



**SOY TRANSPORTATION
COALITION**

NEWS RELEASE

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Grain Shippers Provide Mixed Grades for Railroads in STC Survey

Ankeny, Iowa – Leading U.S. grain and oilseed shippers provided the nation’s largest railroads mixed grades on the first annual Soy Transportation Coalition (STC) Rail Customer Satisfaction Index. The survey was completed anonymously by grain and oilseed shippers of various size and scale of operations. While respondents overall provided higher ratings for the rail industry’s customer service efforts, concern was consistently expressed at the costs of rail service and how they are communicated. In addition to mixed grades being given across the three performance categories, respondents also provided different ratings for U.S. based railroads and their Canadian-based counterparts.

The survey was comprised of 11 questions categorized under: 1.) On Time Performance; 2.) Customer Service; and 3.) Costs. For most questions, respondents were asked to rate each of the seven Class I railroads on a scale from 1-10 with 10 being the highest and 1 being the lowest.

“The STC survey reflects the perspectives of those who ship the overwhelming majority of grain and oilseeds in this country,” explains Mike Steenhoek, executive director of the Soy Transportation Coalition. “We do not claim the survey is the definitive barometer on the performance of the rail industry. The survey is subjective and gauges customer attitudes. These attitudes have been developed by the movement of millions of bushels of grain and oilseeds. As a result, the survey results do serve to further instruct and illuminate our

understanding of the extent to which the rail industry is meeting the needs of their agricultural customers.”

Class I railroads are the largest railroads in the country and have an annual operating revenue exceeding \$346 million. Seven railroads are classified as Class I: Burlington Northern Santa Fe Railway (BNSF), CSX Transportation, Kansas City Southern Railway, Norfolk Southern Railway, and Union Pacific Railroad. Canadian National Railway and Canadian Pacific Railway are also considered Class I due to their significant trackage lines in the United States.

After combining the results from the 11 survey questions, BNSF Railway received the overall highest rating from grain and oilseed shippers with Union Pacific finishing second. In only one of the individual questions did BNSF not finish either first or second. Canadian Pacific and Canadian National received the lowest ratings. Both Canadian Pacific and Canadian National received, on average, a 25 percent lower score than the remaining 5 Class I railroads and finished in the bottom half in all 11 questions.

Soy Transportation Coalition Rail Customer Satisfaction Index – Overall Ratings:

- 1.) BNSF Railway
- 2.) Union Pacific Railroad
- 3.) Norfolk Southern Railway
- 4.) CSX Transportation
- 5.) Kansas City Southern Railway
- 6.) Canadian Pacific Railway
- 7.) Canadian National Railway

“Over the years, grain and oilseed shippers have expressed legitimate concerns with the performance of the rail industry,” says Mike Steenhoek. “However, it is entirely appropriate to acknowledge quality and improvement, when evident. Five of the Class I carriers – specifically BNSF and Union Pacific – are to be commended for their performance in a number of areas, particularly customer service and responsiveness. They have expended much energy and resources to improve in this area. Survey respondents acknowledge that these efforts have, at least in part, been successful.”

While railroads received relatively high ratings on customer service, respondents gave lower grades to railroads on cost issues. When presented with the question, “Are rail service costs clearly explained to you? Is there transparency in the railroad’s pricing mechanism?” grain and oilseed shippers responded, on a scale from 1-10, by giving railroads an average score of 3.67. BNSF received the highest score of 4.36 – followed by Union Pacific at 4.31. For the question gauging shippers’ estimation of railroad accessorial charges, respondents feel they are more of an effort to generate additional revenue rather than used for the purposes

advertised by railroads. On a scale from 1-10, shippers gave railroads an average score of 3.16.

Concern was also expressed with how railroads do not provide adequate notification when price increases occur. One survey respondent who utilizes all seven Class I railroads said, "20 to 30 days notice (by the railroads) is insufficient for us to cover rate increases in our forward sales." Railroads often ask agricultural customers to synchronize their business with the challenges of providing rail service. Grain and oilseed shippers feel railroads could reciprocate by providing greater notice when rates increase.

U.S. railroads annually transport more than 22 million tons of soybeans, 19 million tons of soybean meal, and 7 million tons of soybean oil.

The full results of the survey, including the questionnaire, can be viewed on the STC web site at www.soytransportation.org.

Established in 2007, the Soy Transportation Coalition is comprised of eight state soybean boards, the American Soybean Association, and the United Soybean Board. The goal of the organization is to position the soybean industry to benefit from a transportation system that delivers cost effective, reliable, and competitive service.