

EP 742
CSX Listening Session
Thomas Edward Tirabassi
3153 Reflection Lane
Ooltewah, TN 37363
tetirabassi@olin.com

I request time to be heard regarding CSX poor service resulting from recent operating plan changes.

STB CSX Listening Session – October 11, 2017

Chairman Begeman and Commissioner Miller, thank you for allowing rail shippers such as Olin the opportunity to share with you our most recent struggles with the railroad industry. My name is Tom Tirabassi, Director of North American Logistics for Olin Chlor Alkali Products and Vinyl's. Today, I am testifying on behalf of Olin, which is headquartered in Clayton, Missouri. After acquiring assets from Dow Chemical in 2015, Olin is now the world's largest producer of chlorine and associated products. Chlorine chemistry is essential to everyday life.

The products of chlorine chemistry make possible clean water and safe foods, pharmaceuticals, medical equipment, construction materials, computers, electronics, automobiles, clothing, sports equipment, agriculture and much more. Much of what we produce must move on the rail network, and as was demonstrated during the PTC crisis in 2015, failure to effectively distribute these commodities in the marketplace poses an existential threat to health and safety, and the broader economy.

To be respectful of your time, I won't go into detail on each of the 87 inquiries Olin has filed over the last 3 months related to CSX rail service issues. Rather, I will focus my remarks on a few notable, and in some cases, alarming examples:

The first notable case is what first compelled Olin to contact the STB Rail Customer Assistance Program. On July 13th, CSX was in possession of 25 railcars (5 chlorine and 20 caustic) in the Mobile, Alabama yard. These cars were destined to 3 Olin customers who faced shutdown situations since these cars had been held in Mobile since June 25th. The situation was finally resolved after CSX Vice President Michael Rutherford became personally involved to get the cars moving. Olin was very appreciative of Mr. Rutherford's involvement, but at the same time, we were concerned that the situation necessitated his involvement. Previous contacts in the CSX chain-of-command were of no help.

Prior to the CSX operating changes, Olin was a "Premier Shipper" with CSX, and we enjoyed a helpful relationship with CSX customer service. That service is now non-existent. Sales and marketing personnel have replaced the mechanism that was formerly in place to troubleshoot

and resolve rail issues. CSX has simply deprioritized customer service under the supposed “Precision Railroading Model”, and this shows no sign of improving. Unfortunately, the situation continued to deteriorate after our first complaint. The second case occurred on August 22nd when CSX “lost” a loaded chlorine railcar while in their custody and control. After repeated Olin inquiries, the subject TIH load was finally located in a CSX yard. It is my belief that from August 22 – 25, CSX had no earthly idea where this TIH load was located. I’m sure you can appreciate the serious security concern this evidences.

The next notable case occurred when a TIH chlorine railcar arrived at the Rose Lake yard on August 8th and didn’t depart until August 25th, a full 17 days after its arrival at the yard. To add insult to injury, after repeatedly informing CSX of this customer supply disruption, CSX finally informed Olin on August 18th the car would depart on August 23rd, freely acknowledging they intended to hold this car another 5 days in their yard.

My final example is unfortunately typical of the level of customer service we have been provided by CSX. On August 5th, an Olin perchloroethylene load arrived in the East St. Louis yard. This load did not depart the yard until August 24th, 19 days later. Telling in this case was the fact Olin was informed by CSX that the load would depart on “3rd shift” on 5 different occasions. They finally got the last one right.

As Olin Corporation has testified in the past, our company has significant captivity issues with all of our rail service providers, including CSX. Recently, CSX’s service cuts and massive disinvestment have caused a tremendous strain on our logistics operations. It is disturbing that a railroad with a statutory common carrier obligation is able to take such dramatic action with little or no oversight from the government. Congress passed the STB Reauthorization Act of 2015 charging the Board with the responsibility to investigate rail matters of regional or national significance. It is difficult to imagine a more appropriate instance to invoke this authority. It is also remarkable that a company like CSX can make such massive cuts in service staffing, and rather than seeing any pricing benefits, the customer sees price increases and deteriorating service. This simply would not be possible in a market economy and is further evidence that the STB should pursue pro-competitive, pro-market- based solutions.

The customer service issues we are experiencing with CSX is only possible because CSX faces minimal competition in the marketplace. If our corporation or a competitor suffered a systemic failure like CSX has recently, we or our competitors would immediately move to take market share. It seems that this has largely not happened in the case of CSX simply because in most instances customers have no other choice. This dynamic must be remedied, and the Surface Transportation Board is the only agency that has the responsibility and statutory powers to make meaningful changes in the short term.