

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Ex Parte No. 754

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OVERSIGHT HEARING ON DEMURRAGE AND ACCESSORIAL CHARGES

**SUPPLEMENTAL TESTIMONY OF THE
AMERICAN CHEMISTRY COUNCIL**

The American Chemistry Council (ACC) thanks the Surface Transportation Board (STB) for holding the May 22-23 oversight hearing on railroad demurrage, storage, and accessorial charges. ACC appreciated the opportunity to share perspectives and concerns from our member companies. The testimony from all stakeholders as well as the discussions with Board members was enlightening and beneficial. ACC is pleased to provide this supplemental testimony to further inform discussions around railroad service performance.

Over the course of the hearing, STB members noted the disconnect between the improvements in service metrics reported by the railroads and testimony from numerous shippers that service has not improved since the implementation of precision scheduled railroading (PSR). Board Member Oberman specifically asked about data that ACC collects on rail service that may further inform this discussion. In response, we are providing data we collect from our members on railcar utilization rates. This data through third quarter 2018 indicates that, despite PSR implementation and other operational changes in some areas, ACC members have not seen an appreciable improvement in cycle time.

BACKGROUND: The American Chemistry Council's collects quarterly rail transportation metrics in order to provide ACC member companies with general rail transportation information and metrics. Companies provide estimates of their quarterly performance for chemicals and plastics traffic only, and include all North American rail traffic. Company data are aggregated.

Participation in ACC's Rail Transportation Metrics survey varies from quarter to quarter but typically, the metrics represent data from 11 shippers. Together, these shippers have about 77,000 railcars – 56% hopper, 44% tank cars - and, shipped about 380,000 carloads of chemicals and plastics in North America in 2017.

RAILCAR UTILIZATION RATE FINDINGS: Railcar utilization rate (average turns) is calculated by dividing the total carloads shipped in that quarter by total railcars in the company's fleet. All shipments and all cars are included, regardless of use of cars (storage, turnaround, campaign, customer shipments, etc. as well as cars in storage and in maintenance).

An improvement in this performance metric has not been observed. Over the nearly 3 year period from January 2015 to September 2018, average turns for tank cars has hovered steadily just under 1.5 turns (Chart 1). From 2015-2016, average turns for hopper cars was also hovering around 1.5 turns but the rate dropped off starting in January 2017 and has since averaged between 1.1 to 1.3 turns (Chart 2).

We hope that the Board finds this information useful. ACC would be happy to provide updates as we collect additional data related to railroad service performance for our member companies. If you have questions about this submission, please contact Jeff Sloan (Jeffrey_sloan@americanchemistry.com/202-249-6710).

Chart 1

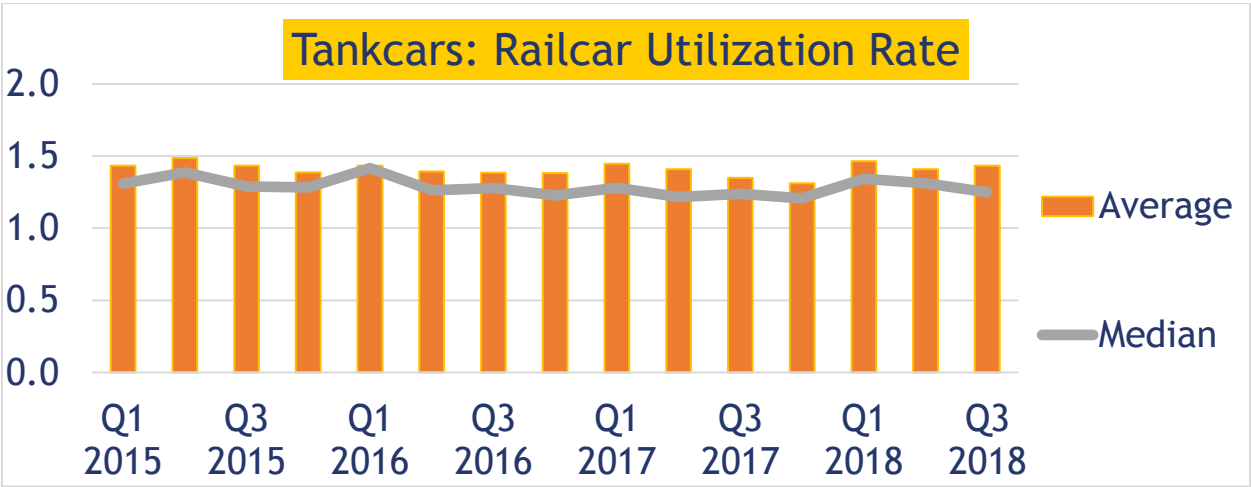


Chart 2

