

Rail delays cause taconite backup

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Minnesota companies race against time to increase taconite shipments before winter.

Grain and coal aren't the only [commodities](#) that have backed up this year because of railroad congestion and delays.

Taconite shipments from northern Minnesota have also been slowed by the logjam, and industry officials are concerned about moving enough iron ore to their steelmaking customers before the Great Lakes shipping season ends for the year.

The issue came to light when Sen. [Amy Klobuchar](#) raised it recently at a Senate Commerce, Science and Transportation Committee hearing. She said one mining [company](#) in Minnesota has 250,000 tons of taconite sitting on the ground and another has 85,000 tons stockpiled as a result of rail service disruptions.

"In total we have 2 million tons of iron ore pellets that we want to send out — and make money for our country and get more jobs — that are just sitting there in a pile," she told Ed Hamberger, president and chief executive of the Association of American Railroads.

The pellets are produced near mines and transported by special rail cars to Duluth, Superior and Two Harbors. At the ports they are loaded onto vessels and carried to steelmakers in Cleveland; Gary, Ind.; and other ports on the lower lakes.

The backups were apparently caused by a shortage of locomotives and train crews to move the rail cars from the mines to the ports, combined with last winter's weather that shortened the shipping season.

Farmers, grain elevator managers, coal shippers, utilities and Amtrak executives have complained about rail delays across much longer distances between Minnesota and western states. At federal hearings this year in Washington and Fargo, N.D., and at other meetings, they have testified that service has been poor and [freightrates](#) have skyrocketed. Some accused the rail firms of giving preference to more lucrative North Dakota oil shipments.

Rail firms have denied that they favor crude oil over other cargoes and have told the Surface Transportation Board that regulates railroads that the slowdowns are a result of increased shipments of all commodities, not just oil.

The taconite industry has kept a low profile and has not criticized railroads publicly, but after Klobuchar's remarks, Cliffs Natural [Resources](#) issued a short statement that confirmed that its Minnesota mines, like other industrial facilities, "have been significantly impacted by the national logjam of rail service in the United States."

The company needs to provide timely delivery of iron ore pellets to its steelmaking customers, the statement said, and "these [railroad] conditions create substantial and irreversible negative consequences because there is finite shipping season on the Great Lakes."

Cliffs operates iron ore mines at United Taconite in Eveleth served by CN (Canadian National Railway Company) and Hibbing Taconite, served by BNSF (Burlington Northern Santa Fe). It also owns a mine near Babbitt linked to its Northshore Mining taconite processing plant in Silver Bay.

The shipping season typically closes from Jan. 15 to March 25, said Adele Yorde, public relations manager for the Duluth Seaway Port Authority. Mining companies try to move out as much iron ore as possible before winter, she said, so that it can be stockpiled and used by steelmakers during the eight to 10 weeks that the lakes are frozen.

“Four months is what they have left,” said Yorde, referring to the mining firms. “And the last few weeks get to be slower in terms of delivery time because of ice” that begins to thicken, she said.

Craig Pagel, president of the Iron Mining Association of Minnesota, declined to provide details about how reduced rail service has affected the industry. “These delays along with ice conditions this spring have had a negative effect we hope is rectified soon,” he said. “In our case shipping is an integral part of the ironmaking and steelmaking industry.”

Pagel said that the iron mines are now producing “at near-capacity levels, and we hope to continue to produce at those levels.”

That wasn’t true earlier this year, at least for Cliffs Natural Resources.

In a letter to the Surface Transportation Board last April, the company’s director of rail transportation Randel Thomas said: “Inconsistent rail service has had severe impacts on our operations throughout the winter of 2013-2014, keeping our facilities from operating at capacity.”

Thomas said that instead of shipping pellets to stockpiles at dock facilities on the Great Lakes, it had to “submit approximately 250,000 long tons to ground storage at our mines.”