation
House Committee on Transportation and Infrastructure

Enclosure