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September 02, 2014

Daniel R. Elliott III, Chairman
Surface Transportation Board
395 E Street SW
Washington DC 20423-0001

Dear Mr. Elliott:

Semo Port Railroad (SE) is a common carrier switching railroad owned by the Southeast Missouri Regional Port Authority. The SE operates approximately eight miles of track.

The SE does not expect any seasonal traffic peak. While there are two grain elevators at Semo Port, they ship by river barge and rarely use rail. Our current rail traffic base does not include coal, crude oil, ethanol, propane, chemicals, or automobiles. We handle cement and corn products (from on-line plants) and a variety of other dry bulk products.

Allow me to note that the two grain elevators at Semo Port expect a large local corn harvest. They expect barge rates to jump significantly, as is common with supply and demand at harvest time for river rates. To mitigate this, they are planning to use ground storage which allows them to hold the corn until Spring and ship when barge rates are lower. Apparently, they can save enough on the barge rates and corn prices to cover the ground storage costs.

The ground storage involves grading the dirt so it has good drainage around the corn pile, then laying perforated plastic pipes for ventilation where the pile will be located. At one end, electric service is installed for large fans to blow through the pipes. Once the pile is placed, it is covered with plastic sheeting and tied (weighted) so it does not blow away. Appropriate pest control measures are taken.

Supply and demand also affects corn prices, particularly on the spot market. Many farmers use on-farm storage to counter the low prices paid at harvest. One farmer on the Port's Board, who farmed over 10,000 acres, had more storage than the two elevators at the Port combined. Another approach is using contracts to avoid the spot market.

Thank you for your interest in Semo Port Railroad (SE).

Sincerely,

Dan Overbey
Executive Director

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