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June 6, 2019

VIA E- FILING

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings
June 6, 2019
Part of
Public Record

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

Dear Ms. Brown:

Enclosed please find the supplemental testimony of Norfolk Southern Railway Company in the above-captioned docket.

Sincerely,

A handwritten signature in blue ink that reads "Christine I. Friedman". The signature is written in a cursive, flowing style.

Christine I. Friedman

Enclosure

SURFACE TRANSPORTATION BOARD

Docket No. EP 754

OVERSIGHT HEARING ON DEMURRAGE AND ACCESSORIAL CHARGES

SUPPLEMENTAL TESTIMONY OF NORFOLK SOUTHERN RAILWAY COMPANY

Norfolk Southern appreciated the opportunity to participate in the Board's oversight hearing on Wednesday, May 22, 2019, and Thursday, May 23, 2019 and, in particular, to hear the concerns expressed by the Board and by our customers. We take these concerns very seriously, and we continuously reevaluate our demurrage and assessorial policies to ensure that they are reasonable and that they are accomplishing our goal of incentivizing activities that maximize network fluidity for our approximately 5,500 customers. At the hearing, we undertook to have a follow-up meeting with the Board to discuss certain matters that were not appropriate for public discussion due to concerns regarding confidentiality and our commitment to strict compliance with applicable antitrust laws. We have been in touch to schedule that meeting.

At the hearing, Alan Shaw, Executive Vice President and Chief Marketing Officer, and Ed Elkins, Vice President Industrial Products, reported on important network improvements that have occurred as a result of operational changes and the implementation of a revised demurrage and assessorial program. Specifically, as of the week ending May 24, 2019, train speed was up 23% year over year, terminal dwell is at its lowest point in the last 16 years, and cars on line were down 15% year over year. Additionally, customer-facing service metrics are on target for a 40% improvement since 2018.

Despite these improvements in system-wide service and velocity metrics, some customers at the hearing expressed general concerns over first-mile/last-mile service. Norfolk Southern measures our performance to final destination to the extent that we are providing the last-mile transportation service. Shipment consistency serves as a primary measurement for this performance, which measures our adherence to the original ETA within 24 hours for our general merchandise traffic. Shipments are measured to their "trip ending" event, which is the first of the following events: actual placement at a customer's facility, constructive placement at the final serving yard, or interchange delivery to another carrier. These measures are at near record levels.

When Norfolk Southern fails to meet the original ETA, we provide service credits as discussed at the hearing. Additionally, customers may also qualify for Local Operating Plan Adherence (LOPA) service credits for our failures at the local level. LOPA credits are accumulated in addition to ETA credits. This program reflects our balanced approach and our commitment to serving our customers throughout the entire course of the freight movement.

We continue to engage with our customers regarding our demurrage and assessorial program and look forward to sharing additional information with the Board.