Railroads Must Report on Grain Backlog as Harvest Approaches

JOSH FUNK, Associated Press

OMAHA, Neb. (AP) — A backlog of grain shipments across the Great Plains has been reduced but not eliminated, so U.S. regulators are requiring BNSF and Canadian Pacific railroads to provide weekly updates on their efforts to catch up before harvest.

The U.S. Surface Transportation Board told BNSF and Canadian Pacific to submit plans to address the backlog by this Friday and begin filing weekly updates. The updates are similar to those regulators required on fertilizer shipments this spring after farm groups complained.

The delays in grain shipments have been especially pronounced in northern Plains states, such as North Dakota, South Dakota, Montana and Minnesota. Critics blame increased crude oil and freight shipments for the delays, but the railroads have said a brutally cold winter and rail congestion in Chicago caused the backlog.

Regulators said both railroads have made some progress in reducing their backlogs of grain car orders, but many grain elevators still have little space available, with harvest beginning around Aug. 1 in the northern Plains. The backlog has meant farmers aren't getting paid for their crops.

"The Board remains very concerned about the limited time period until the next harvest, the large quantities of grain yet to be moved, and the railroads' paths toward meeting their respective commitments," regulators said in their order, issued last Friday.

Mark Watne, president of the North Dakota Farmers Union, said Monday that he remains concerned about the railroads' ability to move enough grain to clear storage space for the harvest. Most grain elevators prefer to be nearly empty before harvest, and Watne said a recent survey of North Dakota grain elevators showed most were close to three-quarters full.

"I don't think there's any way they will be ready for harvest," he said.

Watne said some farmers have had to get extensions on operating loans while they want to get their crops to market. If the grain backlog lingers into fall, some farmers will have difficulty selling their crops.

BNSF spokeswoman Amy Casas said Monday the railroad expects to be prepared for this fall's harvest. Fort Worth, Texas-based BNSF has reduced its systemwide backlog of grain shipments from 14,618 carloads in mid-April to 9,175 carloads as of last Friday.

"We have steadily moved increasing volumes of grain and grain products over the last several months, moving more year-to-date in 2014 than the same period in 2013," Casas said in a statement for the railroad owned by Warren Buffett's Berkshire Hathaway Inc.

Canadian Pacific spokesman Ed Greenberg said Monday that officials at his Calgary, Alberta-based railroad were still reviewing the Surface Transportation Board order, but he said Canadian Pacific is working to address congestion in the Midwest and meet customer requirements.

The weekly reports to regulators will be required until BNSF and Canadian Pacific have dealt with the backlogs.

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