



Occidental Chemical Corporation OxyChem.

A subsidiary of Occidental Petroleum Corporation

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Commissioner Francis P. Mulvey
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

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RE: Ex Parte No. 705: Follow up

Dear Commissioner Mulvey:

As follow up to my testimony during the Rail Competition hearing, I am providing the following information for the record. My verbal comments illustrated the impact of shipping costs on our business. I stated that we had recently shut down several OxyChem facilities, partly due to our rapidly escalating rail freight rates. The locations referenced were facilities in Muscle Shoals, Alabama, and Louisville, Kentucky.

During the first quarter of 2009, OxyChem permanently shut down its polyvinyl chloride (PVC) production at its Louisville location. As a result, 75 workers were laid off. Louisville is open to reciprocal switching. However, traffic was limited to the serving carrier at the customer's location, which restricted competition and resulted in rates higher than those at our open OxyChem locations. During the 2-3 years leading up to the decision to close the plant, rail rates increased by 25%.

In the second quarter of 2008, we permanently closed our Muscle Shoals chlor-alkali manufacturing operations, impacting approximately 150 workers. Muscle Shoals is captive to the Norfolk Southern. Prior to our ultimate decision to shut down the plant, rail rates had increased 30-50%. In publicly announcing this closure, we stated: "Rapidly escalating rail transportation costs, rail service reliability and increasing environmental expenses related to mercury were ... factors in this decision."

As I testified, we made these difficult decisions after much deliberation and after weighing all of our options. Although other factors were considered while making the decisions to close these facilities, increasing rail rates were a contributing factor. A recent analysis of OxyChem freight rates indicate that rail freight accounts for 10-15% of the delivered price of our products and up to 25% of our manufacturing costs. For OxyChem, rail freight rates are material and directly impact our ability to compete nationally and globally.

Respectfully Submitted,

Robin A. Burns
Vice President - Supply Chain