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American
Chemistry
Council

August 24, 2004

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

ENTERED
Office of Proceedings

AUG 25 2004



Re: STB Finance Docket No. 34421, HolRail LLC – Construction & Operation
Exemption – in Orangeburg & Dorchester Counties, SC

Dear Mr. Williams:

The American Chemistry Council (“the Council”) supports the petition for exemption filed by HolRail LLC (“HolRail”) in this proceeding. Under the proposed transaction, HolRail would build a two-mile line to create competition with the sole rail service provider at the Holly Hill, SC, cement plant operated by HolRail’s parent, Holcim (US) Incorporated (“Holcim”). The projected annual traffic volume for HolRail would be 3,500 inbound carloads of fuel and raw materials and 10,000 outbound carloads of cement. Neither Holcim nor HolRail is a member of the Council.

The Council represents the leading companies engaged in the business of chemistry – a \$460 billion annual enterprise and a key element in the nation's economy. The business of chemistry is America's #1 exporter, with more than \$90 billion in exports in 2003. The Council's members represent about 85% of the productive capacity of basic industrial chemicals in the United States.

Although chemicals are transported by various modes, in many instances they must move by rail due to product characteristics, distance, customer preference, shipment size, etc. The business of chemistry therefore depends on railroads for the safe and efficient delivery of a wide array of raw materials and finished products. Each year, about 150 million tons of chemicals and allied products are shipped by rail, providing railroads with \$5 billion in freight revenue. The Council's members also invest directly in the nation's rail infrastructure by maintaining their own tank car fleets (\$7 billion replacement value) and other specialized facilities and equipment.

Safety is of paramount concern to both the rail and chemical industries. But consistent and reliable service is also vital to the Council's members, who must meet the



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needs of their own customers in extremely competitive domestic, North American and overseas markets. Competition promotes efficiency in railroading, as in all other industries. With 63% of rail-served chemical production facilities in this country still captive to a single carrier, the Council consistently advocates that the Surface Transportation Board ("the Board") support captive rail customers that seek to obtain the benefits of competition.

Holcim has identified a way to introduce competition from a second Class I carrier at the Holly Hill cement facility. As Chairman Nober noted last year, when the Board approved a rail-line construction project in STB Finance Docket No. 34079: "Permitting railroads to construct new lines to reach customers is the right way to promote rail-to-rail competition." HolRail's proposed project is clearly "the right way" and the Council urges the Board to approve it.

If you have any questions about the Council's views on STB Finance Docket No. 34421, please contact me at 703-741-5172.

Respectfully submitted,



Thomas E. Schick
Assistant General Counsel
American Chemistry Council

cc:

Honorable Roger Nober, Chairman
Honorable Francis P. Mulvey, Vice-Chairman
Honorable W. Douglas Buttrey, Commissioner