

January 11, 2018

The Honorable Ann Begeman
Acting Chairman
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423

The Honorable Deb Miller
Commissioner
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Dear Acting Chairman Begeman and Commissioner Miller:

The National Association of Chemical Distributors (NACD) is an international association of nearly 440 chemical distributors and their supply-chain partners. NACD members represent more than 85% of the chemical distribution capacity in the nation and generate 93% of the industry's gross revenue. NACD members, operating in all 50 states through nearly 1,800 facilities, are responsible for more than 155,000 direct and indirect jobs in the United States. NACD members are predominantly small regional businesses, many of which are multi-generational and family owned, that greatly depend on the railroads to deliver reliable and affordable service to remain competitive in the global market.

I would like to take this opportunity to thank you for meeting with me this past December, as part of the joint Railroad Customer Coalition (RCC) meeting, and discussing how reliable and affordable rail service is of vital importance to not only NACD members and their supply-chain partners, but also to every segment of our country's economy. I am submitting for your closer review the following comments as real-world examples of how CSX's service disruptions continue to negatively impact our chemical distributor members and their supply-chain partners.

We look forward to working with you towards providing alternative options, faster response, and greater rail competition for our nation's shippers.

Sincerely,



Eric R. Byer
President

NACD member Brainard Chemical operates a chemical facility in Danville, Illinois, and has provided the following examples concerning CSX's performance. The company's main complaint is CSX's lack of communication and failure to provide on- time car delivery.

Brainard Chemical's Danville, Illinois, facility receives railcars of refrigerant from Honeywell. The cars are for Honeywell, and Honeywell is responsible for the freight. On two occasions, Brainerd Chemical has received demurrage bills from CSX. Brainerd Chemical has tried to contact CSX and ask that CSX send the bills to Honeywell, but they are unable to get a response from CSX. On multiple occasions, Brainerd Chemical has emailed and called the designated staff at CSX and has never received a response.

On July 23, 2017, Brainard Chemical was made aware of two cars ready to switch in from Evansville, Illinois. It takes one day for this switch. On July 26, the cars had not yet been switched. A complaint was issued to CSX, and the site was told the cars were a priority and the switch would happen. After many days and phone calls, the cars were switched in on August 4. This disruption caused the facility to shut down operations until the cars were switched and unloaded.

On July 4, four cars also arrived in Evansville and were ordered in on July 5. The cars were placed on the wrong train and did not get switched in. The cars showed up July 8. This again caused the facility to shut down as they waited for raw materials. CSX's poor performance has caused the greatest disruption for this facility. Greater customer communication and accurate information from CSX would have allowed Brainard Chemical to manage their business more efficiently.

An NACD member company located in the southern region of the U.S. has shared information regarding CSX's new switch rate increases. CSX has implemented numerous changes to their pricing and contract language without adequate prior notice to customers. Starting in 2018, CSX increased their switch rates to every railcar touched en route to its designated railcar position. Failure to communicate to customers about this new cost has created a heavy financial impact not only for this company, but also for the entire chemical industry that relies on CSX to move product by rail.

In November 2017, CSX distributed an email notification (see attachment) containing very ambiguous language about a rate change. Due to the holidays, the company received confirmation January 3 that CSX was changing their rate. Prior to January 1, 2018, the cost to place a railcar was \$200, it is now \$1,900. The impact of these changes is significant.

This company also shared two CSX switch requests that were priced at \$1,700. Under the new guidelines, they were charged \$5,400. That is an increase of 320%. The company received information that the new charges were meant to recoup the cost of moving around cars, which is counterintuitive to the entire process. Customers should be allowed time to plan and react to a new program. Like the above example, this company continues to work on setting a meeting with CSX and has requested information on multiple occasions. CSX has not provided a response.

An NACD member company in the Birmingham, Alabama, market purchases Toluene to be used in Gasoline Blending. This company ships Toluene in railcars to a public terminal in Birmingham. The product is then transloaded by the company's distributor and shipped via tank truck to the customer. The Toluene ships from Deer Park (Houston), Texas, on BNSF to Birmingham where it is then switched over to CSXT for the crosstown move to the terminal, served by CSXT. The normal delivery timeframe for an arriving BNSF car that is switched and delivered to the terminal by CSXT is three to five days.

On June 28, 2017, a railcar arrived in Birmingham on BNSF to switch to CSXT for delivery to the public terminal. CSXT took this car to Waycross, Georgia, before bringing it back to Birmingham. The car remained with CSXT from June 28 to July 21, before it was finally delivered to the terminal. During this time, numerous attempts were made — both via email (case logs on CSXT website) and phone — to try to determine and resolve the transport delay. Inquiry attempts via the case logs were met with replies that the car was scheduled to move, a case log was opened, and CSXT was reaching out to local operations to move the car, etc., etc. Phone calls to both marketing and customer service were met with similar rhetoric such as the car had been escalated, a promised update, and call back, etc., etc. At no time did anyone at CSXT take ownership of the problem or provide follow-up or feedback. Due to the delay and unreliability of CSXT, the customer has not purchased any additional product since this incident. Previously, this customer would buy four railcars at a time once a month during the summer "gasoline season." To add insult to injury, after the car was finally off-loaded and released by the terminal to CSXT, it took another 17 days for CSXT to pick up the car and bring it across town to the BNSF. So not only did the company lose the business, but also the railcar was tied up for a total of about 40 days.

On August 8, 2017, there was a local customer meeting in Birmingham with CSXT attended by 12 customers. The customers aired their grievances and related the economic catastrophes caused by CSXT's poor service. CSXT replied, saying that they were making improvements and transport operations should be back to normal within a month.

In September, this same company shipped a railcar — different product and sold to the same distributor in Birmingham that was involved in the example above — to the same terminal on CSXT. The car arrived in Birmingham September 21 and was not delivered by CSXT until October 3. Again, CSXT customer service provided the same jargon and lack of a solution when presented with the problem. The car was finally released empty October 11 and was not brought back to BNSF until November 2. CSXT had possession of this car for 33 days, just to move the car across town and back again. This company has not shipped any railcars to Birmingham since September.