

Short Line Railroad Customers Benefit from Section 45G Investments

Warren Fisk, General Manager – Farmers’ Cooperative Elevator, Manly, Iowa
A Customer of the Iowa Northern Railway

The Section 45G tax credit made it possible for the Iowa Northern Railway to complete a \$1.5 million track rehabilitation between Manly and Nora Springs to better serve the Farmer’s Coop Elevator at Manly, and Rock Falls Grain and Cartersville Elevator at Nora Springs. Without this upgrade, the railroad could not handle the increased volume required by the customers. **Warren Fisk of the Farmers’ Coop said, “The Iowa Northern track rehabilitation project will help us increase volumes and lower transportation costs and that is good for every farmer that uses the elevator. To the extent the short line tax credit made that possible it is a real success story.”**

Mike Purdy, Owner – Delta Trading Company, Bakersfield, California
A Customer of the San Joaquin Valley Railroad

Delta Trading is a distribution facility located on the Sunset branch of the San Joaquin Valley Railroad in Bakersfield, CA. **Mike Purdy of Delta Trading said, “The track rehabilitation made possible by the tax credit is directly responsible for Delta Trading Company’s decision to invest nearly \$3 million in its facility and almost triple its number of employees. We now have a short line railroad partner that can provide the volume and level of service that allows us to significantly grow our business. This tax credit was a very smart decision by the federal government and I suspect it will more than pay for itself as our experience is repeated on short lines across the country.”**

Ron Walters, President – Erie Plastics, Corry, Pennsylvania
A Customer of the Western New York & Pennsylvania Railroad

The Western New York & Pennsylvania Railroad has used funds freed up by the Section 45G credit to match a Pennsylvania grant program to undertake a \$3.5 million project to provide stronger and higher speed railroad track that can provide more efficient and competitively priced transportation for Pennsylvania shippers. **Ron Walters, President of Erie Plastics, said, “This facility molds 30 million plastic parts a day and we bring 80 to 90 percent of our plastic resin into the plant by rail. Rail transportation is the most economical way to get our raw materials, and anything that helps make the railroad more efficient and more viable is critically important to our success.”**

Arthur Kroot, President – Kroot Corp., Columbus, Indiana
A Customer of the Louisville & Indiana Railway

Arthur Kroot and the 60 employees of Kroot Corp. are southern Indiana’s principal scrap yard, working closely with the area’s auto manufacturing plants and steel mills. For the past ten years, the Kroot Corp’s business has heavily relied on continued investment in the Louisville & Indiana Railway, including a recent bridge replacement program made possible by Section 45G. According to Mr. Kroot, **“If we did not have this railroad, we would be out of business. The L&I has done an incredible job for us. The benefits are significant to not only industry, but the community. This is the lifeblood of our area and the auto manufacturing plants could not operate without the railroad.”**

Dave Jones, Manager – Transportation & Distribution – United Refining Company, Warren, Pennsylvania

A Customer of the Buffalo & Pittsburgh Railroad

United Refining has begun construction of a new coking plant in Warren, PA. The railroad must be upgraded to handle heavy loads of construction equipment, and ultimately, petroleum coke shipments. The upgrade includes 20,600 linear feet of rail, 6,600 new ties, surfacing 23 miles and upgrading yard tracks and bridges. Phase I of rail construction, commencing in 2006, totals \$2.3 million, of which \$700,000 is facilitated by Section 45G. Phase II will be completed in 2007 and 2008, with further assistance from Section 45G. **Dave Jones of United Refining said, “The upgrade of the Buffalo & Pittsburgh Railroad’s track infrastructure improves United Refining’s economics, allowing us to make this substantial investment in building a new \$500 million petroleum coke facility to be able to ship product competitively.”**

Bill Dozier, Division Logistics Rail Manager – Georgia-Pacific, Crossett, Arkansas

