

**Surface Transportation Board
Ex Parte 711 (Sub No. 1)**

**Summary of Ex Parte Meeting between The Dow Chemical Company
and Member Robert Primus**

March 25, 2022

Dow Attendees:

- Jacqueline Faseler, Supply Chain Sustainability & EHS Global Director
- Michael Gebo, Supply Chain NA Rail Logistics Director
- John Heater, Supply Chain Global Advocacy Leader
- Jeffrey Hymel, Senior Category Leader – Rail Services
- Jason Tutrone, Counsel to Dow

STB Attendees:

- Robert Primus, Board Member
- Elizabeth McGrath, Attorney Advisor

Meeting Summary:

Dow explained that access to rail competition via reciprocal switching is important to Dow in part because most of its rail-served facilities and its rail traffic are captive to a single rail carrier. It further explained that trucks do not provide an effective competitive alternative for this traffic.

Member Primus and Dow discussed the extent to which Dow uses and may use trucks when facing rail service issues. Dow explained that it uses trucks on an emergency basis, but this is not otherwise sustainable and many customers cannot physically accept truck shipments.

Dow explained that its railcar dwell time has increased 25% on average and transit time has increased by 16% across all lanes in recent years.

Member Primus asked whether Dow has seen a dramatic increase in rates. Dow responded that it sees significant rate increases on captive traffic and significant rate premiums for captive traffic in comparison to competitive traffic.

Member Primus asked whether congestion has impacted Dow's ability to deliver products and whether railroads have outlined a path to improved rail service. Dow responded that congestion has resulted in emergency truck shipments and lost customers. Dow observed that railroads are operating so lean that they cannot manage volumes. Dow does not anticipate an increase in railroad resiliency or investment in critical interchanges because railroads seem focused on lowering operating ratios.

Dow provided an example of how it has used Canadian interswitching to shift a small amount of the traffic originating at its Fort Saskatchewan facility to an alternative carrier due to service issues. Dow also explained that it exercises care when making these decisions to avoid creating congestion.

Member Primus asked whether Dow's U.S. facilities are subject to reciprocal switching tariffs or contracts. Dow responded that it has a facility in Knoxville, TN, that is subject to a reciprocal switching tariff. It further explained that it enters into multi-year contracts with the carriers that have access to the site's traffic, which prevents Dow from shifting the traffic. It also explained that when service issues arise concerning the facility's traffic, Dow has discussions with the carriers and provides the carriers with an opportunity to fix them.

Dow explained that interswitching and competition has produced improved service quality.

Dow and Member Primus discussed the financial implications of poor service. Dow explained that poor service results in Dow having to use premium truck transportation.

Dow explained that reciprocal switching is unlikely to impact railroad investment. It provided an example of how Union Pacific was willing to invest in increasing access to Dow's Seadrift, TX, facility in return for commitments from Dow.

Dow and Member Primus discussed the current outlook for rail service across the U.S. network.