

KAY IVEY
GOVERNOR



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EP 742

STATE OF ALABAMA

244383

August 16, 2017

ENTERED
Office of Proceedings
September 19, 2017
Part of
Public Record

Ann D. Begemen, Chairman
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

Daniel R. Elliott, III, Vice-Chairman
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

Deb Miller, Member
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

RE: CSX Transportation ("CSX")

Dear Members of the Board:

The business press has reported on your recent interactions with CSX concerning its extensive customer complaints and operational issues. I am writing to reinforce to you the serious adverse impact that these issues are having on a number of our prominent Alabama corporate citizens.

One such example is Lhoist North America. Lhoist operates multiple lime manufacturing facilities and quarries in Shelby and Bibb counties in Alabama. Its lime products, which are typically sold by the ton, are used extensively for industrial applications in Alabama and throughout the Southeast. Through the years, the company, which employs approximately 250 people in Alabama and is a significant taxpayer, has had a very positive economic impact on our State. Moreover, due to the unique characteristics of limestone located in Shelby County, Alabama, there are three other companies that operate lime manufacturing facilities within a few miles of Lhoist's operations.

Lhoist depends upon transportation by rail – both for delivery of its products to customers and for receipt of coal to power its production facilities. When Lhoist cannot deliver its product to customers for lack of railcars and production has to be shut down, the negative economic impact on our State and elsewhere can be significant. Lhoist is utilizing as many trucks as possible as substitute transportation; however, there simply are not enough trucks available to make up for the lack of railcars.

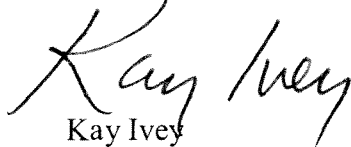
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Another example of a prominent Alabama corporation being adversely affected is Hyundai Motor Manufacturing Alabama, LLC. According to the most recent economic impact study, Hyundai has an annual vehicle production of 398,851 units, employs 3,732, and has a total payroll of \$260 million. The company's total economic impact on the State is \$4.82 billion, an amount accounting for a full 2% of Alabama's gross domestic product. Hyundai's importance to the State of Alabama, Montgomery County and the City of Montgomery cannot be overstated.

Although many companies have been affected, the two mentioned above are extremely important to this State. Alabama is one of the leading automotive manufacturers in the United States and depends heavily on rail service. As you are aware, CSX is currently undergoing an extensive reorganization and restructuring of its business, which has resulted in an acute shortage of available railcars for customers.

I well understand the position that CSX finds itself in and that CSX must be under considerable pressure to respond to customer demand. However, we have a very significant and urgent problem here in Alabama that requires a timely solution. I hope you will give this issue your immediate attention and that a resolution may be crafted that will avoid the serious economic consequences I have described.

Sincerely,



Kay Ivey
Governor