A Customer of the Arkansas, Louisiana & Mississippi Railroad

In Crossett, AR, the Arkansas, Louisiana, & Mississippi Railroad’s aggressive tie replacement program funded by Section 45G will benefit a plywood plant, a lumber mill, a paper mill, and a chemical facility, in aggregate employing 3,000 workers. The plywood plant in Crossett is the largest softwood plant in the world and the paper mill is one of largest Georgia-Pacific plants producing tissue and other paper. **According to Bill Dozier, division logistics rail manager for Georgia-Pacific Corporation, “Our company depends on the railroad and it is important that the ALM continues to reinvest in their railroad infrastructure.”**

Tony Johannesen, Manager – Dakota Prairie Ag, North Dakota

A Customer of the Red River Valley & Western Railroad

The upgrades made because of Section 45G tax credit will allow RRVW customer Dakota Prairie Ag, a wholesale grain, farm supplies and field bean merchant, to load and ship 110 pound shuttle trains to distant export and domestic markets. This marks the first time in history that the farmers in the region will have this opportunity. **“The ability to utilize these longer, heavier trains is going to reduce transportation costs by about 10 cents per bushel and that is going to make North Dakota grain more competitive in the marketplace,” stated Tony Johannesen, Dakota Prairie Ag manager.**

Butch Reed, Sales Manger – Columbus Brick, Columbus, Mississippi

A Customer of the Columbus & Greenville Railway

The Section 45G credit allowed the Columbus and Greenville Railway to undertake a \$400,000, 2.5-mile track rehabilitation to benefit Columbus Brick. As a result of this improvement, Columbus brick has increased outbound rail from 100 cars per year in 2001 to over 550 cars per year today. For the 90 employees at the Columbus facility, it is critical to have the ability to ship via rail. **Butch Reed, sales manager of Columbus Brick noted that, “by allowing us to use 100 ton rail cars, this rehabilitation project has reduced our transportation costs and made this Mississippi company a stronger and more competitive player in our industry.”**

Greg Wheelan, Plant Manager – National Gypsum, Medicine Lodge, Kansas

A Customer of the V&S Railway

The largest customer of V&S Railway is National Gypsum, a building products manufacturer and one of the leading gypsum wallboard producers in the world. Before the passage of Section 45G, track conditions limited train speed on the line to below 10 mph. Improvements made because of Section 45G have increased train speed to 25 mph. **This increase in train speed has led to improved customer service. according to Greg Wheelan, local National Gypsum plant manager. “Before the improvements, several cars of our materials would bunch up, but now we are able to get to the mainline faster. The upgrades in the track and switches provided by the short line tax credit helped speed things up, lessening delays and improving reliability to the rail line.”**

Greg Gould, Vice President – Rogers Group, Inc., Bloomington, Indiana

A Customer of the Indiana Rail Road

Rogers Group, Inc. of Bloomington, IN provides customers with crushed stone, sand and gravel, asphalt, and concrete masonry. Funds made available by Section 45G have allowed Indiana Rail Road to haul 3,000 tons of stone per week from the Rogers Group limestone quarry to a Hoosier Energy electrical power plant to reduce air pollution emissions. **“This simplified the transportation dynamic for our customer, who already had existing rail infrastructure. The movement of the products by rail replaced all the truck traffic, increasing safety and reducing energy consumption. The customer service provided to the power plant improved the delivery speed and reliability of our product,”** continued Gould. The dependability and sustainability of the improvements also created job security for the fifty employees at the Rogers Group location. **“Stimulating the economy, economic development and creating new jobs through the short line tax credit are the things we need to continue doing,”** lauded Gould.

Ronald Harlow, Dixie Business Director – Georgia Pacific, Naheola, Mississippi

A Customer of the Meridian & Bigbee Railroad

The Meridian & Bigbee Railroad serves 22 customers in central Alabama and Mississippi. Those customers in turn employ over 3,900 high quality, industrial workers. The Section 45G credit allowed the railroad to undertake an aggressive \$5.6 million improvement project. With the renovations, the railroad will be able to attract new industries and jobs to the region while continuing to provide high quality service to existing customers. **“The Georgia-Pacific mill at Naheola depends on the Meridian & Bigbee Railroad to provide critical rail service,”** said Ronald Harlow, director of Dixie Business for Georgia-Pacific Corporation, the largest single on-line customer.