



The Offices at Park Ten Phase II, 16290 Katy Freeway, Ste. 600, Houston, TX 77094
Phone: (281) 966-1012

June 6, 2019

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

The Honorable Patrick Fuchs
Vice Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

ENTERED
Office of Proceedings
June 5, 2019
Part of
Public Record

The Honorable Martin Oberman
Member
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: Ex Parte No. 754, Demurrage, Oversight Hearing on Demurrage and Accessorial Charges

Dear Chairman Begeman, Vice Chairman Fuchs, and Board Member Oberman:

Thank you for the opportunity to testify at the recent STB hearing on demurrage in Washington, DC. Olin is appreciative of the engagement and active oversight demonstrated by the Board at this hearing, and we look forward to continuing to work constructively with the Board to help modernize rail policies in this area. Our top priority remains fundamental reforms to the rate case process at STB, and we are eager to support your efforts to find a rate case process that works for shippers like Olin.

During the hearing, I was asked how Customer Caused Congestion Charges ("CCCC") are calculated and was able to provide a qualitative answer. With this letter, I am taking the opportunity to further clarify the specifics of the calculation.

Customer Caused Congestion is a term meant to describe railcars that are deemed "excessive" when constructively placed in a local yard. "Excessive" has been defined as two (2) times the average number of railcars received by a customer, such as Olin, over the immediately preceding two-week period. When this definition of "excessive" has been met, a railroad provides us a five-day notice that the CCCC will be incurred at \$100/day for each railcar over and above the 2x rolling average. Applying this to practical, ongoing operations, if our plant receives an average of 50 cars/day over a fourteen (14)-day period, then any railcar over and above 100 on any given day will be charged \$100/day after we receive the five-day notice. By way of contrast, the CCCC and length of notice has been modified by the railroad from \$50/day and 15 days notice to \$100/day with only 5 days notice.

Tariff 8002-A, item 6265 (the "Tariff") provides that "[w]hen, customer's total railcar count drops below [two (2) times the average number of cars that [customer] has received...for each day within

the previous two weeks], [the carrier] will, effective that day, cease the CCCC.” We interpret this provision of the Tariff to mean that as soon as Olin’s total car count drops below 100 railcars, CCCC will no longer be charged and a railroad would then need to provide another five-day notification for any CCCC to be reinstated if the railcar count exceeds 100. The carrier has stated that its interpretation is that once a five-day notification is provided to a customer, the customer is subject to any CCCC imposed until the railroad decides, at its sole discretion, that the customer is no longer causing congestion. Under this reading, we are only provided notice once that we’ve exceeded the 100-railcar allotment.

Again, thank you for the opportunity to testify, and we look forward to collaborating with the Board to provide constructive input to support a modern, competitive freight rail system.

Thank you,

A handwritten signature in blue ink, appearing to read "Frank Chirumbole". The signature is fluid and cursive, with a large initial "F" and a stylized "C".

Frank Chirumbole
Vice President, Integrated Supply Chain